

DECLASSIFIED
Authority 968103
By *[initials]* NARA Date 6-15-00

RG 131
Entry *FCC Investigative Reports 1942-60*
File NY 2-1095
Box 25

WAN:JCA

CONFIDENTIAL REPORT

FOREIGN FUNDS CONTROL
253 Broadway, New York
REctor 2-7873

FOREIGN FUNDS CONTROL
INVESTIGATIVE SECTION

Field Office at New York, N.Y.

Date SEP 14 1942

Report of Agent William A. Nugent

Report No. NY 2-1095

Respectfully forwarded APPROVED:

01-2-01095-
fi 3/24/43

[Signature]
(Signature and title)

S. J. KENNEDY, Treasury Representative, Acting in Charge.

SUBJECT:

K452

JACOB DAVID KLEINLERER, *1-120*
61 East 86th Street,
New York, N.Y.

REFERENCE:

Department memorandum of May 13, 1942 in which it is stated that Kleinlerer received an unexplained payment of \$10,000 from the Rev. Anthony Bauza of St. Francis College, Loretto, Pennsylvania. An investigation of the subject is requested.

Reference is also made to Report No. CH 2-52 of May 9, 1942.

SYNOPSIS:

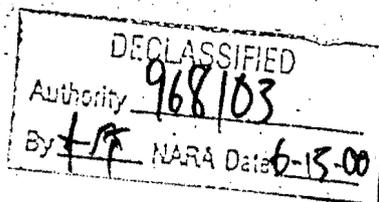
On May 19, 1942, the writer interviewed Kleinlerer at his home at the above address. He acknowledged having received a payment of \$10,000 from Father Bauza. He was unable to explain the background of the payment other than to say that it undoubtedly came from his wife's mother in Italy and represented a payment to his wife on account of her share in her deceased father's estate. As to how or why it was made through Father Bauza, Kleinlerer could give no explanation.

[Faint stamps and markings]

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16-28004-1 GPO

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ANTECEDENTS

JACOB DAVID KLEINLERER was born in Warsaw, Poland, on August 17, 1899. He left Poland in 1924 and went to Rome, where he resided until 1938. While in Rome, he was a correspondent for the Jewish Telegraphic Agency, a news bureau. In 1938, he left Italy and went to London and, from there, was sent by the Jewish Telegraphic Agency and the World Jewish Congress to Egypt to make reports on Jewish conditions in that area.

He left Egypt in January 1939 and arrived in the United States in March 1939 on a visitor's visa issued in September 1938 by the American Consul in Paris. On September 1, 1942, Kleinlerer stated that he had gone to Canada and reentered the United States on an immigration visa #133 issued by the American Consul in Montreal, Canada under the Polish quota, on July 24, 1942. He has since applied for his first papers but has not yet received them. His alien registration number is #1980972.

BIANCA KLEINLERER is the wife of Jacob Kleinlerer and was born in Rome, Italy, on January 16, 1904. She came to the United States on July 28, 1939 and has her first citizenship papers as evidenced by certificate number 2-696056 issued by the United States District Court in Brooklyn, New York, on January 3, 1940.

PAYMENT FROM FATHER BAUZA

Kleinlerer stated that his wife's family in Italy were wealthy and that, for some time, he and his wife had been expecting to receive some money from them as she was a beneficiary of the estate of her father which was being liquidated since he died in 1922. They had no specific understanding as to the amount to be received or the manner in which it might be remitted, but they have considered this payment to be on account of Mrs. Kleinlerer's share in the estate.

When he received a letter from Father Bauza, he assumed that this referred to a remittance from his wife's family. Father Bauza's first letter was dated January 6, 1942 and was written on the stationery of St. Francis College of Loretto, Pennsylvania. Kleinlerer exhibited this letter, which read as follows:

"I received a telegram with orders to send you some money in the name of the Sisters, but it is not clear. Please let me know if you expect this money and how much I should send you."

(Signed) Anthony Bauza.

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Kleinlerer stated that he did not understand the letter, as he had never heard of Father Bauza before. He replied to the letter, however, by stating that he had expected to receive some money from his wife's relatives in Italy, but did not know the amount. Kleinlerer did not have a copy of this reply as he said that it was written in long-hand. He recalled the tenor of the letter from memory.

Kleinlerer stated that he received a second letter from Father Bauza dated, January 15, 1942, enclosing a check in the amount of \$10,000 payable to the order of Kleinlerer. This was deposited in the National City Bank in the account of Bianca Kleinlerer #1 on January 30, 1942.

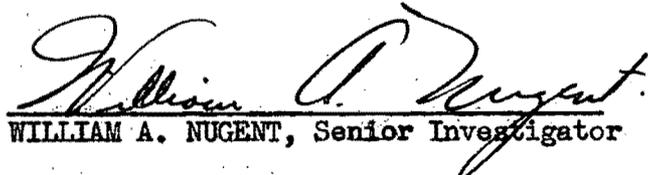
According to Kleinlerer, this is all that he knows about the background of the payment he received from Father Bauza and he can only assume that the money was transferred to him through ecclesiastical channels at the request of his wife's relatives in Rome. They do not regard the payment received as a trust to be held for anyone but consider it as their own money to be shared in accordance with a marriage contract made between them when they were married in Italy in 1935, and under which they regard each other's property as their common property. Kleinlerer is a writer by profession and is now engaged in research work on the subject of the "Church and the Jews" for the American Jewish Congress of New York City.

National City Bank, Yorkville Branch.

Mr. Tewksbury of this branch furnished me with the following information:

On August 1, 1941, an account was opened in the name of Bianca Kleinlerer. This account was closed in March 1942, at which time it was consolidated with an account in the name of Bianca Kleinlerer #1 which was opened on January 17, 1941. On January 30, 1942, a deposit of \$10,000 was made to this account and this appears to have been the money received by Kleinlerer from Father Bauza. The balance in this account as of September 1, 1942 was \$15,445.86.

These accounts have never been blocked and have merely been routine checking accounts on which the bank has had no occasion to assemble any information.


WILLIAM A. NUGENT, Senior Investigator

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By LR NARA Date 6-15-00

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Distribution:

Orig. and 3 copies, F.F.C., Washington, D.C.
1 copy, Federal Reserve Bank, N.Y. (Mr. Sherwood)
1 copy, F.F.C., Inv. Unit, Chicago.

Report cross-indexed under

K 454 KLEINLERER, Bianca
B 200 BAUZA, Rev. Anthony

61 East 86th St., N.Y.C. 1-120
% St. Francis College, Loretto, Pa. 1-120

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NY 2-1095-A

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Sept. 3, 1942

TO Mr. S. J. Kennedy, Investigative Unit, FFC, New York
FROM Mr. Erwin G. May, Field Investigative Staff, FFC, Washington

Reference is made to report NY 2-1095-A, on Israel Rozenatayn and Marco Sinai. This report is a follow-up of the Axton-Fischer case, CH 2-52 and was requested by a memorandum of this office dated May 30, 1942.

A copy of the Chicago report mentioned was originally sent to you on May 13th with a request for investigation of one, Edward David Kleinlerer who appears therein. It is observed that your recent report covers the second of these requests, but there is no record of a report in response to the first request, and it is assumed that the matter is still under investigation. It would be appreciated if you would confirm the correctness of this assumption and would give this office some indication as to when the report may be expected.

ERM

Investigator Mr. Tugent
Please note this document
and return it to files when
no longer needed. N.Y.
Noted ERM Date 9/10/42

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SEP - 4 1942

Foreign Funds Control
New York

334273

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By *[initials]* NARA Date 6-15-00

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File NY 2-1095
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WAN:EH

CONFIDENTIAL REPORT

**FOREIGN FUNDS CONTROL
INVESTIGATIVE SECTION**

FOREIGN FUNDS CONTROL
253 Broadway, New York
Rector 2-7373

Field Office at New York, N. Y.

Date SEP 1 1942

Report of Agent William A. Nugent

Report No. NY 2-1095-A

Respectfully forwarded APPROVED:

[Signature]
(Signature and title)

fi 3/24/43

S. J. KENNEDY, Treasury Representative, Acting in Charge.

SUBJECT: *R252* ISRAEL ROZENSTAYN, Middletown, New York, 1-120
and others.

REFERENCE: Department memorandum of May 30, 1942, suggesting that the subject be questioned with regard to a payment of \$6,400 which he received from the Reverend Bauza of Loretto, Pennsylvania. It was also suggested that Marco Sinai, brother-in-law of the subject, be questioned concerning his knowledge of this payment.

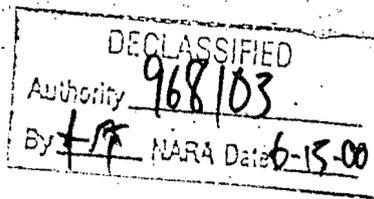
Reference is also made to Report No. CH 2-52.

SYNOPSIS: Israel Rozenstayn is a generally licensed national. He denies any knowledge of how or why Father Bauza was employed as a means of remitting the \$6,400 which he received. The background of this payment has been explained by him in detail in an affidavit, a copy of which was sent to this office with the above Department Memorandum.

Marco Sinai is the brother-in-law of Israel Rozenstayn and is a generally licensed national. His explanation of the payment of \$6,400 confirmed that given by Israel Rozenstayn. He had no information regarding Father Bauza nor did he know why Father Bauza had been used as a means of making the remittance.

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ISRAEL ROZENSTAYN

On July 21, 1942, I called on Israel Rozenstayn at the office of the Middletown Fur Tanning and Dyeing Corporation in Middletown, New York. His brother-in-law, Marco Sinai, is the principal at interest in this business and Rozenstayn is employed as office manager. At the time of my visit, Marco Sinai was out of town on a visit to Miami, Florida.

It appears that, when this case was referred to this office for investigation, it was simultaneously referred to Miami Beach, Florida, for investigation in that quarter. On May 26, 1942, Israel Rozenstayn appeared before Special Agents Brown and Wallace of the Internal Revenue Bureau in Miami, Florida, and made an affidavit with respect to the background of the payment of \$6,400 which he received from the Reverend Anthony Bauza. Copies of the report of Special Agents Brown and Wallace and Rozenstayn's affidavit, together with supporting documents, were forwarded to this office.

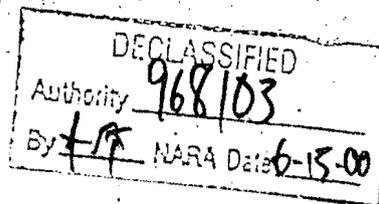
At the time of my call on Israel Rozenstayn, he stated that he could add nothing to the information in his affidavit regarding the payment of \$6,400 which he had received.

MARCO SINAI

On July 22, 1942, Marco Sinai called at this office, accompanied by his attorney, Mr. Edward Collins, 50 East 42nd Street, New York City, and gave the following information:

He stated that he was in New York City en route to Middletown, New York, returning from a visit to Miami, Florida. He had spoken to his brother-in-law by telephone and had been informed of my visit to Middletown. For that reason he had come to this office to furnish information regarding the payment of \$6,400 received by Israel Rozenstayn.

