

SAC, New York

May 1, 1951

Director, FBI

AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION
FOR ISRAEL
REGISTRATION ACT

The Washington Post newspaper for Tuesday, May 1, 1951, at page 20, carried a full page advertisement announcing the first bond issue by the State of Israel. This was described as the \$500,000,000 Independence issue, issued on the occasion of the third anniversary of the State of Israel.

The advertisement indicated that the bonds would be sold by the American Financial and Development Corporation for Israel, 120 Broadway, New York 5, New York. A coupon imprinted in the advertisement indicated that a copy of the prospectus describing this bond issue could be obtained upon request at this address. It was also noted that the Chairman of the Board of Governors of the above corporation is Henry Morgenthau, Jr.

The Washington field Office is instructed to immediately contact the Foreign Agents Registration Section of the Department of Justice, and determine whether the captioned corporation has registered as an agent of a foreign principal.

The New York Office is instructed to immediately obtain two copies of the prospectus of the above-described bond issue and forward them to the Bureau.

cc - Washington field

1 ENCL

ENCLOSURE

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MAY 8 1951

RECORDED - 141

97-3038

EX - 131

EX - 131

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

MAY 1 1951

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DATE 12-03-2013 BY ADG/ J75J65T61

Clipping from
"Washington Post"
page 20
May 1, 1951

DER

File 5- DER

ENCLOSURE

97-3038-1

on the occasion of its third anniversary

State of Israel

INDEPENDENCE ISSUE

two types of bonds are offered

a) *Interest Bearing Bonds Denominated as*
Fifteen Year 3½% Dollar Coupon Bonds
(in denominations of \$500 to \$100,000)

b) *Capital Appreciation Bonds Denominated as*
Twelve Year Dollar Savings Bonds
(in denominations of \$50 to \$10,000)
Maturity Value: 150% of issue amount

This is not an offer to sell these securities. They are subject to the registration and prospectus requirements of the Federal Securities Act. Information about the issuer, the securities and the circumstances of the offering is contained in the prospectus required by that Act. Copies of the prospectus may be obtained from the undersigned.

AMERICAN *financial and development* CORPORATION FOR ISRAEL
STATE OF ISRAEL BONDS
120 BROADWAY, NEW YORK 5, N. Y.

HENRY MORGENTHAU, JR., Chairman, Board of Governors
American Financial and Development Corporation for Israel
State of Israel Bonds WSN
120 BROADWAY, NEW YORK 5, N. Y.

Please send me a copy of the prospectus describing the
\$500,000,000 State of Israel Independence Bond Issue.

NAME _____
ADDRESS _____
CITY _____ STATE _____ ZONE _____

97-3034-1

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DATE 12-03-2013 BY ADG/ J75J65T61

THE

STATE OF ISRAEL

announces its

first bond issue

\$500,000,000 INDEPENDENCE ISSUE

FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **NEW YORK**

FILE NO. **97-721**

REPORT MADE AT WASHINGTON, D. C.	DATE WHEN MADE 5/16/51	PERIOD FOR WHICH MADE 5/4, 8, 12, 14/51	REPORT MADE BY HARVEY BURSTEIN HB:crm
TITLE AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL			CHARACTER OF CASE REGISTRATION ACT

SYNOPSIS OF FACTS:

American Financial and Development Corporation for Israel not registered with the Department of Justice under provisions Foreign Agents Registration Act and not notified to Department of State. Hirshon - Garfield, Inc., New York City, registered with Department of Justice as Agent for subject Corporation, which Corporation listed as Foreign principal.

*7-10-51
1-21-51
8-27-51
REC-107
1/2
1-1-51*

*1cc to CIA agents
6-19-51
WCC-KC*

DETAILS:

AT WASHINGTON, D. C.

Mrs. E. F. VINCENT, Foreign Agents Registration Section, Department of Justice, caused a search to be made of the files of that section; and the following information concerning captioned organization was made available.

The only information pertaining directly to the captioned subject was obtained from Registration Statement Abstract, Registration Number 665, File Number 149-2323, dated April 3, 1951. According to the Abstract, the Registrant's name and address were given as Hirshon - Garfield, Inc., 745 5th Avenue, New York 22, New York.

97-3038-2

APPROVED AND FORWARDED: <i>Harvey Burstein</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
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3 - New York		
2 - Washington Field		

REC JUN 1951

WFO 97-721

The Abstract indicates that the Registrant has one employee; that its nationality is American, and that its business is advertising. According to the Statement, the officers were listed as follows:

SIDNEY GARFIELD, President and Director;
LEWIS NEMERSON, Executive Vice-President;
ERWIN SPITZER, Vice-President;
JULIAN G. BRAUN, Assistant Treasurer, Assistant Secretary and Director:

The Abstract indicates that the principal is the Government of Israel - The American Financial and Development Corporation for the State of Israel - 2 Park Avenue, New York 16, New York. The principal's nationality was given as Israeli, and its business as Government. The Agency itself indicated that the Registrant would act as the principal advertising agency, placing advertisements in magazines and newspapers.

Mrs. VINCENT advised that the detailed Statement of the above-named organization was now being processed and reviewed by the Department of State, after which, it will be returned to the Department of Justice for filing; and she said that as a result, she was unable to furnish the detailed registration Statement at this time.

Mrs. LORRAINE SCHMALTZ, Security Division, Department of State, caused a search to be made of the Central files of the State Department in a effort to ascertain if subject organization has ever been notified to the Department. Mrs. SCHMALTZ advised that there was no record in the files of the State Department to indicate that the American Financial and Development Corporation for Israel has ever been notified to the Department.

- P E N D I N G -

WFO 97-721

LEAD PAGE

THE WASHINGTON FIELD OFFICE

AT WASHINGTON, D. C.

Will recontact the Foreign Agents
Registration Section, Department of
Justice and will report detailed
information concerning the American
Financial and Development Corporation
for Israel available in the file on
Hirshon - Garfield, Inc., when such
information is available.

