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04-08-2014

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OFFICE OF CHIEF OF NAVAL OPERATIONS
NAVY DEPARTMENT

INTELLIGENCE REPORT

62268

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Serial 01-48 Monograph Index Guide No. _____
(Start new series each year, i. e. 1-43, 2-43)
(To correspond with SUBJECT given below. See O. H. I. Index Guide. Make separate report for each main title.)

From DIO-11ND at San Diego Date 27 July 1948
(Ship, fleet, unit, district office, station, or person)

Reference See Below
(Directive, correspondence, previous related report, etc., if applicable)

Source Confidential Informant. Evaluation C-2
(As official, personal observation, publication, press, conversation with— identify when practicable, etc.) A-1 to E-0 etc. AB/EN 3-10; SER. 43246-11-18-2

Subject Panama-Palestine Air Line, further information re.
(National interest only) (Main title as per index guide) (Subtitles) (Make separate report for each title)

BRIEF—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

- References:
- (a) 11ND NNI-96 rpt #48-48 dtd 30 March 1948.
 - (b) 11ND NNI-96 rpt #58-48 dtd 28 April 1948.
 - (c) 11ND NNI-96 rpt #82-48 dtd 13 July 1948.
 - (d) 11ND NNI-96 rpt #82-48 dtd 16 July 1948.

Kochler

BRIEF: This report gives some additional details on the background of the operations of Adolph V. SCHWIMMER, Schwimmer Aircraft Company, Service Airways, and LAPSAS (LAPSA), who are believed to be operating as a service organization in supplying Israel with airplane and other war material. This report indicates Service Airways is now spending around one million dollars per day; some personnel is in Czechoslovakia where it is believed Messerschmitts are being supplied to the Jewish forces operating in Israel. This report includes a fairly complete list of employees working for the above concerns.

Note: This information is as of 26 July 1948.

SOURCE: A Lieutenant Colonel in the U. S. Marine Corps Reserve, who has a long and distinguished career in the armed forces. Since his release from active duty in 1946 he has been an insurance broker (specializing in aviation insurance). He is believed to be reliable and volunteered the below information in the interests of clearing himself from any possible involvement in the operations of a concern that is operating in part, in violation of law.

REPORT: Panama-Palestine Air Line, further information re:

On 3 December 1947, Adolph SCHWIMMER contacted source, and approached him on writing insurance of three Constellation airplanes which A. V. SCHWIMMER and/or Service Airways, Inc. had purchased from the War Assets Administration at Los Angeles and was readying at Lockheed Air Terminal at Burbank, California, for flying service. Source undertook the writing of the insurance as an agent, and subsequently also entered into an understanding with Adolph SCHWIMMER that Source's office would make up the weekly payroll for Service Airways at Los Angeles for a remuneration of twenty dollars (\$20.00) per week.

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DIO-1110 Serial 93-48

27 July 1948

Subject: Panama-Palestine Air Line, further information re.

Note: This information is as of 26 July 1948

At the inception of source's dealings with SCHIMMER, he was given to understand that the Constellations were to be used for flying displaced persons from Greece to South America, where certain South American countries were said to be looking for agricultural workers. Source states it was not until many months later that he learned this was not the actual intended use of the planes and that SCHIMMER had deliberately started the false rumor; that the planes were to be used for flying personnel and cargo to Europe, in connection with the aid American Jewish persons were giving to the Jews of Palestine.

Note: A letter dated 31 December 1947 from Source to Walker and Company, 110 S. Spring Street, Los Angeles (Insurance Brokers), stated that the home base of Schwimmer Aircraft will be Millville, New Jersey, and that the route to be flown will be from New York to Europe, via Cander, New Foundland; Shannon, Eire; Paris, Geneva, Athens, and Cairo. This same letter indicated that for the first flight the crew would be as follows:

Captain: Samuel LEWIS, 32 Brook Ave., Venice, California (Age 31).

1st Officer: Leo GARDNER, 12929 Moorpark St., North Hollywood, California (Age 33).

Flight Engineer: A. W. SCHIMMER, 206 Poplar St., Bridgeport, Connecticut (Age 33).