He stated that he was born on April 13, 1894, in Istanbul, Turkey, and that he went to Italy in 1912. He lived in Italy until 1938. In 1937, he was given honorary Italian citizenship because of his successful work in developing the fur industry in Italy, but this distinction was revoked in 1938 because of his Jewish background. He left Italy in August 1938 and went to Paris, France. In December 1938, he came to the United States on a visitor's visa. He then



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went to Cuba and returned to the United States, on August 19, 1941, on an immigration visa under the Turkish quota. He took out his first papers on February 12, 1942, at Miami, Florida, and holds certificate number 1020391.

He now resides at Middletown, New York, where he is the president of Satab Corporation. The corporation owns the fur dyeing factory leased by the Middletown Fur Tanning and Dyeing Company. In addition, he is the president of the National Investors Company, which owns the Embassy Hotel in Miami, Florida, and also has an interest in the Strathaven Hotel in Miami Beach.

His explanation of the background of the payment of \$6,400 which was received by his brother-in-law was substantially the same as that given by Israel Rozenstain. He stated that Rozenstain and he had expected to receive a payment of \$25,000 and, when this amount was not received, that they had communicated with the censorship authorities in Bermuda in the belief that the money had been held up at that point. Copies of their correspondence are attached to this report as Exhibit "A". Marco Sinai was not familiar with the details of the remittance of the \$6,400 through Ecclesiastical channels and stated that he did not know Father Bauza nor did he understand how or why the payment had come through him.

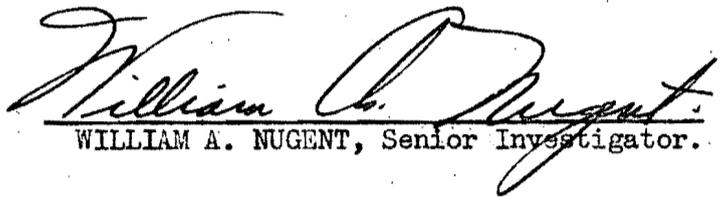
He explained that the payment of \$25,000 which they had expected to come from Lugano, Switzerland, represented the proceeds of the liquidation of their former business interests in Europe and that the details of the liquidation were being handled by his brother, Leone Sinai, who had remained behind in Switzerland for this purpose. The reason that the remittances had been expected in two checks, one for \$6,400 and the other for \$16,000, was that these amounts represented the amounts in which the money had become available from the proceeds of the liquidation. They have never received the check for \$16,000.

The writer talked with Mr. Gurren of the Chase National Bank at 72nd Street and Broadway, New York City, and he furnished the following information regarding the account of Mina Sinai: The account opened in 1939 and has merely been a routine checking account. Balances in 1941 averaged about \$5,200 and, for the first half of 1942, about \$600. Mr. Gurren checked over the ledger records on the account and found no record of a deposit of \$16,000 which could represent the check expected from Switzerland. The

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account has been operated under General License No. 42, as amended.


 WILLIAM A. NUGENT, Senior Investigator.

Enclosures:

Exhibit "A" - Copies of correspondence with the Imperial Censor at Bermuda.

Distribution:

Orig. and 3 copies, F. F. C. Washington.
 1 copy, Federal Reserve Bank, N. Y. (Mr. Sherwood).
 1 copy, F. F. C., Inv. Unit, Chicago.

Report cross-indexed under:

S 500 SINAI, Marco,	% Middletown Fur Tanning & Dyeing Corp., Middletown, N.Y. 1-120
<u>BAUZA, Rev. Anthony.</u>	Loretto, Pennsylvania.
M 343 MIDDLETOWN FUR TANNING/& DYEING CORP.,	Middletown, N. Y. 3-120
S 310 SATAB CORP.,	Middletown, N. Y. 3-120
S 500 SINAI, Leone,	Lugano, Switzerland. 1-421

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Authority 968103
By ~~LR~~ NARA Date 6-15-00

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NY 2-1095-A

EXHIBIT A

IN CASE OF REPLY
PLEASE QUOTE THE
DATE OF THIS LETTER
AND THE FOLLOWING

COLONIAL SECRETARY'S OFFICE.
BERMUDA.

NO. S. 5/A/3

6th February 1942.

Sir,

I am directed to acknowledge receipt of your letter of the 16th January, relating to a check in the sum of \$25,000 sent to the National City Bank of New York, New York, for the account of Mrs. Mina Sinai.

2. Your letter has been referred to The Controller, Imperial Censorship, who is dealing with this matter and from whom you should have a reply in due course.

I am, Sir,

Your obedient servant,

Colonial Secretary.

Mr. Edward A. Collins,
Collins & Collins,
50 East 42 Street,
New York City.

O/J

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By LR NARA Date 6-15-00

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NY 2-1095-A

EXHIBIT A

IMPERIAL CENSORSHIP
BERMUDA

Ref: S/173.

12th February, 1942.

Mr. Edward A. Collina,
50 East 42nd Street,
NEW YORK CITY.

Re: Mr. Marco Sinai

Dear Sir,

I have to acknowledge your letter of January 16th addressed to His Excellency, the Governor of Bermuda.

If you will kindly furnish us with the name and address of the sender, the registered number of the cover in which the cheque was enclosed, the date of despatch, the name of the Post Office from which it was sent, and let us know whether it was sent by sea or air mail, we shall be pleased to investigate the matter.

Yours faithfully,

For Controller.

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By SP NARA Date 6-15-00

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NY 2-1095-A

EXHIBIT A

IN CASE OF REPLY
PLEASE QUOTE THE
DATE OF THIS LETTER
AND THE FOLLOWING

COLONIAL SECRETARY'S OFFICE.

BERMUDA.

NO. S.5/A/3

18th February, 1942.

Sir,

I am directed to acknowledge the receipt of your letter of the 9th inst. addressed to His Excellency the Governor, regarding the possible detention of certain cheques payable to Mrs. Mina Sinai, which were sent from Lugano, Switzerland, and to inform you that your letter has been forwarded to the Controller, Imperial Censorship, who is dealing with the matter, and will no doubt, notify you in due course if there is any trace of the cheques in question and furnish any available information on the subject.

I am, Sir,

Your obedient servant,

Colonial Secretary.

Edward A. Collins, Esq.,
Messrs. Collins & Collins,
50 East 42nd Street,
New York City.

WK/

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By ~~FR~~ NARA Date 6-15-00

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EXHIBIT A

February 19, 1942.

His Majesty's Censors
Hamilton, Bermuda

Gentlemen:

I am requested by my client, Mrs. Mina Sinai, to make inquiry of His Majesty's Censors as to whether two checks, one in the sum of \$6,400.00, and the other in the sum of \$16,000.00, intended for Mrs. Sinai were intercepted by the censors at Bermuda. These checks were dispatched by airmail in November, 1941, to the Chase National Bank of New York, 72nd Street and Broadway, New York, New York, and are payable to the account of Mrs. Mina Sinai.

These checks were sent to Mrs. Sinai from Lugano, Switzerland. Mrs. Sinai is a legal and permanent resident of the United States. The money represented by these two checks is her property.

Will you be kind enough, please, to inform me at your earliest convenience if His Majesty's Censors are holding these checks, if they were intercepted, and whether they were sent to some other place and if so where.

Respectfully yours,

EAC:NOM

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NY 2-1095-A
Nugent:TW

FOREIGN FUNDS CONTROL
253 Broadway, New York
REctor 2-7873

FILE COPY

August 31, 1942

Mr. Edward A. Collins,
50 East 42nd Street,
New York, N. Y.

Sir:

Enclosed herewith are copies of letters which you loaned to our Mr. Nugent on behalf of your client Marco Sinai.

We are returning this correspondence and thank you for your cooperation in this matter.

Respectfully,

S. J. KENNEDY,
Treasury Representative,
Acting in Charge

 Enclosures:

9/1/42
af

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By	L/R
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August 26, 1942

1003/2264

District Director
Immigration and Naturalization Service
Jacksonville, Florida

In re: ISRAEL ROZENSTAYN, SARA SINAY ROZENSTAYN,
ELSA ROZENSTAYN AND ELIZA SARFATI SINAY.

Transmitted herewith, in quadruplicate, is record of the Board of Special Inquiry hearing in the case of the above named aliens, who were admitted at this port on August 25, 1941, for permanent residence.

You will please note that Israel Rozenstayn is the brother-in-law of one Marco Sinai, his wife being Marco Sinai's sister, who was admitted at this port on August 19, 1941, for permanent residence. (1003/2243).

It is respectfully suggested that this case be handled as directed in the confidential letter of Mr. Lemuel B. Schofield, Special Assistant to the Attorney General, dated June 6, 1941, File No. 56001/123.

W. B. Thomas
Inspector in Charge

hh

(C o p y)

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 By FR NARA Date 6-15-00

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611
 DEPARTMENT OF JUSTICE
 Immigration & Naturalization Service

NAMES OF ALIENS ISRAEL ROZENSTAYN SARA SINAY ROZENSTAYN ELSA ROZENSTAYN ELIZA SARFATI SINAY	RECORD OF HEARING before a Board of Special Inquiry held at Miami, Florida Date: August 25, 1941 PRESENT: Insp. Raymond H. Beers, Chairman " A. S. Caviness & A. J. Mixson, Sec'y, Helen V. Harris members (English Spoken)
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B.S.I. No. 1003/2264

Arrived (date and manner): August 25, 1941, SS "Florida"
 Held by: Insp. Phillips Cause: Doubt of Status.

BY CHAIRMAN TO ALIEN, ISRAEL ROZENSTAYN:

- Q. Do you speak and understand the English language well enough to have this hearing conducted in English?
 A. Yes, I understand enough.

(Aliens duly sworn and warned of penalty for perjury.)

BY CHAIRMAN TO ALIEN, ISRAEL ROZENSTAYN:

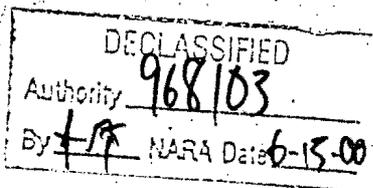
- Q. What is your true and correct name?
 A. Israel Rozenstayn.

 Q. Who is accompanying you to the United States at this time?
 A. My wife, Sara Sinay Rozenstayn, my daughter, Elsa Rozenstayn, and my mother-in-law, Eliza Sarfati Sinay.

 Q. I will now read to you for verification the manifest data as furnished by the transportation company. (Data read to alien.) Are all the statements now on the manifest true and correct?
 A. Yes.

MANIFEST DATA: ISRAEL ROZENSTAYN: 43; male; married; fur merchant; reads and writes Turkish, reads English; nationality, Turkish; Hebrew race; born in Istanbul, Turkey; has nonpreference Turkish quota immigration visa No. 96, issued at Havana, Cuba, May 13, 1941; last permanent residence, Havana, Cuba; going to sister-in-law, Clara Cohen, c/o Silla's Store, 611 Washington Ave., Miami Beach, Fla., to reside permanently.

- Q. I will read to you now for verification the manifest data as given for your wife, your daughter and your mother-in-law. (Data read to alien.) Are all the statements now on the manifests just read to you true and correct?
 A. Yes.