REFERENCE: Bureau letter dated May 1, 1951.

FEDERAL BUREAU OF INVESTIGATION

Form No. 1
THIS CASE ORIGINATED AT

NEW YORK

FILE NO. 97-721

REPORT MADE AT WASHINGTON, D. C.	DATE WHEN MADE 6/9/51	PERIOD FOR WHICH MADE 6/6,7/51	REPORT MADE BY HARVEY BURSTEIN, HB:IAK
TITLE AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL		CHARACTER OF CASE REGISTRATION ACT	

SYNOPSIS OF FACTS:

Foreign Agents Registration statement of HIRSHON-GARFIELD, INC. reflects its agency for subject corporation in the field of advertising. File reflects names of persons acting in behalf of the agency as well as funds received from the Government of Israel. Expenditures also listed. File contains copy of letter in behalf Israeli Government accepting terms of the agency.

*No dissemination
due time - 6-22-51*

*0-1 form to NY
9/26/57 WFO: dem
4/18/58 wfs (dec. 6) enclosing 0-1 form of 9/20
1 ect. sub
"Rest. will be subm. in" RUC -
3 weeks. WFO: dem*

DETAILS: AT WASHINGTON, D. C.

*0-1 form to NY
10/10/51 "Deadline"*
The file on HIRSHON-GARFIELD, INC., was reviewed at the Foreign Agents Registration Section, Department of Justice, and it reflects that this named corporation is an agent of a foreign principal, namely the Government of Israel - The American Financial and Development Corporation for the State of Israel, whose principal address is given as 2 Park Avenue, New York 16, New York. The name and title of the official with whom the Registrant deals was given as HENRY MONTOR, Director.

*1 ect. CIA
by R/S
6-19-52
new data*

The file also contains Exhibits A for the following named persons, all of whom are described as salaried employees of HIRSHON-GARFIELD, INC.: JUDAH KATZ, JULIAN G. BRAUN, ERWIN SPITZER and LEWIS EMERSON. According to the Exhibits, all of the aforementioned individuals are native born citizens of the United States. There is also an Exhibit A in the name of SIDNEY GARFIELD, a native born citizen, described as the President of HIRSHON-GARFIELD, INC. This Exhibit contains a statement to the effect that Mr. GARFIELD has received no monies from

APPROVED AND FORWARDED: <i>W. Stein</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES	
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WFO 97-721

the principal.

The registration statement itself, dated March 30, 1951, indicates that HIRSHON-GARFIELD, INC. was organized in October, 1932, and its principal office is at 745 Fifth Avenue, New York City, the person in charge being SIDNEY GARFIELD. The statement also indicates that there is a subsidiary, a Massachusetts corporation, which is located in the Park Square Building, Boston, Massachusetts, under the supervision of GABRIEL STERN.

The nature of the agency is described as being the advertising agency of the foreign principal, placing advertisements in newspapers, magazines. As of the date of the filing of the statement, the following funds were received from the Government of Israel:

January 30, 1951	\$23,120.16
February 7, 1951	\$31,652.60
February 21, 1951	\$19,404.93

The statement also reflects expenditures by the agent in behalf of the principal for advertising, production charges, printing and artists.

A letter confirming the selection of HIRSHON-GARFIELD, INC., as the advertising agency for subject corporation was addressed to Dr. MARTIN ROSENBLUTH, as the representative of the Government of Israel, on January 9, 1951, which letter was signed by SIDNEY GARFIELD. By signature dated January 11, 1951, Dr. ROSENBLUTH accepted the arrangements.

REFERRED UPON COMPLETION TO THE OFFICE OF ORIGIN

WFO 97-721

ADMINISTRATIVE PAGE

REFERENCE: Report of SA HARVEY BURSTEIN dated May 16, 1951, at
Washington, D. C.

Director, FBI

June 11, 1951

SAC, New York

ISRAEL GOVERNMENT BONDS, INC.
REGISTRATION ACT

Rebulet May 1, 1951, and Washington Field letter of May 16, 1951.

Enclosed herewith as requested by the Bureau is a copy of the prospectus for the current Israel bond drive. There is also enclosed literature which was made available to this office in connection with the bond drive.

For the information of the Bureau the enclosed material was obtained by the use of a suitable pretext and the interest of the Bureau was not disclosed to the individuals who are operating the bond drive in this area.

DES:RAA

Enclosures

ENCLOSURE
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3058-4
NOT RECORDED
140 JUN 25 1951

ORIGINAL FILED IN

Enclosures to Bureau
Re: ISRAEL GOVERNMENT BONDS, INC.
REGISTRATION ACT



97-3038-4

ENCLOSURE



STATE OF ISRAEL DOLLAR BONDS

*In Tribute to Prime Minister David Ben Gurion
on the occasion of the third anniversary of the State of Israel*

IDENTIFICATION NUMBER

I hereby undertake to subscribe to the \$500,000,000 Issue of Bonds as follows:

\$..... in Dollar Savings Bonds (12-year Bonds worth 150% of issue amount at maturity)

\$..... in Dollar Coupon Bonds (15-year 3½% Bonds—interest payable semi-annually)

Please issue and mail STATE OF ISRAEL bonds subscribed for to

NAME.....
(Please print)

MAILING ADDRESS..... CITY AND STATE.....
(Please print)

My check for the amount of \$..... is attached.

My check for the amount of \$..... will be forwarded by.....
(indicate date)

The undersigned acknowledges receipt of a current Prospectus relating to STATE OF ISRAEL Dollar Bonds, Independence Issue.

97-3038-4

.....
(Signature of Subscriber)

.....
(Name of Soliciting Organization, If Any)

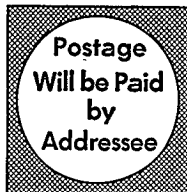
.....
(Address)

.....
(City)

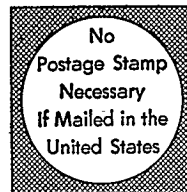
AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL, 120 Broadway, New York 5, N. Y.