Subsequently source learned that A. W. SCHIMMER and/or Service Airways had acquired from the War Assets Administration at Los Angeles nine (9) C-46 airplanes, and one (1) C-46 airplane from private interests at Oakland, California. Source, who is an experienced pilot flew the C-46 airplanes from Oakland, California to Burbank, California, for SCHIMMER, as an accommodation. Source also wrote the insurance for these ten (10) C-46 airplanes.

Source states that prior to the April 15th (1948) embargo deadline on the export of aircraft and other military supplies, the Schwimmer Aircraft Company and/or Service Airways at Lockheed Air Terminal, Burbank, California, experienced a greatly increased tempo of activity, and that there was a scramble to work through Lineas Aereas de Panama (LAPSA), as a method of legally getting airplanes out of the United States for use of Service Airways abroad.

Source then undertook the writing of a group insurance policy to cover all of Service Airways personnel in Panama, the United States, Ireland and Italy.

Source states that he experienced great difficulty in learning what he felt he should know about the operations of Service Airways in properly writing their insurance; and that only after insisting that the insurance could not be properly written, to give the protection paid for, unless he knew the bases of operation. He was then advised that major bases had been established in Panama and in Rome, and that there was an auxiliary base at Shannon in Ireland.

On or about June 1st, source learned that the last of the three Constellation airplanes was to depart soon for Millville, New Jersey. Source was seen to go on two weeks active training duty in Washington, D.C., and offered to fly the plane to Millville, New Jersey. Source states that subsequent to this offer, he was congratulated by several persons for his services and sympathy to the "cause". Source states he flew the C-46 from Oakland to Burbank, and the Constellation from Burbank to Millville, simply because it served his personal convenience, and because he felt it helped him hold a profitable insurance arrangement with SCHIMMER.

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UIC-1110 Serial 95-48

27 July 1948

Subject: Panama-Palestine Air Line, further information re.

Note: This information is as of 26 July 1948

On June 26th, Source was invited to go to New York to confer with Service Airways executives concerning the writing of additional insurance for the company. He met and conferred with the following persons in suite 945 (or 954) of the Park Central Hotel:

Adolph SCHILLER
 A. A. BARRELL (director of operation of Service Airways)
 WILLIAM MOSKOW
 Leo GARDNER.

Source states the primary purpose of his going to the New York meeting was to collect \$15,000 in payment of an insurance premium which was overdue. The payment was promised at the meeting, and Source learned the following day that the \$15,000 had been paid at his Burbank, California, office by the wife of Leo Gardner.

Source learned the following miscellaneous information at the New York meeting:

Leo Gardner had taken a C-46 to Rome, Italy, and had just returned to New York.

One of the Jewish flyers who was covered by Source's group insurance policy, had been badly shot up in Palestine, and was being returned on a stretcher by airfrance to New York. (Source has not yet received a claim under the insurance policy, nor learned the person's name. Source believes that Service Airways may not make claim for payment under the insurance policy since the man was admittedly injured in a manner which would not be covered by the insurance policy.)

One of the C-46 airplanes had crashed in Palestine killing one person, and injuring two, and that Service Airways did not intend to report this loss to the insurance company since the claim would probably be disallowed because of the circumstances under which the airplane was used.

It is also believed of interest that Source was informed at the New York meeting that Service Airways was now expending about one million dollars (\$1,000,000) a day in all its operations.

During the general discussions at this meeting the flying ability of the Arabs with their latest British fighter planes was belittled. It was said that one of their boys in a Messerschmitt airplane had shot down three Arab planes.

Source states that this was the second mention of the use of Messerschmitt airplanes by the Jewish forces; that one Captain Louis BARR (formerly of the U. S. Marine Corps), who was one of some thirty (30) persons who was aboard the Constellation Source piloted from Burbank, California to Millville, New Jersey, had mentioned the use of Messerschmitt's by the Jewish flyers in Israel. Mention was also made of Arab airplanes in Mexico City which belonged to Service Airways. One of the mechanics aboard the plane (name not known) also mentioned that he had worked on the P-47's in Mexico City.

Source learned at the meeting that Adolph SCHILLER had been in Mexico City; however, according to Source SCHILLER may have been in Europe as well as Mexico City recently, before the New York meeting of June 26th.

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27 July 1948

Subject: Panama-Palcatine Air Line, further information re.