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SARA SINAY ROZENSTAYN; 30; female; married; no occupation; reads and writes Turkish; nationality, Turkish; Hebrew race; born in Istanbul, Turkey; has nonpreference Turkish quota immigration visa No. 97, issued at Havana, Cuba, May 13, 1941.

ELSA ROZENSTAYN; 14; student; reads and writes English, French, Italian and Spanish; citizen of Turkey; Hebrew race; born in Milan, Italy; has nonpreference Turkish quota immigration visa No. 98, issued at Havana, Cuba, May 13, 1941.

ELIZA SARFATI SINAY; 68; widow; no occupation; reads and writes French; nationality, Turkish; Hebrew race; born in Istanbul, Turkey; has nonpreference Turkish quota immigration visa No. 95, issued at Havana, Cuba, May 13, 1941.

- Q. What is your purpose in coming to the United States at this time?
 A. I want to live here and make a business here, because I know I will be happy here.
- Q. What is the purpose of your family in coming to the United States at this time?
 A. My family is coming with me, to live together.
- Q. What documents do you and your family have to present at this time, bearing upon your arrival in the United States?
 A. Our passports and visas. (Alien exhibits Turkish passport No. 15, Key No. 900, Book No. 142353, issued by the Turkish Consulate General at New York, N. Y., on May 2, 1941, valid for one year, issued to Israel Rozenstayn, Sara Rozenstayn and Elsa Rozenstayn, daughter of Israel and Sara Rozenstayn. Passport bears photographs of applicants which are good likenesses.

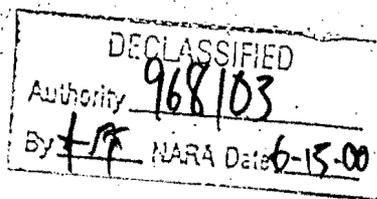
Alien also exhibits passport No. 890, Key No. 14, Book No. 142352, issued by the Turkish Consulate General at New York, N. Y., on May 2, 1941, valid for one year, issued to Eliza Sinay. Passport bears photograph of applicant which is a fair likeness.

Alien presents nonpreference Turkish quota immigration visa No. 96, issued to Israel Rozenstayn, on May 13, 1941 by the American Consul at Havana, Cuba.

Alien also presents nonpreference Turkish quota immigration visa No. 97, issued to Sara Sinay Rozenstayn, on May 13, 1941 by the American Consul at Havana, Cuba.

Alien also presents nonpreference Turkish quota immigration visa No. 98 issued to Elsa Rozenstayn, on May 13, 1941, by the American Consul at Havana, Cuba.

Alien also presents nonpreference Turkish quota immigration visa No. 95, issued to Eliza Sarfati Sinay, on May 13, 1941, by the American Consul at Havana, Cuba.



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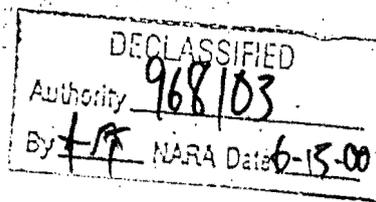
Visas contain photographs of applicants which are good likenesses. Visas also contain applicants fingerprints and alien registration records.)

- Q. If you and your family are admitted to the United States at this time how do you intend to support yourself and your family?
- A. I will make a business. I hope to make underwear and stockings, and also furs. This is my plan.
- Q. Who will provide for your wife's mother if she is admitted to the United States?
- A. She has here two daughters and a son, Mr. Marco Sinai, and myself and my wife, and we will all take care of her.
- Q. It is noted that your mother-in-law and your wife both spell the name Sinay S-i-n-a-y, while the person whom you state is your mother-in-law's son, Marco Sinai, spells his S-i-n-a-i. How do you explain the difference in spelling of the name?
- A. Before the Turkish form of writing, the old form is not very clear, and so there is some times a difference in the spelling of the names. We are all born in Turkey and in the old form of Turkish writing it is very easy to make mistakes of this kind. In the old form of writing they had no alphabet but now they have.
- Q. Then the name Sinay and Sinai are one and the same name. Is that correct?
- A. Yes.
- Q. How much money do you have at this time?
- A. I have about \$5,000 and some dollars. (Exhibits \$5,145. in American currency.)
- Q. Where did you secure this amount of money?
- A. When I came from Italy to Havana I had this money and more. I brought it from Italy.
- Q. What kind of occupation did you have in Italy?
- A. I was together with my brother-in-law, Marco Sinai, in the fur business. I was together with him in the firm.
- Q. What position did you hold in Mr. Sinai's fur business?
- A. I had an interest in the business. My interest was that I would get 5% of the profits. I received a salary of \$150. a month and 5% of all the profits which was left in the business.
- Q. What was your position?
- A. I was one of the directors of the business, with the power of attorney to sign for the firm.
- Q. How long did you reside in Italy?
- A. 14 years. From 1925 to 1939.

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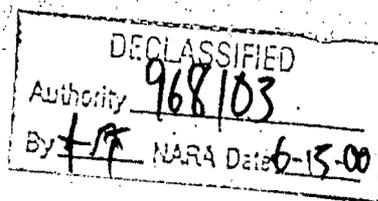
Foreign Funds Control
(1003/2264 -- 3)

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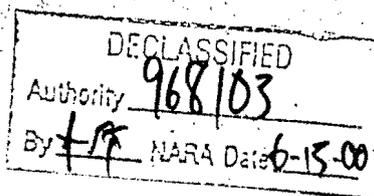
- Q. How long were you a partner or member of Mr. Sinai's fur business?
- A. The same time. When I came there in 1925 I went into the business with him.
- Q. When did you leave Italy, destined for Cuba?
- A. From Italy I went to France, in January, 1939, and in March, 1939 I came to Cuba.
- Q. Did you leave Italy before or after Mr. Sinai dissolved his business in that country?
- A. When I left the business was there in liquidation. In 1938 there came racial regulations from the Italian government and the firm was in liquidation. It was still in operation when I left.
- Q. Was Mr. Sinai in Italy at that time?
- A. No, he left before me.
- Q. If both you and Mr. Sinai had left Italy at that time, who was managing the liquidation of the business?
- A. He has there another brother, Mr. Leone Sinai. He stayed there and took care of the liquidation of the business.
- Q. Where is Mr. Leone Sinai at the present time?
- A. He is still in Milan, Italy.
- Q. Is he still connected with this business in Italy?
- A. Yes, He makes now the final liquidation there. He is there for this reason.
- Q. Do you or Mr. Marco Sinai receive any income from this business in Italy?
- A. No, I don't, but Mr. Sinai receives something. I don't receive any income from the company.
- Q. Do you have any money on deposit anywhere?
- A. In the Banco Popular in Havana, Cuba I have \$5,000. That is all.
- Q. Do you own any property anywhere?
- A. I don't own any land or houses, but I have investments in scrap copper in Havana, Cuba to the value of five or six thousand dollars. I wanted to bring it to the United States, but the Cuban government would not permit it.
- Q. Have you made any arrangements to sell this scrap metal at any time?
- A. No. It is not possible because the metal cannot go out from Cuba. I am hoping that they will take off the embargo.
- Q. Who is handling this scrap metal business in Cuba now?
- A. My brother-in-law, Salvador Sinai, has it in storage.
- Q. Have you ever been engaged in any independent business of your own?
- A. Yes, I had a business with one silent partner. This is the stationery



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of this business. (Alien presents letterhead of the "Smelting and Refining Company, Supply of Ingot Metals, Palacio del Centro Asturiano, Phone M-1181, Havana, Cuba.") My partner was John Folsom, 512 S. Dorchester Avenue, Chicago. His name in Cuba was Hans Feiganbaum. He is also a Hebrew, from Berlin, Germany.

- Q. Are you still going to operate your business in Cuba if you are admitted to the United States for permanent residence?
- A. No, sir. I want to liquidate there and to remain indefinitely in the United States.
- Q. How much money does your mother-in-law, Mrs. Eliza Sarfati Sinay, have at this time?
- A. She has \$6,000. in American currency. (Shows same.)
- Q. From what source did your mother-in-law receive this amount of money?
- A. It was money that was left to her by her husband when he died.
- Q. Does your mother-in-law have any other money, on deposit, or does she own any property anywhere?
- A. She has a house in Istanbul, but it is not possible now to do anything with this property. She does not get any income from it. She has a lawyer who is trying to find what the value is and the possibility of selling the property, but so far they have been unable to do anything with it. She has \$20,000. deposited in the Banco Popular in Havana, Cuba.
- Q. Does she have a bank book or other document showing that amount on deposit in the Banco Popular?
- A. No.
- Q. In whose name is the account?
- A. In the name of my mother-in-law.
- Q. In what country did your mother-in-law reside before going to Havana, Cuba?
- A. In Italy. She lived with me 4 years in my home in Italy. She lived in Italy from 1920 until 1938. She left Italy before I did.
- Q. Does your wife have any money or property other than the money which you specify is yours?
- A. Yes she has money separate from myself in the bank also.
- Q. How much money or property does your wife own in her own name?
- A. Approximately altogether she should have 14 or 15 thousand dollars.
- Q. Please explain to this Board how, you, your wife and your mother-in-law were able to leave Italy with this amount of money?
- A. This money was sent out of Italy to Switzerland before we left. It was taken into Switzerland by friends and deposited in the bank there, and then part of it was sent to Paris, France and part to London, England and deposited in the names of my two brothers-in-law, who had businesses,



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one in Paris and one in London. That is how we got the money out of Italy.

HEARING ADJOURNED AUGUST 25, 1941 at 12:40 P. M.

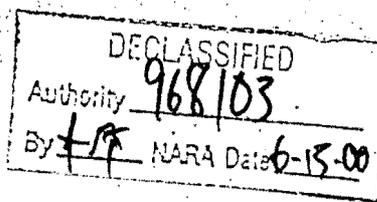
HEARING RECONVENED SAME DATE, 2:15 P. M., SAME MEMBERS PRESENT.

BY CHAIRMAN TO ALIEN, ISRAEL ROZENSTAYN:

- Q. Do you have any connection, either official or unofficial, with the Banco Popular in Cuba, other than having certain deposits in that bank?
- A. No, I had an official connection with the bank until the 15th of January, 1940. I was Treasurer. Then I left the bank.
- Q. It is understood by this Board that the Banco Popular in Cuba was black-listed by the United States Government. What can you tell the Board in this regard?
- A. I think it is not just that they put the Banco Popular on the black list. I know about all their operations and it is not just.
- Q. Was the Banco Popular black-listed by the United States Government?
- A. I know that it was black-listed, but I don't know the reasons.
- Q. In what manner was the Banco Popular black-listed?
- A. That I don't know, but I read it in the newspaper, that is all. One day I read it, but they gave no reasons as to why, and I am very curious to know.
- Q. Were the funds of the Banco Popular that were in the United States frozen at that time?
- A. Yes it was frozen.
- Q. Is the Banco Popular in Cuba in good financial condition at this time?
- A. Not so well. They lost much money.
- Q. Are all their accounts free in that country, or has the Cuban government frozen any of the funds?
- A. No, the Cuban government has frozen nothing.
- Q. Approximately how much money was frozen by the United States government belonging to the Banco Popular?
- A. I don't know exactly, but I think about \$60,000. I don't know exactly but I heard from my brother-in-law that it must be 60 or 70 thousand dollars.
- Q. Have you or your family at any time ever been connected with the Fascist movement as practiced in Italy?
- A. No, I am a Turkish citizen and none of my family had any connection with the Fascists in Italy.