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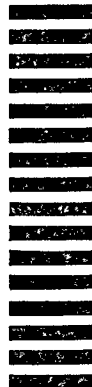


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DATE 12-03-2013 BY ADG/ J75J65T61



BUSINESS REPLY ENVELOPE
FIRST CLASS PERMIT NO. 60040, SEC. 34.9, P. L. & R., NEW YORK, N. Y.

HENRY MORGENTHAU, JR.
AMERICAN FINANCIAL AND DEVELOPMENT
CORPORATION FOR ISRAEL
120 BROADWAY
NEW YORK 5, N. Y.



97-3038-4

97-3038-4

B.I.G. NEWS

BONDS OF THE ISRAEL GOVERNMENT

from HENRY MONTOR
Vice-President



AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION

FOR ISRAEL · 120 BROADWAY, NEW YORK 5

Vol. 1, No. 8

For Private Circulation to Officers

PRIME MINISTER LAUNCHES ISRAEL BOND ISSUE

The State of Israel attaches supreme importance to the full success of its \$500,000,000 Independence Bond Issue. This was made clear with the arrival in the United States of David Ben Gurion, Prime Minister of Israel. In a visit to major American communities which takes him from New York to Los Angeles, the distinguished statesman is bringing to this country a picture of the problems, achievements and prospects of the three-year-old State.

On arrival in Washington, the Prime Minister met with the President of the United States, with Secretary of Defense Marshall, Secretary of State Acheson and other major personalities in the American Government to consider problems of mutual concern to the United States and Israel.

Mr. Ben Gurion's stay in New York City was the signal for an extraordinary outpouring of respect and affection from the great city. May 9 was declared "Ben Gurion Day" in the metropolis and one of the great ticker-tape receptions was accorded to the Israel Prime Minister, whom millions greeted in a demonstration unequalled in the history of the Jewish community. On the following day, a rally was staged at Madison Square Garden to mark the formal launching of the State of Israel Bond Drive. The Garden was crowded to capacity and 35,000 people were outside listening to the proceedings through loudspeakers.

Bond Subscriptions Honor Prime Minister

Before a limited group of several hundred of the national leaders in the Israel Bond Committees, Mr. Ben Gurion spoke of the importance of the productive development of Israel for its military security, physical growth and spiritual future. The function held on May 9 at the Waldorf-Astoria, was marked by the announcement of commitments for the purchase of Israel Bonds from those present.

One of the largest of the purchases was announced by William J. Levitt, who advised that the Levitt Foundation was subscribing to \$500,000 of Israel Bonds. Within twenty-four hours, the check for the purchase was transmitted to the American Financial and Development Corporation.

Jacob Blaustein, distinguished industrialist, and President of the American Jewish Committee, announced that the Blaustein family was purchasing \$250,000 of Israel Bonds.

Abe Kastle, Detroit industrialist, and Chairman of the 1951 Detroit Federation campaign, announced that the several members of the Kastle family who had previously committed themselves for \$160,000 of Israel Bonds were raising the commitment to \$250,000.

Other major purchasers who attended the dinner in honor of the Prime Minister included Rudolf G. Sonneborn, who increased his initial purchase from \$100,000 to \$125,000, Boris Margolin, \$100,000; Schaver family, \$75,000; Meyer Jaffe, of Fall River, \$125,000; Robert Gurney, Gastonia, N. C. \$200,000; George Levin, Newark, \$75,000; Jacob Sincoff, \$50,000; Dewey D. Stone, \$150,000; Barney Balaban, \$100,000; Joseph Cherner, who raised his previously announced commitment of \$300,000 to \$350,000; Samuel Rothberg family, \$525,000; Melvin Dubinsky, for himself and Harold Dubinsky, \$50,000; Abraham Goodman family, \$50,000; Morris Morgenstern, \$60,000; Joseph Levy, \$100,000; William Salzman, \$50,000; Andrew Geller, \$50,000; Albert M. Kahn, \$50,000.

It was announced also that the M. L. Annenberg Foundation, which is headed by Walter Annenberg, publisher of the Philadelphia Inquirer, was making an initial purchase of \$100,000 of Israel Dollar Coupon Bonds. Morris Berinstein, Chairman of the National Campaign Cabinet of the United Jewish Appeal, committed himself to \$25,000. Morris Senderowitz, Jr., who has accepted the Chairmanship for Israel Bonds in Allentown and the three surrounding communities, took \$100,000. On behalf of his family, Morris Shapiro of Boston announced \$100,000; Fred Monosson, \$55,000; Rabb family, Boston, \$100,000; Charles Frost, \$25,000; Joseph Holtzman and Mrs. Holtzman, Detroit, \$55,000; A. B. Joffe, \$55,000; Philip Lown, Maine, \$60,000; Harry Levine, \$50,000; Irving Norry, Rochester, \$25,000. A brief but touching speech was made by Julius Livingston, of Tulsa, when he described the deep emotion he felt as he witnessed the great parade for Israel's Prime Minister in New York. He subscribed for \$25,000.

OSNOS' \$100,000 STARTS DETROIT

It is good business -- in the financial and the Jewish sense -- to buy State of Israel Bonds. That is what Detroit's business leaders are saying to the community. As they bring to a close the annual Federation drive and shift the major part of their voluntary effort to Bonds for Israel, they are demonstrating with their own purchases and with their organizational activity the key importance which Israel Bonds have in the economic future of that country.

Max Osnos, Chairman of Detroit's Committee, started off with a \$100,000 commit-

ment. Abe Kasle also began with \$100,000 but substantially increased this at the dinner honoring Prime Minister Ben Gurion in New York on May 9. Joseph Holtzman announced \$50,000. As the first ten days of Detroit's bond activity closed, commitments already exceeded \$1,250,000.

What was especially important about Detroit purchases was that the so-called "little people" and not alone the "top people" were subscribing in new financial terms. Previous standards of financial participation in Jewish community affairs were obviously playing no part in the amount of Israel Bonds that individuals were buying for investment.