Note: This information is as of 26 July 1948.

The persons in attendance at the meeting wanted Source to write insurance for Service Airways on a "world-wide coverage" basis. Source informed them that he could not secure any policy which would give them protection on this basis unless he knew the routes to be flown, the planes to be used, the bases of operation, and the type of cargo to be flown. After general discussions it was decided not to increase the insurance coverage.

According to source, out of total premium payments made by Service Airways of \$80,000, the insurance carriers have paid out \$45,000 for the loss of one C-45 airplane in Mexico City, while the plane was en-route from Los Angeles to Panama, \$15,000 for the loss of life of two men involved in the Mexico City accident; and a few minor claims for small injuries, all totaling less than \$100.

Miscellaneous information relating to subject matter:

A Mrs. Leland A. ~~MULLIS~~ has contacted source several times to make inquiry as to how she can get in touch with her husband who works for Service Airways. She states she has written and telephoned to Service Airways at 250 N. 57th Street, New York several times and is not able to get in touch with them. Mrs. ~~MULLIS~~ states her husband is in Prague, Czechoslovakia, where he is working as a mechanic for Service Airways that she has not heard from him for several months, and has not received any pay from Service Airways; that part of her husband's pay is supposed to be sent to her.

One James TUCK (13362 Bradley Avenue, San Fernando, California) formerly in the employ of Maintenance Corporation, is known by Source to have worked for Service Airways, and to have rounded up much of the personnel (mechanics and pilots) for Service Airways. He is said to be a personal friend of SCHILLER, the two having served together as inspectors for Lockheed Aircraft Company. James TUCK is said by Source to have had differences with Reynolds SALK of Service Airways, and in Adolph SCHILLER's absence, James TUCK was discharged by SALK as "a trouble maker".

Source did not know Adolph SCHILLER before his contact with him in December 1947, in the writing of insurance for Schindler Aircraft (later Service Airways). Source, also, never previously knew Reynolds SALK. Reynolds SALK is described as being very closemouthed, secretive, and a person who was generally disliked by the Service Airways employees.

According to Source, the great majority of Service Airways personnel are not Jewish, and only one out of perhaps 15 or 20 employees knew that Service Airways was an agency of Haganah, or that the planes and equipment they were working with were to be used in fighting the war in Israel on the side of the new Jewish state. Service Airways had a total payroll of about 150 persons when they were at their busiest at Lockheed in Terminal, Burbank, California.

Several of Service Airways' personnel have returned from Panama. Among them is one Harold WATERS, who stated to source that he didn't suspect anything "sub-rosa" until he worked for them in Panama. That he now contemplated using Service Airways for the loss of his mechanic's tools while in Panama.

Most of the persons employed by Service Airways for service abroad receive a salary of \$500 per month. Most of these persons, particularly those who are not pilots, are in the employ of Service Airways and/or SCHILLER for the good wages they receive, and not for the "cause".

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DIO-11ND Serial 93-48

27 July 1948

Subject: Panama-Palestine Air Line, further information re.

Note: This information is as of 25 July 1948.

Some of the material that was flown to Panama on the ten C-46 airplanes, according to Source, was the following:

- 100 parachutes and parachute harnesses
- 10 spare airplane wheels
- 50 spare airplane tires
- 10 spare tail wheel tires
- 10 spare radios
- and various miscellaneous hand tools.

Among the persons most active and "in the know" with Service Airways while they were in Los Angeles are the following:

- Adolph SCHILLER
- Reynold GILK
- Herman ~~W. SCHILLER~~
- Leo GARDNER
- Abe ~~LEVIN~~ (formerly with Rabb Aircraft Company, Grand Central Airport, Glendale, Calif.)
- ~~WINSMAN~~ (fnu) (phone Bradshaw 23922), Beverly Hills, California.

Besides the group insurance on Service Airways personnel and the insurance on three Constellation and 10 C-46 airplanes, source insured the following:

- Fifteen (15) Series 3350-23A airplane engines, shipped from San Francisco, California, to Millville, New Jersey
- Ten (10) Series 3350-23A airplane engines, shipped from Los Angeles to Millville, New Jersey.