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- Q. Have you associated with any Italian Fascists or persons who had leanings toward the Fascist government while you have been residing in Cuba?
- A. Never.
- Q. Have you or your family ever been arrested or imprisoned at any time?
- A. No, never.
- Q. Do you know of any reason why your family might have any difficulty in maintaining themselves in the United States?
- A. No.
- Q. I wish to introduce at this time into the record a medical certificate, issued by the United States Public Health Service, which reads as follows: "Port of Miami, Florida; August 25, 1941; Name - Rozenstajn, Rosa Sinay; Age - 37; Sex - F; Native of Turkey; Race - Hebrew; Date arrival - 8/25/41; SS "Florida"; This is to Certify that the above-described person has this day been examined and is found to be afflicted with Hypertension arterial, which may affect ability to earn a living. Class B. Signed - D. T. Yoder, Surgeon."

This certificate says that your wife is suffering from high blood pressure which may affect her ability to earn a living, if she ever has to go to work. What have you to say in regard to this certificate?

- A. First, my wife's name should be Sara Sinay Rozenstajn and not Rosa. She never was ill. She doesn't suffer from this thing.
- Q. I also wish to introduce into the record at this time a medical certificate issued by the United States Public Health Service, which reads as follows: "Port of Miami, Florida; August 25, 1941; Name - Sinay, Eliza Sarfati; Age - 68; Sex - F; Native of Turkey; Race - Hebrew; Date arrival - 8/25/41; SS "Florida"; This is to Certify that the above-described person has this day been examined and is found to be afflicted with senility with hypertension arterial, defective vision, which may affect ability to earn a living. Class B. Signed- D. T. Yoder, Surgeon."

This is a medical certificate concerning your mother-in-law, which states that she is afflicted with old age, she also has high blood pressure, and her vision is defective, which may affect her ability to earn a living if it becomes necessary for her to do so. What have you to say about this?

- A. I think this will never be necessary, because she has two daughters and a son who will take care of her if it should be necessary for them to help her. There is another son also coming who is now in Cuba and has a reentry permit.
- Q. If a bond is required which will guarantee that your mother-in-law and your wife will not become public charges while in the United States, are you or friends or relatives in their behalf, able and willing to post such a bond?
- A. Yes, I will do so.

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By LR NARA Date 6-15-00

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Q. Are there any further questions?
A. No questions.

BY CHAIRMAN TO ALIENS SARA SINAY ROZENSTAYN, ELSA ROZENSTAYN AND ELIZA SARFATI SINAY:

Q. You have heard the testimony given by Israel Rozenstayn, whose relationship to you is as noted in this hearing. Is all the testimony which he has given in regard to you true and correct to the best of your knowledge and belief?
A. Yes.

BY INSP. MIXSON: I move that the aliens before the Board, Israel Rozenstayn, Sara Sinay Rozenstayn, Elsa Rozenstayn and Eliza Sarfati Sinay, be admitted under Section 5 of the Immigration Act of 1924.

BY INSP. CAVINESS: I second the motion.

BY CHAIRMAN: It is unanimous.

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Authority 968103
By *[initials]* NARA Date 6-15-00

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NY 1095-A
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File Copy for
Investigative Section
Washington, D C

FOREIGN FUNDS CONTROL
253 Broadway, New York
REctor 2-7373

August 11, 1942

Mr. Israel Rozenstajn,
% The Middletown Fur Tanning
and Dyeing Corporation,
54 Genung Street,
Middletown, New York

Sir:

I am returning herewith copies of correspondence
which you loaned to our Mr. Nugent at the time of his call
at your office on July 21, 1942.

Thank you for your cooperation.

Respectfully,

S. J. KENNEDY,
Treasury Representative,
Acting in Charge

[Signature]
Enclosures

[Signature]

RECEIVED
AMERICAN SAVINGS

RECEIVED
FOREIGN FUNDS CONTROL

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Authority 968103
By LAF NARA Date 6-15-00

RG 131
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2-1095

July 11, 1942

Mr. Kennedy, New York

Mr. May, Washington

Reference is made to memo of this office, dated May 30, 1942, requesting additional investigation of Marco Sinai and Israel Rozenstyn, who figure in Report CH 2-52, on the Axton-Fisher Tobacco Company.

There is enclosed copy of a letter from the Miami, Florida, office of the Intelligence Unit, giving the permanent address of Israel Rozenstyn. This information is forwarded to you in the belief that it may possibly be of some use in the pending investigation.

IRVING S. BROWN/gb

85.13. SBT

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Authority 968103
By JR NARA Date 6-15-00

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Box 25



INTELLIGENCE UNIT

Treasury District No. 6
(Name of Division)

TREASURY DEPARTMENT

INTERNAL REVENUE SERVICE

P. O. Box 3130, Miami, Florida
June 29, 1942

JJB:K

Mr. W. D. Hearington
District Supervisor
Alcohol Tax Unit
408 Ten Forsyth Street Building
Atlanta, Georgia

In re: Israel Rozenstayn

I am inclosing herewith communication received at Miami on June 9, 1942, during my absence, from the above named individual, giving his permanent address as care of Middletown Fur Tanning and Dyeing Corporation, 54 Genung Street, Middletown, New York.

It is thought that this information might be desired by the Foreign Funds Control Division in connection with any further action they might contemplate taking with regard to the matter covered in recent reports.


(J. J. Brown)
Special Agent

Incl.

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Authority 968103
By: [initials] NARA Date: 6-15-00

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*Mr. Irey
John May*



OFFICE OF
DISTRICT COORDINATOR
TREASURY DISTRICT NO. 6

TREASURY DEPARTMENT

TREASURY ENFORCEMENT AGENCIES

Atlanta, Georgia
408 Ten Forsyth Street Bldg.
June 30, 1942

Mr. Elmer L. Irey
Chief Coordinator
Treasury Enforcement Agencies
Washington, D. C.

In Re: I. Rozenstyn
First Street
Miami Beach, Florida

Dear Mr. Irey:

With further reference to the above individual, report of which was mailed you on May 20, 1942, there is transmitted herewith a communication from Special Agent J. J. Brown, which enclosed a letter from I. Rozenstyn, advising of his Middletown, New York address.

Very truly yours

W. D. Hearington
W. D. HEARINGTON
District Coordinator
Treasury Enforcement Agencies

ks

DECLASSIFIED	
Authority	968103
By	17 NARA Date 6-15-00

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Israel Rozenstajn
c/o Middletown Fur Tanning
& Dyeing Corps.
54 Genung Street

Reel Miami
6/9/42

June 6th 1942

Mr. J. J. Brown
Miami (Fla.)

Dear Sir,

As I promised you I am sending you my actual new address at Middletown, where you can reach me everytime. In a short time my wife also and my daughter will join me as I intend to live here steady and to co-operate in the above factory.

I would appreciate very much if you are able to give me some indication if it is possible for a foreigner (Bukish) to apply for a commissioned job in the army as interpreter or censor, having the first papers and being registered in the draft.

Sincerely yours

Rozenstajn

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Authority 968103
By FR NARA Date 6-15-00

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2-1095

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

FILE COPY

DATE June 2, 1942

TO Mr. Kennedy, New York City
FROM Mr. May, Washington

With reference to memorandum of this office dated May 30th forwarding two copies of documents pertaining to investigation at Miami Beach on Israel Rozenstyn (Axton Fisher Tobacco Company, Chicago 2-52) it would be appreciated if you would forward one copy of these documents to the Chicago office which as a result of an oversight received no copy from here.

SRM

RECEIVED

JUN 4 1942

Foreign Funds Control
New York

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Authority 968103
By FR NARA Date 6-15-00

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FOREIGN FUNDS CONTROL
TREASURY DEPARTMENT INVESTIGATION UNIT
INTER OFFICE COMMUNICATION CASE NO. 2-1095

DATE May 30, 1942

TO Mr. Kennedy, New York
FROM Mr. May, Washington

*Pending case
Join this case 710.*

Reference is made to report CH 2-52, and to memorandum of this office dated May 13, 1942 requesting additional investigation in connection therewith.

At the same time this request was made, a similar request was made of the Coordinator for investigation in Miami Beach, Florida. Enclosed in duplicate are the following documents received in reply:

Report dated August 26, 1941 of special immigration hearing in connection with Israel Rozenstyn, and others.

Report of Internal Revenue Agents Brown and Wallace dated May 19, 1942.

Report of investigation by Internal Revenue Special Agents Brown and Wallace dated May 26, 1942 with attached affidavit of Israel Rozenstyn.

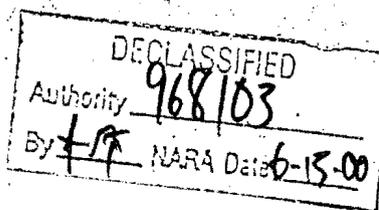
From these documents, it will be observed that the principal involved in the Miami Beach transaction is Maurice Sinai, now a resident of Havana, Cuba; but, that a certain Marco Sinai, apparently a brother, is a resident of Middletown, New York and may be able to elucidate the matter further. It is requested that you cause an appropriate investigation to be made in addition to that already requested with regard to Edward David Kleinlerer.

SSM

RECEIVED

JUN 1 1942

Foreign Funds Control
New York



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INTELLIGENCE UNIT

TREASURY DEPARTMENT

INTERNAL REVENUE SERVICE

P. O. Box 3130, Miami, Florida
May 26, 1942

Treasury District No. 6
(Name of Division)

JJB:K

VIA AIR MAIL

Mr. W. D. Hearington
District Coordinator
Treasury Enforcement Agencies
408 Ten Forsyth Street Building
Atlanta, Georgia

In re: Israel Rozenstayn
720 Meridian Avenue, Apt. 1
Miami Beach, Florida

Dear Mr. Hearington:

Israel Rozenstayn returned from Cuba Saturday, May 23rd, and contacted this office yesterday. Arrangements were made to obtain a statement from him this morning and an affidavit executed by him giving his explanation of the transaction in question is attached.

It appears from Mr. Rozenstayn's affidavit that his brother-in-law, Maurice Sinai, now a resident of Havana, Cuba, sold his business in Nice, France and turned over at least \$25,000.00 of the proceeds thereof to some unnamed individual in France or elsewhere for transmission to this country and that the \$6,400.00 Rozenstayn received from Reverend Anthony Bauza was a part of this \$25,000.00.

It is possible that further information with regard to the transaction in question could be obtained from Maurice Sinai to whom the money actually belonged. It is also possible that further information could be obtained from British authorities at Bermuda where \$16,000.00 is now being held.