All sectors of the community were beginning to play a role. Thus, a special meeting in honor of Moshe Shapiro, Israel's Minister of Immigration, was tendered by the Mizrahi and Religious Groups. The result was the sale of \$400,000 of Israel Bonds. This segment of the community has set itself a goal of \$1,000,000. Its immediate objective for the Shapiro dinner was \$250,000. The ease with which this target was surpassed indicates how eager the community is for Israel Bonds. Irving Schlusel, President of Mizrahi, and Phillip Stollman, the group's Bond Chairman, were joined at the meeting by Abe Kasle to urge the importance of Bonds. The widespread nature of the leadership is indicated in the participation of Harry Sosnick and Morris Snow, respectively Bond Chairman and President of the B'nai Zion Congregation; Max Temchin, Continental Metal Co.; Charles Wolok, Hapoel Hamizrachi leader; Daniel Temchin, Chairman for Synagogues; Abe Nusbaum, Co-Chairman for Bonds.

The Labor Zionists of Detroit staged their own meeting, with Mrs. Golda Myerson, Israel's Labor Minister, as guest of honor. Bonds in the amount of \$178,000 were sold to a group which, if judged by previous financial comparisons, might not have been expected to do more than one seventh as well. Over 500 people crowded into the Labor Zionist Institute. Morris Lieberman and Harry Schumer presided and called for Bond purchases from a previously prepared list of their members. Among the major participants were Morris Schaver, Harry Schumer, B. M. Laiken, Nelson Brothers, William Hordes, Jacob Schreier, Harry Sott, Sol Kurtzman and Sid Shevitz.

Mrs. Moses Epstein, Chairman of the National Women's Division for Israel Bonds, who flew to Chicago for the function, served as sales co-ordinator and called out the purchases as they were made. The opening prayer was delivered by Mrs. Harry Iverson, President of the Conference of Jewish Women's Organizations.

Credit for the extraordinary turnout, one of the largest meetings of Jewish women's groups in the history of the Chicago community, goes to Mrs. Joseph Prochep, President of the National Council of Jewish Women, and her co-chairmen: Mrs. Carl Halperin, of Hadassah; Mrs. Evelyn Kaplan, President of Pioneer Women; Mrs. Morris L. Minkus, President of the American Jewish Congress Women's Division; Mrs. Anna Moskowitz, President of Mizrahi Women; Mrs. Maurice Nagle, President of the National Women's League; and Mrs. Saul Sterling, President of B'nai B'rith Women. Others who shared in the proceedings were Mrs. Sam Field, of the American Jewish Congress; Mrs. Bernard Gingold, of Pioneer Women; Mrs. Philip Lozowick, of the National Council of Jewish Women; Mrs. Sol Ross, Mrs. George Pohn and Mrs. Joseph Willens of Hadassah; and Mrs. Morris J. Silver, of B'nai B'rith Women.

SOUTH BEND SETS STANDARDS

At the first meeting to sell State of Israel Bonds in South Bend, Ind. a small group of purchasers started off with \$188,000 in Bonds. Largest of the initial purchases was made by the Ben Feferman Motor Sales Corp., which is headed by Ben, Henry and Max Feferman, who subscribed to \$75,000. Chairman of the South Bend Israel Bond Committee is Jack Kohen. A. C. Simon, Sam Brown and Albert M. Schulman are Co-Chairmen.

\$100,000 BEGINS FORT WAYNE BOND DRIVE

With commitments in excess of \$100,000, Meyer Ruchman, Chairman of the State of Israel Bond Committee in Fort Wayne, Ind., could report with pride at the dinner in honor of Prime Minister Ben Gurion at New York on May 9. Formerly General Chairman of the Ft. Wayne Federation, President of Synagogue B'nai Jacob, and head at various times of B'nai B'rith and Zionist District, Mr. Ruchman is President of the Indiana Rolling Mill Baling Corp. The Co-Chairman is Isidor Hassan, President of Hassan Barrel Co., and life-long Zionist and communal worker. Hon-

orary Chairmen are G. Irving Lutz, II, and Dr. Nathan L. Salon. The Israel Bond Committee comprises Rabbi F. A. Doppelt, Rabbi J. A. Gorfinkel, Dr. Nat Gladstone, Abe Kaplan, Jacob Bernstein and Joseph Levine.

PITTSBURGH PASSES \$1,300,000 MARK

For the dinner on May 9 in honor of the Prime Minister of Israel, the Pittsburgh Israel Bond Committee reported subscriptions of \$1,300,000.

TRI-STATE AREA SHOWS \$407,000

With Robert Amper as Chairman for State of Israel Bonds in the Tri-State area centering round Pittsburgh, an intensive activity has been reported throughout the region. On May 9, subscriptions of \$407,100 were reported. The Johnstown, Pa. campaign started with a parlor meeting attended by Mr. Amper and Ben Paul Brasley, Chairman of Special Sales in Pittsburgh. David Glosser committed himself for \$50,000; Charles Lisowitz, Chairman, for \$25,000.

LABOR ORDER PRESSES ISRAEL BOND SALES

Meyer L. Brown, President, and Louis Segal, General Secretary of Farband - Labor Zionist Order, have been designated as Chairman and Secretary respectively of the National Bond Committee of the Labor Zionist fraternal organization. Mr. Brown has taken a leave-of-absence from his duties as Director of the Jewish Teachers' Seminary and is devoting his full time to the Bond Drive. The entire General Executive Committee of the organization has been constituted as a committee-of-the-whole for the Bond activity.

At a reception to Mrs. Golda Myerson marking the opening of the Farband's activities in New York City, commitments for the purchase of \$1,030,000 in Israel Bonds were recorded. The Farband activity is part of the united Bond Drive program of the Labor Zionist movement, which has pledged itself to sell a total of \$20,000,000 in Israel Bonds.