Source, a Reserve officer in the U. S. Marine Corps, states he is anxious to clear himself of any involvement with A. W. SCHILLER and Service Airways, other than acting as their agent in the writing of their insurance, and in helping them in flying two airplanes for them in the United States, and as indicated above. He suggested and asked that his office records be gone over for possible intelligence information on the operations of Service Airways that his files might contain. A perusal of the files (with the full co-operation of Source) indicated that the following persons are employees of A. W. SCHILLER and/or Service Airways. The names that are crossed out are persons who were in the employ of SCHILLER, but whose insurance has been dropped by instructions from the New York office of Service Airways:

A. W. SCHILLER'S EMPLOYEES

| <u>NAME</u> | <u>AGE</u> | <u>Except as noted below no ADDRESSES were contained in file</u> |
|-------------------------------------|------------|--|
| ABERLE, Calvin A. | 23 | |
| ADRIAN, James A. | 48 | 1313 N. D. St., Ontario, Calif. |
| AGHENSKE, Daniel E. | 26 | |
| AHLBACH, Carl O. | 22 | 1635 N. San Fernando, Burbank, Calif. |
| ALBRECHT, Donald Frances | 28 | |
| ANTILLA, Auris E. | 36 | 14328 Gilmore, Van Nuys, Calif. |
| ANTIN, Sydney | 25 | |
| APPELBAUM, Theodore | 29 | |
| AUERBACH, Harold M. | 33 | |
| AUGARTIN, Rudolph | 26 | |
| AXLEROD, Harry | 31 | |

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27 July 1948

Subject: Panama-Palestine Air Line, further information re.

Note: This information is as of 26 July 1948

... ON I... (cont.)

Except as noted below no addresses were contained in file

| <u>Name</u> | <u>AGE</u> | |
|-------------------------|------------|---|
| BALMAIN, William W. | 25 | |
| BARKER, Gardner T. | 50 | 365 . 20th, Upland, California |
| BASS, Jack | 25 | |
| BECHTOLD, Morris | 24 | |
| BECKER, Fred | 27 | |
| BERISH, Fred | 29 | |
| BLOOM, William Houghton | 35 | 734 Griffith Park Dr., Burbank, Calif. |
| BOLANDER, Neil A. | 38 | 7430 Nestle Ave., Reseda, Calif. |
| BRIGA, Michael | 30 | 1338 Roger Young Village, Los Angeles |
| CAMM, Jr., Neal A. | 30 | 8903 Sepulveda Blvd., San Fernando, Calif. |
| CHARCOT, Solomon | 26 | |
| CHINSKI, Eddie | 26 | |
| COHEN, Barnett | 25 | |
| COHEN, Eli L. | 23 | |
| COHEN, Seymour | 29 | |
| COOK, David Clark | 31 | 3444 Larissa Dr., Los Angeles |
| COOPER, Andrew Marion | 26 | 11565 Friar, N. Hollywood, Calif. |
| COOPER, Joseph J. | 41 | 720 Bungalow St., Alhambra, Calif. |
| COOPER, Preston S. | 36 | 17515 Horace St., Granada Hills, Calif. |
| COSAN, Selva | 24 | |
| CUBURNAK, Julius | 10 | |
| DAHES, Fred G. | 29 | 2438 Commercial St., San Diego, Calif. |
| DAN, Robert | 29 | P. O. Box 33, Ontario, California. |
| DIAMOND, Paul | 26 | |
| DICKER, Leonard J. | 25 | |
| DRUTE, David | 25 | |
| DUNCKY, Paul | 26 | |
| EICHEL, Sholmen | 24 | |
| ELSGRON, Harvey M. | 22 | |
| FARRELL, Andrew A. | 35 | |
| FILORAN, Leo | 31 | |
| FELDBERG, Irving H. | 27 | |
| FIELDING, J. Wesley | 27 | |
| FINE, Robert D. | 27 | |
| FINGERMAN, Saul | 23 | |
| FINGERHUT, Ben | 34 | |
| FLIK, Joseph C. | 20 | |
| FIRSTONE, Walter | 27 | |
| FRENKEL, Leon | 24 | |
| FREEDLAND, Seymour | 26 | |
| FRENCH, Howard V. | 32 | |
| FRIEDBERG, Robert | 27 | 5825 Woodman Ave., Van Nuys, Calif. |
| FRIEDBERG, Shol | 35 | |
| FRIEDMAN, Leo | 33 | 129 Moorpark St., Hollywood, Calif. (Address given in another record as 12929 Moorpark, North Hollywood, Calif.) |
| GAREY, William S. | 24 | |
| GILBERT, Peter | 22 | |
| GOLDBERG, David | 26 | |
| GOLDSTEIN, Coleman | 28 | |
| GOLDSTEIN, Jack | 27 | |
| GOLDSTEIN, Hyman | 33 | |
| GOODMAN, Sol | 24 | |
| GORDON, Sherell L. | 19 | |
| GRISSE, Harold | 43 | |
| GRINBERG, Herman Milton | | 329 . 5th St., Las Vegas, Nevada. |
| GRIVET, David M. | | |