Special Agent Brown will probably be in Washington a week from today and in the event Mr. May would like to discuss the matter with him he can be reached at the office of the Chief, Intelligence Unit.

Mr. Rozenstayn advised that within the next few days he expects to move his residence to Middletown, New York, where his brother-in-law, Marco Sinai, is engaged in a fur business. He stated that he did not know what his exact address would be but that he could always be reached in care of Allied French Furs, Inc., 350 - 7th Avenue, New York City. Mr. Rozenstayn also advised that the correct spelling of his name is as shown above.

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By JR NARA Date 6-15-00

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It is recommended that this report, with the inclosure, be transmitted to the Chief Coordinator for the information of Mr. Erwin G. May of the Foreign Funds Control Division.

J. J. Brown
(J. J. Brown)
Special Agent

Richard B. Wallace
(Richard B. Wallace)
Special Agent

Incls.

DECLASSIFIED
Authority 968103
By *[initials]* NARA Date 6-15-00

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AFFIDAVIT

STATE OF FLORIDA)
) SS:
COUNTY OF DADE)

Personally appeared before me, the undersigned authority, ISRAEL ROZENSTAYN, who, being first duly sworn according to law, deposes and says:

(1) I was born in Turkey. From about 1925 to about 1939 I resided in Italy where I was engaged in the fur business with my brother-in-law, Marco Sinai. In 1939 I moved my residence to Havana, Cuba, after spending a few months in France awaiting transportation. While in Cuba I was connected with the Banco Popular. I arrived in the United States on a Turkish Quota Visa August 25, 1941, accompanied by my wife, daughter and mother-in-law.

elsewhere

(2) Maurice Sinai, another brother-in-law, was engaged in business in Paris, France, and when this city was captured by the German Army he moved his residence and business to Nice, France. Subsequently he sold out his business entirely, the exact amount received by him being unknown to me. A portion of the selling price aggregated \$25,000.00, which money Maurice Sinai turned over to some person, either in France or Spain, with which details I am not familiar. Maurice Sinai advised me that the sum of \$6,400.00 would be sent to me, which was a part of this \$25,000.00.

(3) Sometime in March 1942 I received a letter dated March 18, 1942 from Reverend Anthony Bauza, written on the stationery of St. Francis College, Loretto, Pennsylvania, advising me that he had received a telegram from Madrid with instructions to send me some money and requesting advice as to the amount I was supposed to receive and as to the correct spelling of my name. At the time I received this letter I had not been advised by my brother-in-law as to the amount that was supposed to be paid to me. I addressed a communication to Rev. Bauza, advising him that I was not aware of the exact amount and requesting that whatever amount he had be sent payable to my mother-in-law, Elisa Sinai. In a letter dated April 14, 1942 from Rev. Bauza, I received a check for \$6,400.00 on a Pennsylvania bank, payable to my mother-in-law. This check was deposited by me to my mother-in-law's account in the Mercantile National Bank, Miami Beach, Florida, and she subsequently transferred this money to her son, Marco Sinai, to be invested in a fur business he is operating at Middletown, New York, the transfer of the funds to this brother-in-law being at the direction of Maurice Sinai who now resides in Havana, Cuba.

JR

(4) I have no information as to the manner in which this money was paid to me by Rev. Anthony Bauza, my information being confined to that given in this affidavit. I was merely acting as agent for Maurice Sinai.

Foreign Funds
New York

DECLASSIFIED
 Authority 968103
 By LFR NARA Date 6-15-00

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(5) I have been informed by my brother-in-law, Maurice Sinai, that the \$25,000.00 he turned over to the unnamed individual in Europe for transmission into this country was reduced in some manner by fluctuation in exchange or otherwise to \$22,400.00 and that the \$16,000.00 still to be remitted has been held up by British authorities at Bermuda and efforts are now being made by him to get this money released.

(6) Photostatic copies of the two communications received from Rev. Bauza, dated March 18, 1942 and April 14, 1942, respectively, are attached hereto and made a part hereof. I did not retain a copy of the communication I addressed to Rev. Bauza under date of March 31, 1942.

(7) This is the only financial transaction of this kind that I have had either with Rev. Bauza or with any other individual. I am not acquainted with Rev. Bauza and had never heard of him prior to the receipt of his letter dated March 18, 1942.

(8) I have never been in the State of Pennsylvania, and since my arrival at Miami, Florida in August 1941 the only trip I have made out of this city was to Havana, Cuba recently in connection with certain business matters.

I have been duly advised and fully understand that I have the right under the Constitution to decline to make any statement or answer any questions which may tend to incriminate me under the laws of the United States, and have been advised that anything I might say, or any evidence which I might submit, can be used against me in any proceeding which may hereafter be undertaken by the United States, but in order that the truth may be known, I have waived my rights and have made the foregoing statement freely and voluntarily without any threats or rewards, or promise of reward, having been made to me.

RECEIVED
 JUN 1 1942

Israel Rosenblum

Subscribed and sworn to before me at 343 P M., this 26th day of May, 1942, in the Corsair Hotel, 101 Ocean Drive, Miami Beach, Florida.

J. J. Brown
 Special Agent,
 Internal Revenue Service.

DECLASSIFIED
Authority 968103
By ~~SP~~ NARA Date 6-15-00

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SAINT FRANCIS COLLEGE
LORETTO, PENNSYLVANIA

A. J. Penstayer
726 Meridian Ave.
Miami Beach, Florida

March 10, 1942

Dear Sir:

I just received a telegram from Madrid with instructions to send you some money; but there is some confusion in regard to the amount, and may be in the spelling of your name also. Please let me know what I should do, if you happen to be informed about this.

Thanking you kindly in advance, I remain,

Very truly yours,

Anthony Banja

DECLASSIFIED
Authority 968103
By LR NARA Date 6-15-00

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SAINT FRANCIS COLLEGE
LORETTO, PENNSYLVANIA

April 14, 1942.

I. Rozenstyn
The Corsair
On the Ocean at First St.
Miami Beach, Fla.

Dear Sir:

I thank you for your letter of March 31.

Enclosed please find a check for \$6,400.00, made according to your instructions in your letter dated March 31.

With best wishes, I remain,

Very truly yours,

(S) Anthony Paupia

DECLASSIFIED
 Authority 968103
 By JFR NARA Date 6-15-00

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TREASURY DEPARTMENT
 INTERNAL REVENUE SERVICE

INTELLIGENCE UNIT
 Treasury District No. 6
 (Name of Division)
 JJS:K

P. O. Box 130, Miami, Florida
 May 19, 1942

VIA AIR MAIL

Mr. W. D. Hearington
 District Coordinator
 Treasury Enforcement Agencies
 408 Tom Poyarath Street Building
 Atlanta, Georgia

In re: I. Rosenstyn
 720 Meridian Avenue, Apt. 1
 Miami Beach, Florida

Dear Mr. Hearington:

Reference is made to your communication of May 13, 1942, with which you transmitted communication from the Chief Coordinator dated May 15, 1942 and memorandum addressed to Mr. Irey by Mr. Erwin G. May, of the Foreign Funds Control Division, under date of May 14, 1942. The Foreign Funds Control Division requested that an investigation be made of Rosenstyn for the purpose of ascertaining the details as to a certain financial transaction between him and Father Louis P. Donahue and Father Anthony Sanna, of Lorotto, Pennsylvania, particularly with regard to a check of \$6,400.00 drawn on the account of Father Donahue at the First National Bank of Croswen, Pennsylvania, on April 14, 1942.

Mr. Rosenstyn, who now resides at the address shown above, is at present in Havana, Cuba, and his wife stated that she had no information as to the date on which he is expected to return to this country but that she expects to hear from him perhaps within the next week as to the date he expects to return to his home.

An examination of the records of the Mercantile National Bank at Miami Beach disclosed that accounts were opened there in October 1941 in the names of Sara Rosenstein and Eliza Sinai, who are the wife and mother-in-law, respectively, of Israel Rosenstyn. On April 20, 1942 Cashier's check No. 33549, drawn on the First National Bank, Croswen, Pennsylvania, under date of April 14, 1942, was deposited to the account of Eliza Sinai, the deposit being made by Israel Rosenstyn who appears to handle all the transactions in connection with these two bank accounts. This is undoubtedly the residence referred to in the memorandum of Mr. May.

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Israel Rosenstyn, his wife, daughter and mother-in-law were admitted to this country at Miami, Florida, on August 25, 1941, having arrived in this country from Havana, Cuba, on the SS "Florida". The Immigration Service held a Board of Special Inquiry with regard to their admission, at which time certain testimony was obtained from the aliens involved. A copy of a record of the hearing held by the Immigration Service is attached for your information.

It appears from our investigation that Marco Sinal, whose present address is believed to be in care of the Middletown Fur Tanning and Dyeing Corporation, Middletown, New York, is the brother-in-law of Israel Rosenstyn, and it appears that they were engaged in business together for many years in Italy and that in more recent years they were engaged in the operation, among other businesses, of the Banco Popular in Havana, Cuba, which bank was blacklisted by the United States Government for a certain period of time. Mr. Rosenstyn testified before the Immigration Board of Special Inquiry that he was treasurer of this bank until January 15, 1940.

Customs Agent J. J. Givens has previously conducted an investigation for the Foreign Funds Control Division with regard to the activities of Marco Sinal and has submitted a report with regard thereto. The Customs agent advised us that it was his understanding Mr. Rosenstyn is now in Havana, Cuba for the purpose of winding up the affairs of this bank. The Customs agent further advised us that Maurice Sinal, a brother of Marco Sinal, who now resides in Havana, Cuba, is angry with Marco Sinal over the disposition of furs that were brought to this country from France and other European nations and that he believed if Maurice Sinal were interrogated considerable information of value with regard to the transactions of these individuals might be developed. In the event that the information requested by the Chief Coordinator is desired immediately it is believed that the only way it can be obtained is by proceeding to Havana, Cuba; otherwise, the matter can be held in abeyance pending the return of Mr. Rosenstyn to this country.

Will you please advise us what further action you desire us to take with regard to this matter.

Respectfully,

J. J. Brown
(J. J. Brown)
Special Agent

Richard B. Wallace
(Richard B. Wallace)
Special Agent

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FOREIGN FUNDS CONTROL
INVESTIGATION UNIT
CASE N.Y. 2-1095

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 13, 1942

TO Mr. Kennedy, New York
FROM Mr. May, Washington

Enclosed is copy of report CH 2-52 on the Axton-Fisher Tobacco Company and Rev. Anthony Bauza. On page 10 thereof, it will be noted that Father Bauza made an unexplained payment of \$10,000 to one Edward David Kleinlerer of 61 East 86th St., New York City. In as much as other payments involved in the case represent remittances by the familiar offset procedure, it appears probable that something similar is involved in this transaction--probably an exportation of capital from Europe on the part of Kleinlerer.