EMPLOYEES START PAYROLL DEDUCTION

The Jewish employees of Cosmopolitan Manufacturing Company of Boston, of which Fred Monosson is President, held a lunch-

hour meeting recently and purchased more than \$5,000 worth of bonds through a payroll deduction plan. A number of non-Jewish employees later asked to be included in the plan.

Purchase of State of Israel Bonds by employees through payroll deduction was also initiated in New York City last week when 35 employees of Debutante Furs met at noon to plan their participation in Israel's economic advancement program. At the request of the employees, Louis Braun and Harry Brown, heads of the firm, agreed to a payroll deduction plan. Five of the employees are not Jewish.

BONDS SOLD ON ISRAEL NAVY SHIPS

For ten days, a destroyer escort and frigate of the Israel Navy were docked at New York harbor and were visited by thousands of New Yorkers. The enormous interest displayed in the ships was exciting to the United States sailors who were berthed at the same pier. The Israel ships were the guests of the United States Navy, which presented the crew of the destroyer with a television set.

During the course of the warships' visit, a number of small group meetings was held on board ship through arrangements made by Benjamin Abrams, Chairman of the Greater New York Israel Bond Committee. Hundreds of thousands of dollars worth of Israel Bonds were sold through such noon and evening meetings, held in the captain's quarters.

Bnai Zion, which has been most active in the sale of Israel Bonds, arranged a number of successful meetings of this type. Dr. Jacob I. Steinberg, Grand Master, is National Chairman of the Bond Committee. Dr. Harris J. Levine, President of the JNF, is Chairman of the Administrative Committee. Vice-Chairmen of the Bnai Zion Committee are Dr. Robert Gordis, Louis K. Bleecker, Hyman J. Fleigel, Joseph Kleinman, Dr.

Irving Michlin, Dorothy Levine, Harry A. Pine and Jack M. Waldor, who is also serving as Chairman of the Essex County campaign. Secretary of the Bond Committee is Herman Z. Quittman, Executive Director.

TOLEDO REPORTS BOND COMMITMENTS

With only a few weeks of activity behind it, the State of Israel Bond Committee in Toledo, Ohio, headed by Sam Kasle, has received Bond commitments totalling \$338,500, it was reported at the dinner honoring the Prime Minister of Israel in New York on May 9.

CHAIRMEN NAMED IN COMMUNITIES

Jules Aron, prominent businessman of Youngstown, Ohio, President of Century Food Markets, and active in Jewish communal affairs, has accepted the chairmanship of the Bonds for Israel Committee in Youngstown. The initial meeting for sales resulted in subscriptions of \$100,000.

Irving Harris has taken the post of Chairman for Israel Bonds in Scranton, Pa. Sidney Weiss and Mrs. Esther Ginsburgh are Co-Chairmen.

Ben Medofsky is the Chairman in Portland, Oregon.

The committee to organize the Bonds for Israel Committee in New Brunswick, N. J. unanimously designated Hyman Littman as Chairman and Dr. J. S. Joffe as Co-Chairman. Active in all communal and civic endeavors in New Brunswick, Mr. Littman is head of Littman's Jewelers-Opticians, a chain of jewelry stores in New Jersey.

Nathaniel L. Fish, outstanding communal leader, senior partner in N. L. Fish & Co., certified public accountants in New York and New Jersey, has accepted the post of Chairman of the Bonds for Israel Committee in Englewood, N. J.

**A Report
on Israel Bond Sales
will be made to
Prime Minister David Ben Gurion
on May 30 in New York**

GOVERNORS BACK ISRAEL BONDS

Governor G. Mennen Williams of Michigan was the first person in the State to purchase an Israel Bond. He bought a \$100 Bond from Max Osnos, Chairman of the Detroit Committee. At the same time, the Governor issued a proclamation, reading as follows:

"Whereas the State of Israel has demonstrated the devotion to freedom and human rights which the United States of America recognizes as essential to the preservation of democracy throughout the world; and

"Whereas the State of Israel is issuing bonds to the amount of \$500,000,000 in the United States for the purpose of strengthening its role as an outpost of freedom, and building a strong and self-sufficient national economy; and

"Whereas the Israel Bond Issue will enable the nation to absorb an additional 600,000 immigrants in the next three years, in fulfillment of the humanitarian aims of the country; and

"Whereas the citizens of Michigan, of all creeds, have repeatedly identified themselves with the democratic aims of the State of Israel;

"Now, therefore, I, G. Mennen Williams, Governor of the State of Michigan do hereby proclaim the period beginning May 1, 1951 and ending May 31, 1951 as

ISRAEL BOND MONTH

and urge full support to the State of Israel \$500,000,000 Bond Issue to ensure the successful completion of that nation's National Development Plan."

A similar resolution was issued by Governor Gordon Persons of Alabama, who is Honorary State Chairman for Israel Bonds. Governor Persons was the first person in Alabama to purchase a Bond. His Proclamation marked the week of May 7-14 as "Israel Bond Week" in Alabama.

CLEVELAND STARTS ORGANIZATION

The Jewish community of Cleveland, responding to the outstanding leadership which heads the Israel Bond Committee, last week launched its activities with a small dinner in honor of Eliezer Kaplan, Israel's

Minister of Finance. Preliminary commitments total \$670,000 and come from a comparative handful of people. A great rally was held in Severance Hall with Mrs. Myerson as guest of honor.

The Cleveland Chapter of Hadassah, which is now initiating its Bond activities, started its drive with a gift of a \$50 Israel Savings Bond to the first baby born at Mt. Sinai Hospital on May 1. Mrs. Jacob M. Hurwitz, Hadassah President, made the presentation. The baby was named Hadassah in honor of the occasion.

CENTRAL CONFERENCE BUYS ISRAEL BONDS

The Central Conference of American Rabbis, by vote of its Executive Committee, has decided to purchase \$5,000 of State of Israel Bonds from its trustee funds. This was announced this week by Dr. Philip S. Bernstein, President of the Conference, to Hon. Henry Morgenthau, Jr., Chairman of the Board of Governors of the B.I.G. organization.