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Note: This information is as of 26 July 1948

A. Z. SCHWARTZ EMPLOYEES (cont.)

Except as noted below no ADDRESSES were contained in file

| NAME | AGE | ADDRESS |
|------------------------|-----|---|
| HARRIS, Jacob Israel | 21 | |
| HART, Robert L. | | |
| HELSBACH, Ernest M. | 35 | 6720 Franklin Place, Hollywood 28, Calif. |
| HOLT, Elmer M. | | 143 E. Cypress, Burbank, Calif. |
| HUGHES, Robert E. | 31 | 3520 1/2 W. 67th St., Los Angeles, Calif. |
| ILOVITS, Arnold | 24 | |
| KASTNER, Myer M. | 24 | |
| KAY, David S. | | |
| KELVE, Norman L. | 22 | |
| KENOB, Frank J. | 36 | 7429 Paradale Ave., North Hollywood, Calif. |
| KLISTER, Wesley C. | 28 | 3556 E. 5th, Los Angeles 33, Calif. |
| KOY, Benjamin R. | 25 | |
| KILGORE, James | 27 | |
| KLEIN, Charles W. | | |
| KOSTEFF, Donald L. | 29 | |
| KOUPCHAN, Maurice H. | 28 | |
| KURTZ, Raymond | 30 | |
| LAMBERT, William D. | | |
| LAPPEN, Lester | 23 | |
| LAWRENCE, Lester C. | 34 | 6228 De Longpre, Hollywood, Calif. |
| LEWIS, Samuel | 36 | 32 Brook Ave., Venice, Calif. (age is given as 31 instead of 36 in another record) |
| LEWART, Louis | 27 | |
| LICHYMAN, William | 30 | |
| LIEBERMAN, Joseph I. | 34 | |
| LINDSEY, Earl L. | 37 | 1936 Pepper St., Burbank, Calif. |
| LINENKOHLE, William E. | 40 | 13557 Judd St., Pacoima, Calif. |
| LIVINGSTON, Harold E. | 24 | |
| LOPTE, Robert C. | 30 | |
| LULRY, Robert L. | 31 | |
| MACKAY, Charles | 33 | 528 ... Elk Ave., Glendale, Calif. |
| MAGEE, Christopher L. | 31 | |
| MARDELSTEIN, Philip | 27 | |
| MASING, Trygve J. | 25 | |
| MAY, Morris | 29 | |
| MILLER, John H. | 27 | |
| MOONITE, Norman A. | 27 | |
| MOORE, Livingston P. | 32 | |
| MOORE, Ray P. | | |
| NACHMAN, Harvey B. | 25 | |
| NEWMAN, Rudolph J. | 22 | |
| NOBIS, Leo S. | 26 | |
| NOVICK, William H. | 30 | |
| OLSON, Julian C. | | |
| ONDRS, Michael L. | 36 | 218 N. F St., Ontario, Calif. |
| PAGER, David | 30 | |
| PAPERMAN, Lucille | 31 | |
| PARIS, Marvin L. | 26 | Note: Files of DIO-L. indicate Marvin Lylo PARIS (Phoctic) was investigated in Aug. 1944 and cleared to handle confidential material in the Photographic Laboratory of the Naval Air Station at Alameda, Calif. |
| PARKMAN, Martin | 20 | |
| PEASE, Jasper L. | | |
| PECKHAM, Murray | 21 | |
| PHILLIPS, Charles L. | 31 | 3217 N. Clark Ave., Burbank, Calif. |

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