It is requested that you cause an investigation of this individual to be made and to render a report on him *at the earliest date possible.*

CRH

Send copy to Chicago

RECEIVED

MAY 15 1942

Foreign Funds Control
New York

*In investigation
AM*

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CONFIDENTIAL REPORT

**FOREIGN FUNDS CONTROL
INVESTIGATIVE SECTION**

Field Office at **Chicago, Illinois**

Date **May 9, 1942**

Report of Agent **William D. Ereyer**

Report No. **CE 2-52**

Respectfully forwarded **APPROVED:**

RECEIVED

(Signature and title)

IRVING S. BROSA, Supervising Agent (Acting)

MAY 15 1942

Foreign Funds Control
New York

**SUBJECT: THE ARTON-FISHER TOBACCO COMPANY
Louisville, Kentucky**

**REV. ARTHUR DANHA
St. Francis College
Loretto, Pennsylvania**

REFERENCE: Memorandum from Mr. Erwin G. Kay, dated March 27, 1942, enclosing memorandum of March 17, 1942, from Mr. J. W. Fehle and copies of despatches Nos. 6023, 6022 and 10210. The memorandum of March 27, 1942, and despatch No. 10210 indicate that the Arton-Fisher Tobacco Company has willfully violated Executive Order No. 6329, and that Rev. Anthony Danha has violated the Trading With The Enemy Act, in that the former shipped cigarettes to Spain and accepted payment in a form other than that permitted by license, while the latter, in paying for the cigarettes in the United States, apparently consummated a prohibited transaction in foreign currency by reason of the fact that offset payments therein were made for his account in Europe by the customer of the Arton-Fisher Tobacco Company in Spain.

SYNOPSIS: The Arton-Fisher Tobacco Company received and accepted two payments for cigarettes sent by them to Spain, and one for war risk insurance, in a manner not authorized by license S. L. 1233, issued to the Arton-Fisher Tobacco Company by the Federal Reserve Bank of Saint Louis. Wherein the license provided for payment by sight draft in dollars to be drawn on their customer, Juan Ordinas Carrasaca, through the Banca Solari, S. A., Lugano, Switzerland, with payment to be received in dollars from that bank's blocked account in the National City Bank of New York, or any other bank in

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the United States holding a balance to the credit of the Banco Salari; payment was actually received and accepted as follows:

1. On December 2, 1941, the Arton-Fisher Tobacco Company received and accepted an amount of \$3,700.00 from Rev. Anthony Duna, Loretto, Pennsylvania, covering payment for three million cigarettes shipped by them to Spain, per SS "Magallanes", on December 6, 1941.
2. On December 17, 1941, the Arton-Fisher Tobacco Company received and accepted an amount of \$2,380.00 in the form of a check drawn on the account of and signed by Rev. Louis F. Dominus at the First National Bank of Cresson, Cresson, Pennsylvania, but sent to the payee by Rev. Anthony Duna, Loretto, Pennsylvania. This payment covered two million cigarettes shipped to Spain by the Arton-Fisher Tobacco Company, per SS "Rotterdam", on February 27, 1942.
3. On March 9, 1942, the Arton-Fisher Tobacco Company received and accepted an amount of \$12.00 from Rev. Anthony Duna, Loretto, Pennsylvania, covering additional war risk insurance on the shipment made by them per SS "Rotterdam", on February 27, 1942.

Rev. Anthony Duna, Loretto, Pennsylvania, has engaged in unlicensed currency exchange transactions in that he has paid dollars, held by him for masses to be said in Spain, to the Arton-Fisher Tobacco Company for cigarettes shipped by them to Spain. By arrangement between Rev. Anthony Duna and Arton-Fisher's customer in Spain, the customer, Juan Ordinas, paid a corresponding amount of pesetas in Spain to a designated church official who arranged for the masses to be said there.

Investigation in this case discloses that Rev. Anthony Duna has paid additional sums of money to persons in the United States on instructions from a church official in Spain. Preliminary investigation indicates that such payments are made on behalf of persons who have deposited funds in Spain with church officials to effect the transfer. A complete investigation of these transactions will involve interviewing persons in New York City and Miami Beach, Florida and Los Angeles, California.

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While I was conducting an investigation in Saint Louis, Missouri, on an earlier case, Mr. S. A. Clark, of the Federal Reserve Bank of Saint Louis, mentioned the Arton-Fisher matter, and it was informally discussed at that time. Thus, from that discussion a background for the instant case had already been obtained.

On April 14, 1942, I visited the offices of the Arton-Fisher Tobacco Company at 1950 Maple Street, in Louisville, Kentucky, where from interview with Miss O. E. Shaw, assistant export manager of the company, and from inspection of the company's records, books of account, and correspondence files, facts relating to the transactions of the company were obtained and are presented herein.

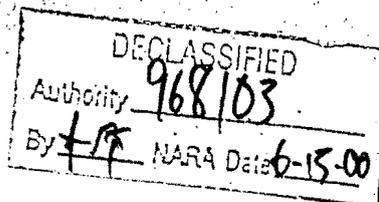
On April 16, 1942, I visited Rev. Anthony Hanna at Saint Francis College in Loretto, Pennsylvania. From interview with him, from inspection of his personal records, and from investigation at the First National Bank of Crossen, in Crossen, Pennsylvania, facts relating to this individual were obtained, and are also presented herein.

HISTORY OF ARRANGEMENTS

Juan Ordinas Carrascosa is also known as Juan Ordinas; Carrascosa is the family name of his mother, which is customarily used in Spain as a means of distinction in name. He is a Spanish national and formerly resided in Mallorca province in Spain, but now resides in Madrid. He is the son of one Miguel Ordinas who is understood to be a very wealthy and influential man, and to be president of the Spanish Tobacco Monopoly.

In 1940 the Spanish agent for the Arton-Fisher Tobacco Company died, and at the request of the heirs of this agent, Juan Ordinas, who was personally unknown to the company, having never visited the United States nor been visited in Spain by the company's representative, was appointed its agent.

During June, 1941, cables and letters were exchanged between the company and Ordinas resulting in the latter placing with the former an indefinite order for 90 million cigarettes to be shipped to the Spanish Tobacco Monopoly at Santander. As indicated by Exhibit "A", consisting of a letter from Ordinas to the company, dated June 20, 1941, the consummation of arrangements for actual shipment and payment involved considerable difficulty due to Spanish restrictions on payment in dollars. While the agreed price was \$1.20 per thousand CIF Santander, Ordinas desired invoices made at the rate of 80 pesetas per thousand as representing F.O.B. or dutiable value, and desired that each shipment be accompanied by a letter which investigation of Arton-Fisher indicates embodied mainly a reference to his position as agent.



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The arrangement made for paying for these cigarettes was that Anton-Fisher should, prior to each shipment, present a draft drawn on Ordinas through the Banca Solari, S. A., of Lugano, Switzerland. On presentation of such drafts the Guaranty Trust Co. of New York or any other bank in the United States holding funds for credit of the Banca Solari was to make payment to Anton-Fisher, whereupon the cigarettes would be shipped.

SHIPMENT UNDER ORIGINAL ARRANGEMENTS

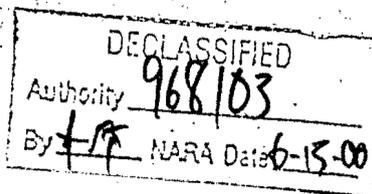
Pursuant to these arrangements Anton-Fisher presented to the Guaranty Trust Co. of New York a draft for \$13,200 covering the price of eleven million cigarettes. On July 16, 1941, the Guaranty Trust Co. informed Anton-Fisher that cabled authority to pay had been received but that actual payment could be made only pursuant to license and requested that the company submit information which would support application therefor. In due course License No. E. Y. 199171 was issued to Anton-Fisher, payment was duly effected, and shipment of the eleven million cigarettes was made on the SS "Magallanes", which sailed from New York on August 20, 1941.

REVEREND DOCTOR ANTHONY SAUSA

Anthony Sausa was born on February 21, 1903, in Mallorca, Spain. He entered the monastery of the Franciscan Fathers at Palma, Mallorca at the age of ten and was ordained a priest of the Franciscan Order in July, 1925. He first came to the United States in October, 1937, but returned to Spain several times thereafter to visit his family. In 1934 he went to Rome where he pursued a course of study in canon law. On receiving his Doctor's degree he returned again to the United States and took his present position on the staff of St. Francis College, Loretto, Pennsylvania. He applied for naturalization as an American citizen in 1940 but nullified this application by returning to Spain during September, 1941. From this trip he returned to the United States the following month.

CHURCH ARRANGEMENTS REGARDING MASSES

According to the procedure followed in the Catholic Church, any communicant desiring mass to be said for any purpose pays to the priest a donation, usually of \$1.00, referred to as a stipend; the priest in turn assumes the moral obligation to say the mass or cause it to be said. By the nature of the rite, a priest can say only one low mass each day. If a priest receives stipends for more masses than he is personally able to perform he is still under moral obligation to have them said, but is at liberty to pass on the stipend and the request to another priest who may be less busy. This method of allocating stipends is usually directed through a mission and serves as a means of providing religious duties and subsistence for other needy priests.



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During the last few years, the priests in Spain and Italy have been both comparatively free as to time available, and needy. Under these circumstances Father Bausa let it be known among colleagues of his religious order in the United States that he could serve as a channel for the transmission to Spain and Italy of stipends covering masses which it was not readily feasible to have said in the United States. As a consequence, large sums of money came into his hands from priests located throughout this country.

Before exchange restrictions became acute Father Bausa sent considerable amounts of such money to Spain and Italy by check. When this method of remittance became impossible he purchased, in the United States, radios, refrigerators, and sound projection apparatus which were sent to Spain and there sold by church officials who devoted proceeds to church purposes including the saying of those transferred masses. In an endeavor to accomplish the same thing in Italy he attempted to purchase oil from the Standard Oil Company for shipment there. It was learned, however, that the Italian government had imposed restrictions on internal payments within Italy which would prevent the proceeds of the sale of the oil from reaching the church, hence this transaction was never consummated. Whenever a transaction resulting in the transfer of masses was effected, word was sent to a church official in Spain requesting that a certain number of masses be said; the church official, in turn, delegated the masses to needy priests and paid the stipends in pesetas derived from remittances or from sale of goods shipped. It is understood that large scale operations of this nature were feasible since it was not necessary to transmit full details regarding each mass, as these are considered to be adequately covered by the conscience of the priest. The church officials in Spain were frequently able to make a substantial profit for their own organization by reason of the prices at which they were able to sell the imported merchandise in that market.

ARRANGEMENT BETWEEN BAUSA AND ORDINAS

When Bausa arrived in Spain in 1941, he went to Mallorca to visit his family. He knew of Juan Ordinas by reason of the fact that the latter's father, Miguel Ordinas, had endowed the monastery at Mallorca where Bausa studied for the priesthood. While Bausa was at Mallorca, Ordinas heard of his arrival from the United States and visited him, to inquire if Bausa had access to dollars in the United States. As previously explained, Bausa had been collecting considerable sums in stipends and accordingly informed Ordinas that he did have dollars available, whereupon an agreement was reached under which Bausa was to disburse dollars in the United States in payment for cigarettes to be received by Ordinas in Spain, and Ordinas, in turn, was to make to the treasurer of the monastery in Mallorca, a corresponding payment in pesetas, to be derived from

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the sale of cigarettes. Mann was pleased to make these arrangements because it simplified his task of arranging for the transfer of funds he held in the United States. He did not, however, inform Ordinas as to what was represented by the dollar funds to be disbursed here; as an excuse to Ordinas he invented the debt of one million lire in Italy, mentioned in his letter of December 6, 1941, to Ordinas as outlined in Despatch No. 10316. Investigation disclosed that no such debt existed in fact.