UTICA STARTS BOND DRIVE

Maurice S. Levinson was chosen Chairman and over \$100,000 in Israel Bonds was subscribed at the first meeting to launch the Bond campaign in Utica, N. Y. Treasurer of the Oneida Frozen Food Corp., Mr. Levinson has been active in all communal undertakings. Emphasizing that they intended to give him full support, eleven men who attended the organizing meeting bought \$100,000 worth of Bonds and accepted assignments to visit other potential large purchasers. The meeting was called by Martin Abelow, B.I.G. Chairman for Central New York State, and was held in the home of David H. Lurie.

KNOXVILLE PASSES \$100,000

Good organization and devoted leadership are the ingredients for a successful Bonds for Israel Committee. That is the lesson being taught to America by the small communities which have been organizing on highly intensive lines. Knoxville, Tenn. is a stimulating example of this. This tiny community, far from the major centers of Jewish population, was just organized and has already passed the \$100,000 mark in the sale

of Israel Bonds, under the vigorous chairmanship of Philip Chazen. The result was obtained even before the Prime Minister of Israel paid a surprise visit to Knoxville, in connection with a trip he made to see the Tennessee Valley Authority, for additional information in connection with Israel's own development programs. The Prime Minister, accompanied by Minister of Labor Golda Myerson, and State Department aides, was given a reception arranged by Guilford Glazer and attended by the Governor of Tennessee, two United States Congressmen and many other State and local officials.

Knoxville has adopted a goal of \$300,000 for itself. Mayor J. W. Elmore proclaimed an Israel Bond Sales Week. The opening meeting was addressed by Sam Rosen, Co-Chairman, Mr. Chazen, Chairman, Maurice Bucove, Melvin Robinson and Max Friedman. Max Morrison, is Steering Committee Chairman. Other Co-Chairmen are Israel Rosen and Max Friedman. Mrs. Nathan Robinson is Treasurer.

A Christian Committee has also been organized. It is headed by George Dempster.

PHILADELPHIA PASSES FIRST MILLION

Late in getting started due to preoccupation with the Allied Jewish Appeal, the Philadelphia Jewish community gave a good account of itself at the first major meeting for Israel Bonds, at which the Prime Minister of Israel was the guest of honor. Over \$1,000,000 in Bonds has been subscribed.

After his triumphant few days in New York, Mr. Ben Gurion left for Philadelphia, visiting with Prof. Albert Einstein at the latter's home on the way. At Philadelphia, Mr. Ben Gurion was given a gala reception at Independence Square, where he paid his respects to the Liberty Bell in the presence of thousands who crowded every inch of space in the world-famous square. Samuel Daroff, who was host to Mr. Ben Gurion at a luncheon reception at his home, was also Chairman at the function at which the Prime Minister spoke in the evening. Among the top Bond purchasers, who emphasized that they were making "initial" commitments, were Samuel Daroff, for Daroff Brothers, \$75,000; William Sylk, for Sylk Brothers, \$75,000; Reuben and Frank Rosen, \$75,000; Max and Charles Kahaner, \$75,000; Robert M. Bernstein, \$25,000; A. M. and Morris Ellis, \$26,000; Samuel Krat-

zok, Albert M. Bershad and partner, Sam Genel, Louis M. Siever, Monty H. Tyson, \$10,000 each. A number of out-of-towners were present for the dinner. Julius Caplan, of Lebanon, Pa., subscribed to \$25,000 and Morris Batzer, of Atlantic City, \$10,000.

ST. LOUIS OPENS WITH \$900,000

Paced by two group meetings in as many days, St. Louis sold \$900,000 worth of State of Israel Bonds as the community, led by Melvin Dubinsky as Chairman, initiated its activities for the great new economic investment program. The first function was sponsored by the Maccabean Club of St. Louis and had Eliezer Kaplan, Finance Minister of Israel, as guest of honor. Participants in the function also included Mayor Joseph M. Darst, who bought the first Israel Bond in the city, Mr. Dubinsky and Harry Seeve, Director of the American Financial Corporation. The Co-Chairmen of the St. Louis Bond Committee are William S. Cohen, Abe Levin and Nathan Shever.

A few days previously, Dr. Israel Goldstein, Chairman of the Executive Committee of the New York Bond Committee, spoke to the St. Louis Council about the Independence Bond Issue and urged 700 representatives of 130 Jewish organizations to mobilize their forces behind the Israel investment program. Other speakers included M. J. Slonim, President of the St. Louis Council of the American Jewish Congress, and Rabbi Harry Eichenstein.

NEWARK REACHES TOWARD MILLION IN BONDS

The Jewish community of Newark, spurred on by a huge rally addressed by Eddie Cantor, this week was counting up its Israel Bond subscriptions to the \$1,000,000 mark, Jack Slavitt, Chairman, reported.

1,100 CHICAGO WOMEN HEAR MRS. MYERSON

More than 1,100 Chicago women, representing every major Jewish group, literally filled to overflowing the Terrace Casino of the Morrison Hotel at a luncheon meeting last week to hear Israel Labor Minister Golda Myerson deliver a stirring statement on Israel's economic independence. The phenomenal response brought \$280,000 in Israel Bond purchases from the women present.

American Financial and Development Corporation for Israel

OFFICE OF
HENRY MORGENTHAU, Jr.
Chairman, Board of Governors



120 BROADWAY, NEW YORK 5
Telephone: RECTOR 2-9500
Cable Address: BONDISEA

May 14, 1951

Dear Friend:

In accordance with your request I am glad to send you herewith a copy of the Prospectus of the State of Israel Bonds.

It should make all of us proud that the extraordinary growth and achievement of the State of Israel have made possible the entirely new concept of aid which these Bonds represent. It is a pleasure to be able to write to you about $3\frac{1}{2}\%$ Coupon Bonds -- about Dollar Savings Bonds that return 150% of the principal in 12 years -- about convertibility, redemption, rate of return on investments and other such financial details.

Virtually the entire net proceeds of the issue -- as you will see from the Prospectus -- will be applied to the development of Israel's economy -- for productive and constructive purposes. This is made possible by the rapid economic strides already taken, and this bond issue in turn will make possible even more gigantic steps forward in the fairly near future. The purpose is, over the years, to shift the emphasis from philanthropic support of Israel to the kind of self-help that can only come from solid economic growth.

I am enclosing herewith several subscription blanks for your use. Please note that you need fill out only the top portion of the blank, indicating also the specific denominations of bonds that you wish to purchase.

Awaiting your reply with the deepest interest,

Sincerely yours,

A handwritten signature in cursive script, reading 'Henry Morgenthau, Jr.'

Henry Morgenthau, Jr.

HMjr:bhd
Encls.

97-3038-4

ISRAEL DOLLAR BONDS

SUBSCRIPTION BLANK

FIFTEEN YEAR 3 1/2% DOLLAR COUPON BONDS,
Independence Issue, due May 1, 1966.



IDENTIFICATION NUMBER

CG- 9533

IMPORTANT: To insure legibility for correct inscription on your Bond(s) please type or print name and address.

TO: STATE OF ISRAEL

The undersigned hereby subscribes at par for \$..... principal amount of STATE OF ISRAEL Fifteen Year 3 1/2% Dollar Coupon Bonds, Independence Issue, due May 1, 1966 and remits herewith funds for that amount, in full payment therefor.

Remittance must be in U. S. Dollars by check, bank draft or money order, payable to the order of STATE OF ISRAEL.

It is understood that interest will accrue on said Bonds from the first day of the month next succeeding the month during which this subscription is accepted by one of the District Banks authorized to accept subscriptions for said Bonds.

Please issue and mail STATE OF ISRAEL 3 1/2% Dollar Coupon Bonds hereby subscribed for and check covering prepayment, if any, of first interest thereon, as follows:

NAME (Please type or print, giving first name in full)

MAILING ADDRESS (No. and Street)

CITY AND STATE (Include postal zone, if any)

The undersigned acknowledges receipt of a current Prospectus relating to STATE OF ISRAEL Dollar Bonds, Independence Issue.

Dated 97-3038-4 195..... SIGN HERE →

(Signature of subscriber)

DENOMINATIONS	(FOR USE BY DISTRICT BANK ONLY)	(FOR USE BY COMMUNITY BANK ONLY)	
	SERIAL NUMBERS OF BONDS (Include Letters)		
.....@ \$ 500	(NAME OF COMMUNITY BANK)	
.....@ 1,000	(ADDRESS)	
.....@ 2,500	REQUISITION NO. C.....	
.....@ 5,000	(FOR USE BY DISTRICT BANK ONLY)	
.....@ 10,000	Interest Payment	Check Number
.....@ 100,000	\$.....for.....Months	
Block Number	Date of First Coupon Attached		

STUB NO. 2 (THIS STUB MUST BE FILLED IN BY SOLICITOR)

(This stub must be detached and retained by the Community Bank to identify the subscriber's Bonds when received from the District Bank.)

IDENTIFICATION NUMBER

CG- 9533

NAME IN WHICH BONDS ARE TO BE REGISTERED.....

(Please type or print, giving first name in full)

MAILING ADDRESS.....

(Include postal zone, if any)

\$..... Principal amount of Coupon Bonds

STUB NO. 1 (THIS STUB MUST BE FILLED IN BY SOLICITOR)

(Name in which Bonds are to be registered)

IDENTIFICATION NUMBER

CG- 9533

NAME (Please type or print, giving first name in full)

FIRM NAME (Please type or print)

HOME ADDRESS

ADDRESS CITY AND STATE (Please type or print)

CITY ZONE STATE

Soliciting Organization, If Any (Please type or print)

\$..... Principal amount of Coupon Bonds

SOLICITOR (Please type or print)

CODE

IMPORTANT: This stub must be detached by the Community Bank for mailing to American Financial and Development Corporation For Israel, 120 Broadway, New York 5, New York, when subscription is completed.

STATE OF ISRAEL DOLLAR BONDS

SUBSCRIPTION BLANK

FIFTEEN YEAR 3 1/2% DOLLAR COUPON BONDS,
Independence Issue, due May 1, 1966.



IDENTIFICATION NUMBER

CG- 9534

IMPORTANT: To insure legibility for correct inscription on your Bond(s) please type or print name and address.

TO: STATE OF ISRAEL

The undersigned hereby subscribes at par for \$..... principal amount of STATE OF ISRAEL Fifteen Year 3 1/2% Dollar Coupon Bonds, Independence Issue, due May 1, 1966 and remits herewith funds for that amount, in full payment therefor.

Remittance must be in U. S. Dollars by check, bank draft or money order, payable to the order of STATE OF ISRAEL.

It is understood that interest will accrue on said Bonds from the first day of the month next succeeding the month during which this subscription is accepted by one of the District Banks authorized to accept subscriptions for said Bonds.

Please issue and mail STATE OF ISRAEL 3 1/2% Dollar Coupon Bonds hereby subscribed for and check covering prepayment, if any, of first interest thereon, as follows:

NAME (Please type or print, giving first name in full)

MAILING ADDRESS (No. and Street)

CITY AND STATE (Include postal zone, if any)

The undersigned acknowledges receipt of a current Prospectus relating to STATE OF ISRAEL Dollar Bonds, Independence Issue.

Dated.....195..... SIGN HERE

97-3038 - 4

(Signature of subscriber)

DENOMINATIONS	(FOR USE BY DISTRICT BANK ONLY)	(FOR USE BY COMMUNITY BANK ONLY)	
	SERIAL NUMBERS OF BONDS (Include Letters)	(NAME OF COMMUNITY BANK)	
.....@ \$ 500	
.....@ 1,000	(ADDRESS)	
.....@ 2,500	REQUISITION NO. C.....	
.....@ 5,000	(FOR USE BY DISTRICT BANK ONLY)	
.....@ 10,000		
.....@ 100,000	Interest Payment	Check Number
Block Number	Date of First Coupon Attached	\$.....for.....Months	

STUB NO. 2 (THIS STUB MUST BE FILLED IN BY SOLICITOR)

(This stub must be detached and retained by the Community Bank to identify the subscriber's Bonds when received from the District Bank.)