SHIPMENTS UNDER DRAFT PAYMENT ARRANGEMENTS

On November 21, 1941, Arden-Fisher applied for, and on November 24, 1941, received, under O. A. No. 50, License S. L. 1258 authorizing the shipment of, and receipt of payment, under the previously described draft arrangements, for seven million cigarettes to be dispatched to the Spanish Tobacco Monopoly, Cia. Arrendataria de Tabacos, Santander, Spain, and to be billed in dollars to Juan Ordinas Carrascosa. Shipment was made by the SS "Magallanes" which called on December 6, 1941, but, due to a shortage of available cargo space, only three million cigarettes were sent instead of seven million.

By stipulation in the license mentioned above, Arden-Fisher had been directed to file a report on Form FFD-1. In that report the firm stated that it had received \$3,700 in payment for the three million cigarettes and that, because their customer in Spain was unable to transfer funds through regular channels, this payment had come from a private source in this country rather than from negotiation of the draft authorized by license.

Pursuant to request of January 7, 1942, made by the Review and Appeals Section of Foreign Funds Control, the Federal Reserve Bank of St. Louis wrote Arden-Fisher on January 12, 1942, requesting the company to supply additional information regarding this payment received in a manner otherwise than that provided by the license. On January 13, 1942, Arden-Fisher replied to the bank informing it that the \$3,700 had been received from Rev. Dr. Anthony Lauga of Loretto, Pennsylvania, who had written stating that he had received a cable from Ordinas requesting him to pay for the cigarettes; and that a subsequent payment from the same source had been received in the amount of \$4,500 to cover two million more cigarettes, likewise to be shipped to Ordinas. The letter also stated in part:

"In filing originally for the license, we stated correctly, that we expected to receive payment by transfer of dollars to come through a bank in Switzerland. The Spanish Government does not make available dollar funds to cover cost of imported tobacco products. We were surprised, therefore,

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to receive a check from a private person in the United States. We are very anxious, therefore, to protect our good friend and customer in Spain inasmuch as he is not supposed to have access to foreign funds. Indeed, we never write him regarding dollar payments at his Madrid address, but instead, contact him through an agency in Portugal . . . We dislike giving this information because we understand that this has been friendly collaboration on the part of Fr. Baum."

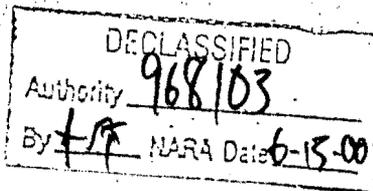
The reference in this letter to the fact that the company never wrote to Ordiano in Madrid regarding dollar payments is based on his letter mentioned above as Exhibit "A". The reluctance of the company to divulge the source of payment is possibly explained by the fact that Father Baum was known to be a Catholic priest, since he had written the company on the letterhead of St. Francis College and had enclosed his personal card.

Under the license mentioned above, Arden-Fisher on March 3, 1942, filed report on Form FFM-1 notifying shipment from their factory on February 12, 1942, to clear from New York about February 27, 1942, on the Spanish flag vessel "Waterman", of another two million cigarettes for which payment had also been received from Fr. Baum in the amount of \$2,532 including war risk insurance. Subsequent investigation disclosed that this receipt of \$2,532 included the \$2,320 mentioned in the company's letter quoted above. This amount was credited to Ordiano's account on the company's books on December 17, 1941, and an additional \$12 received by check from Father Baum to cover the war risk insurance, was credited on March 9, 1942. These two sums make up the \$2,532 reported to the bank. Both payments were actually received from Father Baum with covering letters, but subsequent investigation disclosed that the check for \$2,320 was drawn on the account of the Rev. Louis F. Donahue in the First National Bank of Creason, Creason, Pennsylvania, while the check for \$12 was drawn on Father Baum's own account in the same bank.

The FFM-1 report of March 3, 1942, mentioned above, supplied information as to the source of the payment reported and was accompanied by a letter dated March 4, 1942, addressed to the Federal Reserve Bank of St. Louis, providing information that there had been received a new order from Spain for an additional eight million cigarettes and stating:

"We presume that it is quite alright that we accept money in these instances from Rev. Baum in payment of shipments to Spain. In such instances, is it your wish that we continue to obtain Federal Reserve licenses?"

In reply the Federal Reserve Bank of St. Louis wrote to Arden-Fisher on March 9, 1942, stating in part that the funds received



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from Dr. Bausa:

" . . . should not have been accepted under this special license without first obtaining an amendment providing for such method of payment . . . all conditions and provisions of licenses issued, both general and special, are to be strictly adhered to and all transactions effected in the manner and form prescribed in such general or special license."

It was also pointed out in this letter that the license in question had expired on February 22, 1942, and that consequently no additional merchandise could be shipped under its terms.

Reference was made above to an interview with Miss C. W. Shaw who is acting export manager of the Arden-Pickens Tobacco Company during the absence of the export manager proper, Mr. H. L. Cobb, who is in South America on business. She informed us that the company knew no more about the details of the transaction than Father Bausa had supplied in his letter as outlined above. The firm knew that Ordinas was experiencing increasing difficulty in obtaining dollar credits, as he had written of this several times, and while the company had been somewhat surprised to receive payments from a private source in the United States, it had considered this transfer of funds as a domestic transaction and not illegal. It was pointed out that receipt thereof had been duly reported on Form TFR-1.

BANK ACCOUNTS

Inspection of the records of the First National Bank of Cresson in Cresson, Pennsylvania, showed that Rev. Anthony Bausa, on July 25, 1940, opened a current account in that bank with an initial deposit of \$3,526.03. On subsequent dates he made other substantial deposits and numerous withdrawals. Among these withdrawals was a transfer of \$3,000 to an account in the same bank opened on December 10, 1941, in the name of Rev. Louis P. Demahus. Subsequent to that time the Demahus account shows a number of deposits. The explanation offered for this situation by Father Bausa is that, being a Spanish national, he feared that Spain might soon be invaded by the Axis, causing his own account to be blocked, and therefore deemed it wiser to have incoming stipends carried by Father Demahus, an American citizen, who is his official superior. Father Bausa stated that Father Demahus entered into this arrangement purely as a courtesy and did not really know anything about the funds in the new account which continued to be operated by Father Bausa except as to signature.

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A composite and condensed transcript of the bank accounts of Rev. Anthony Bausa and Rev. Louis P. Donahue, is attached to this report as Exhibit "B". The deposits, generally, represent sums of money obtained from stipends. Some funds were received from church officials abroad, particularly an amount of \$12,000.00, received by Rev. Bausa about October 3, 1940. This amount is reflected in a deposit made in his account on October 9, 1940, in the sum of \$12,120.00.

The large withdrawals prior to June 14, 1941, appear to be payments made to church officials. The first charge subsequent to this date, appears on June 15, 1941, in the amount of \$4,535.00. This charge reflects payment made to a priest in Rome, Italy, by check, long prior to the date of the blocking order affecting Spain or Italy. The date of the charge merely signifies the date on which the check was returned to the bank at Cresson, Pennsylvania, for final payment.

DETAILED ANALYSIS OF ACCOUNTS SUBSEQUENT TO JUNE 14, 1941

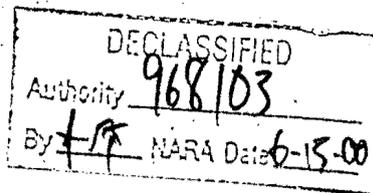
Account of Rev. Anthony Bausa:

On December 4, 1941, the charge of \$3,750.00 represents the first payment made to the Archer-Fisher Tobacco Company, as mentioned above.

On December 10, 1941, a transfer of \$3,000.00 to the account of Rev. Donahue appears.

On December 27, 1941, the charge of \$6,500.00 represents a payment made by Bausa to one Jean Castelfranco in Los Angeles, California. This check was paid through the Bank of America in Los Angeles, California, on December 24, 1941, and bears the endorsement of Jean Castelfranco and one Astile or Albert Saffo. In explanation of this item, Rev. Bausa stated that the payment of \$6,500 was made to Jean Castelfranco from the amount of \$12,000.00 received from Spain in October, 1940. Bausa received cable instructions from a church official to pay the \$6,500.00 to Castelfranco about June, 1941, but due to pressing duties in connection with his school work, and the confusion in making preparation for a visit to Spain, Bausa neglected to make the payment at that time. On his return in October, 1941, he found a letter dated June of the same year, from Castelfranco, reminding him of the payment. On attempting to contact Castelfranco by mail, Bausa learned that she had changed her address and some weeks elapsed before she was located. The payment was finally made in December, 1941.

Bausa stated that he does not know Jean Castelfranco or for what purpose the funds were paid to her. Bausa further stated that



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he acted on instructions from his superiors and never questioned them in regard to the source of the money or to its disposition. He does not now have the address of Juan Castellano.

On March 12, 1942, the charge of \$12.00 represents the payment made by Souza to the Arton-Fisher Tobacco Company for an additional charge made by them for war risk insurance covering the shipment of two million cigarettes, as mentioned above.

Account of Rev. Louis F. Donahue:

On December 10, 1941, the credit of \$3,000.00 reflects the transfer made from Souza's account.

On December 22, 1941, the charge of 1,520.00 represents a second payment made to the Arton-Fisher Tobacco Company, covering the original cost of the shipment of two million cigarettes, as mentioned above.

On February 3, 1942, the charge of \$10,000.00 represents a payment made to one Edward David Kleinlerer at 61 East 88th Street, New York City. This amount was paid by a check in the handwriting of Rev. Souza, although it was signed by Rev. Donahue. The cancelled check bears the endorsement of Kleinlerer and another illegible signature. It appears to have been cashed at the National City Bank of New York on January 31, 1942.

When questioned concerning this payment, Rev. Souza stated that the payment was made to Kleinlerer on cabled instructions received from a Rev. Salva, a church official in Madrid, Spain. The cable merely instructed payment of the sum of \$10,000.00 to Kleinlerer and gave his address in New York. Rev. Souza further stated that he does not know Kleinlerer, and in making the payment to him, acted solely on the cabled instructions received from Spain. The original cable directing this payment could not be found in a search of Souza's files.

While the exact nature of this transaction can best be determined by interview with Kleinlerer in New York, it would appear that the payment made by Souza at the request of the church official in Spain, denotes that the latter received some form of consideration in Spain on Kleinlerer's behalf, equivalent to the payment made to Kleinlerer by Souza.

On April 16, 1942, the charge of \$5,400.00 reflects a payment made by cashier's check on the First National Bank of Oregon, issued at the request of Rev. Louis F. Donahue, to one J. Kocouzyn.

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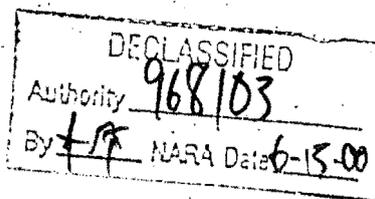
First Street, Miami Beach, Florida. The cancelled item had not been returned to the bank at Cresson at the time of the investigation.

This payment was also stated by Souza to have been made pursuant to cabled instructions received from the church official in Spain. Likewise, in the case of this payment, Souza does not know the person to whom the payment was made. This payment likewise raises a presumption that the church official in Spain had received some form of consideration on behalf of Rosenstyn, equivalent to the payment made to Rosenstyn by Souza.

SOV. SOUZA'S ATTEMPT TO COMPLY WITH THE LAW

During the interview with Sov. Souza, he asked the undersigned several times if the transactions under investigation were illegal. He appeared much distressed when informed that all foreign currency exchange transactions may be legally consummated only pursuant to license. He stated that he had consulted the First National Bank of Cresson during November, 1941, and at that time had explained that he was a Spanish national. He had inquired if he could deposit funds in the bank and issue checks to residents of the United States. The bank, after consulting authorities, had informed him that the regulations provided no restriction against payments made in the United States.

During the conduct of the investigation at the First National Bank of Cresson, I interviewed Mr. John J. Miller, the cashier of that bank, who confirmed the fact that on November 13, 1941, Sov. Souza had inquired if any restrictions were in effect which would prevent payments from his account to persons residing in the United States. He explained to Mr. Miller that he had just returned from Spain and a discussion of the nullification of pending application for citizenship by Souza followed. Pursuant to inquiry made by Souza, Miller wrote to the Federal Reserve Bank of Philadelphia on November 13, 1941, inquiring if payments made by Souza to persons in the United States were subject to license in view of the fact that Souza was a Spanish national. On November 14, 1941, the Philadelphia bank replied that from the information supplied, it would appear that Sov. Souza might come within the requirements of General License 42. It was suggested that additional information be obtained from Souza. No mention was made of the nature of the additional information desired, however, so Miller telephoned the Federal Reserve Bank in Philadelphia and was given the desired details. Miller then telephoned Souza in Loretto, Pennsylvania, obtained the information desired by the Federal Reserve Bank at Philadelphia, and again called the bank in Philadelphia, giving them details supplied by Souza. No record was kept of these telephone conversations and a search of



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the files of the First National Bank of Cresson revealed only the written inquiry made by Mr. Miller on November 12, 1941, and the Federal Reserve Bank's indefinite reply of November 14, 1941.

Mr. Miller, relying wholly on memory, recalled that the Federal Reserve Bank of Philadelphia had informed him in conclusion that Gausa was generally licensed, and this information had been given to Gausa.

It appears that the question presented to Miller by Gausa, and in turn by Miller to the Federal Reserve Bank, was simply whether the fact that Gausa was a Spanish national, would prevent him from making payments from his account in the bank at Cresson, to persons in the United States, without a special license. It would further appear that Gausa did not mention to Miller that contra payments abroad were to be made, as this question was not raised.

General:

Gausa was very cooperative during the conduct of the investigation and divulged information highly embarrassing to himself as it consisted in part of confidential church matters. He made a special request that Rev. Louis F. Doustus be spared any involvement in this matter as the Reverend was a superior of his church and had opened the bank account at the request of Gausa as a special favor and did not even inquire why the account was to be opened.

Investigation disclosed that Gausa received no personal benefit from the various transactions, and it appears that he apparently acted in good faith in providing a means of passing stipends from priests in the United States to priests in Spain and Italy, which became impossible of accomplishment through the former, regular channels.

WILLIAM E. DRYER, Investigator

Enclosures:

- Exhibit "A" - Copy of translated letter from Ordinar to Axton-Fisher
- Exhibit "B" - Transcript of bank accounts of Rev. Anthony Gausa and Rev. Louis F. Doustus

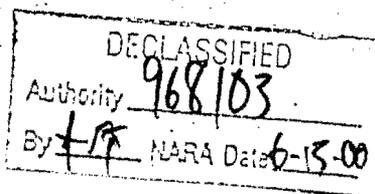
Distribution:

- Orig. and 4 copies - F. T. O., Washington
- 1 copy, Federal Reserve Bank, St. Louis, Mo.
- 1 copy, Federal Reserve Bank, Philadelphia, Pa.
- 1 copy, File

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This report cross-indexed under:
THE AMERICAN TOBACCO COMPANY, Louisville, Kentucky
REV. DR. ANTHONY BATES, Loretto, Pennsylvania
JUAN ORLINDO MARRASCOA, Lisbon, Portugal and Madrid, Spain
JUAN GONZALEZ,
REV. LOUIS T. LORANDE, Loretto, Pennsylvania



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TRANSLATION

JUAN ORDINAS CARRASCOSA
Lisboa 20 June 1941

The Axton-Fisher Tobacco Co.
Louisville, Ky.

Dear Sirs:

I confirm my former letters and cables and I acknowledge receipt of your cables and letters under the last date of May 6 and for which I thank you.

I ask that you take careful note of my letter dated November 13, 1940, and in particular wherein reference is made that you do not telegraph or write me at Madrid anything regarding the form of payment in dollars for your cigarettes. I have explained to you and I point out once more that in view of the exchange restrictions in Spain it is possible that grave harm may be done me if you continue to write or telegraph these forms of payment. I do this because I have noticed that lately both in your last letter and in your cable you openly write me of opening dollar credits which I beg you earnestly not to repeat at any time. Certainly I know that we shall have to effect payment and this is quite enough, all the rest will only serve to create impossible difficulties to realizing our business and at the same time place me in a very delicate situation in Spain.

With this same view in mind I beg that when you effect the first shipment you send me the letter, prototype of which I sent you with my letter of November 13, 1940, and which is absolutely essential for me. That is to say, in order that I can be in a position to explain the nature of the business without prejudice to myself and in a clear manner my relationship with yourselves.

Also I add for the present a request that you send me the letter, form of which I sent you, with the following ends.

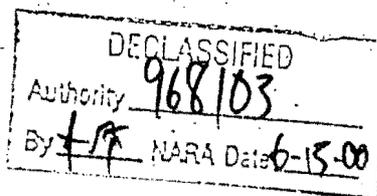
I beg you earnestly, and I shall appreciate your doing so, that you accede to my wish of sending me these letters since you may be sure that the present situation is very difficult for doing business as a result of the heavy restrictions of money, the control of same in Spain, and that as a result it is necessary to operate with much care and caution. Therefore I beg you never to write me anything regarding payment in dollars at Madrid.

For several weeks I have been in Lisbon to work on this matter in accord with a friend of mine in such a way as to be able to effect payment of the dollars as you desire. Certain difficulties have arisen and as a result the delay obliges us to postpone from one ship to another

EXHIBIT "A"

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the shipment of the cigarettes, and as for the first shipment I do not believe that we shall be able to ship at one time the 50 million cigarettes as has been our desire. We shall have to do so in various and successive shipments hoping that for the first we shall be able to take the quantity of about 12 million cigarettes and in successive shipments the remainder. At any moment we are going to open a credit for the first shipment hoping that we shall be able to effect same via first vessel of the Trans Atlantic line sailing during July. However, I must inform you that contrary to our wishes we shall have to wait some days to open the credit since at this moment dollar transactions between Portugal and the United States have been frozen. We hope the situation is clarified within a few days and immediately we shall open a credit as indicated.

I beg that you take careful note that the credit is to be opened at \$1.20 per thousand cigarettes, C.I.F. Santander including war risk insurance. All the documents that you should send me to Madrid should be in accord with what I have indicated to you in my letter of December 21, 1940. Kindly take note that you must send the invoice at the price of 80 pts. per thousand cigarettes.

In the event that you have to write me at some time regarding the matter of payment and since I have told you that nothing should be written me in Madrid you can send the letter in my name c/o Joao Pedro Sobral Mendes, Av. 5 de Outubro 194, Lisboa. This is a good friend of mine and any letters which you send to this address will reach me.

I hope that within a few days we shall be able to begin this business that has been in the air for some time.

I remain,

Yours very truly,

Juan Ordinas

Combined and Condensed
Transcript of Bank Accounts
of

Rev. Anthony Bauza and Rev. Louis P. Donahue

<u>Date</u>	<u>Transaction</u>	<u>Anthony Bauza</u>	<u>Louis P. Donahue</u>
<u>1940</u>			
July 25	Balance		3,538.03
Aug. 21	Deposit		1,191.00
25	"		1,810.00
29	Check	2,000.00	
29	"	2,000.00	
28 - Sept. 19	10 Checks, aggregating	1,798.37	
Sept. 20	Deposit		1,040.00
27	"		4,959.50
Oct. 9	"		12,120.00
14	Check	17,000.00	
14 - Dec. 21	7 Checks, aggregating	35.75	
16	Deposit		1,109.00
Nov. 4	"		16,991.50
22	"		370.00
Dec. 4	"		1,452.00
17	"		2,615.50
23	"		120.00
<u>1941</u>			
Jan. 11 - Apr. 17	11 Checks, aggregating	1,735.08	
14	Deposit		140.00
27	"		3,000.00
Feb. 7	"		335.00
10	"		4,167.50
Mar. 6	Check	16,000.00	
8	"	6,500.00	
13	"	7.00	
Apr. 7	Deposit		1,850.00
8 - Apr. 17	3 Checks, aggregating	208.85	
25	Check	6,000.00	
26	"	3.35	
28	Deposit		2,075.50

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<u>Date</u>	<u>Transaction</u>	<u>Anthony Gauga</u>	<u>Louis P. Donahue</u>
Apr. 25	2 Checks, aggregating	141.90	
May 5	Deposit		2,070.00
June 18	Check	281.75	
18	"	6,335.00	
July 2 - July 18	2 Checks, aggregating	20.00	
Aug. 1 - Sept. 19	2 Checks, aggregating	155.00	
Nov. 1 - Nov. 7	2 Deposits, aggregating		250.00
Nov. 15	Deposit		11,165.00
15	Check	2.00	
Dec. 1	Deposit		2,946.56
6 - Dec. 22	2 Deposits, aggregating		225.00
Dec. 4	Check	3,780.00	
10	Transfer	3,000.00	3,000.00
20	Deposit		2,284.00
23	Check		2,520.00
27	"	6,500.00	
<u>1942</u>			
Jan. 6	Deposit		100.00
7	Check	340.00	
12	"	2.00	
14	Deposit		7,469.00
Feb. 2	Check	3.00	
3	"	30.60	
3	"		10,000.00
14	Deposit		139.00
24	Check	3.00	
25	"	5.00	
Mar. 10	Deposit		130.00
12	Check	12.00	
20	Deposit		2,201.50
Apr. 13	"		685.00
14	"		4,277.50
14	Check		6,400.00
		51,066.52	18,920.00
		52,547.97	19,342.00
		1,481.45	422.00
		52,547.97	19,342.00
	Balance - April 14, 1942	1,481.45	422.00

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