IDENTIFICATION NUMBER

CG- 9534

NAME IN WHICH BONDS ARE TO BE REGISTERED.....

(Please type or print, giving first name in full)

MAILING ADDRESS.....

(Include postal zone, if any)

\$..... Principal amount of Coupon Bonds

STUB NO. 1 (THIS STUB MUST BE FILLED IN BY SOLICITOR)

(Name in which Bonds are to be registered)

IDENTIFICATION NUMBER

CG- 9534

NAME (Please type or print, giving first name in full)

FIRM NAME (Please type or print)

HOME ADDRESS

ADDRESS CITY AND STATE (Please type or print)

CITY ZONE STATE

Soliciting Organization, If Any (Please type or print)

\$..... Principal amount of Coupon Bonds

SOLICITOR (Please type or print)

CODE

IMPORTANT: This stub must be detached by the Community Bank for mailing to American Financial and Development Corporation For Israel, 120 Broadway, New York 5, New York, when subscription is completed.

STATE OF ISRAEL DOLLAR BONDS



IDENTIFICATION NUMBER
EY- 7560

SUBSCRIPTION BLANK

TWELVE YEAR DOLLAR SAVINGS BONDS,

Independence Issue, due 12 years from issue date.

TO: STATE OF ISRAEL

The undersigned hereby subscribes at par for STATE OF ISRAEL Twelve Year Dollar Savings Bonds, Independence Issue, in the issue amount of \$..... and remits herewith funds for that amount, in full payment therefor.

Remittance must be in U. S. Dollars by check, bank draft or money order, payable to the order of STATE OF ISRAEL.

It is understood that the issue date of said Bonds will be the first day of the month during which this subscription is accepted by one of the District Banks authorized to accept subscriptions for said Bonds.

IMPORTANT: To insure legibility for correct inscription on your Bond(s) please type or print name and address.

Please issue and mail STATE OF ISRAEL Twelve Year Dollar Savings Bonds, Independence Issue, subscribed for, as follows:

NAME *(Please type or print, giving first name in full)*

MAILING ADDRESS *(No. and Street)*

CITY AND STATE *(Include postal zone, if any)*

The undersigned acknowledges receipt of a current Prospectus relating to STATE OF ISRAEL Dollar Bonds, Independence Issue.

97-3038-4

Dated.....195..... SIGN HERE →

(Signature of subscriber)

	(FOR USE BY DISTRICT BANK ONLY)	(FOR USE BY COMMUNITY BANK ONLY)
DENOMINATIONS	SERIAL NUMBERS OF BONDS <i>(Include Letters)</i>	
.....@ \$ 50	
.....@ 100	
.....@ 250	
.....@ 500	
.....@ 1,000	(NAME OF COMMUNITY BANK)
.....@ 2,500	(ADDRESS)
.....@ 5,000	
.....@ 10,000	REQUISITION NO. S.....
Block Number	Issue Date.....	

STUB NO. 2 (THIS STUB MUST BE FILLED IN BY SOLICITOR)

(This stub must be detached and retained by the Community Bank to identify the subscriber's Bonds when received from the District Bank.)

IDENTIFICATION NUMBER
EY- 7560

NAME IN WHICH BONDS ARE TO BE REGISTERED *(Please type or print, giving first name in full)*

MAILING ADDRESS *(Include postal zone, if any)*

\$..... *Issue amount of Savings Bonds*

STUB NO. 1 (THIS STUB MUST BE FILLED IN BY SOLICITOR)

(Name in which Bonds are to be registered)

IDENTIFICATION NUMBER
EY- 7560

NAME *(Please type or print, giving first name in full)*

FIRM NAME *(Please type or print)*

HOME ADDRESS

ADDRESS CITY AND STATE *(Please type or print)*

CITY ZONE STATE

Soliciting Organization, If Any (Please type or print)

\$..... *Issue amount of Savings Bonds*

SOLICITOR *(Please type or print)*

CODE

IMPORTANT: This stub must be detached by the Community Bank for mailing to American Financial and Development Corporation For Israel, 120 Broadway, New York 5, New York, when subscription is completed.

STATE OF ISRAEL DOLLAR BONDS



IDENTIFICATION NUMBER
EY- 7559

SUBSCRIPTION BLANK

TWELVE YEAR DOLLAR SAVINGS BONDS,

Independence Issue, due 12 years from issue date.

TO: STATE OF ISRAEL

The undersigned hereby subscribes at par for STATE OF ISRAEL Twelve Year Dollar Savings Bonds, Independence Issue, in the issue amount of \$..... and remits herewith funds for that amount, in full payment therefor.

Remittance must be in U. S. Dollars by check, bank draft or money order, payable to the order of STATE OF ISRAEL.

It is understood that the issue date of said Bonds will be the first day of the month during which this subscription is accepted by one of the District Banks authorized to accept subscriptions for said Bonds.

IMPORTANT: To insure legibility for correct inscription on your Bond(s) please type or print name and address.

Please issue and mail STATE OF ISRAEL Twelve Year Dollar Savings Bonds, Independence Issue, subscribed for, as follows:

NAME *(Please type or print, giving first name in full)*

MAILING ADDRESS *(No. and Street)*

CITY AND STATE *(Include postal zone, if any)*

The undersigned acknowledges receipt of a current Prospectus relating to STATE OF ISRAEL Dollar Bonds, Independence Issue.

Dated.....195..... SIGN HERE →

(Signature of subscriber)

97-3038-4

	(FOR USE BY DISTRICT BANK ONLY)	(FOR USE BY COMMUNITY BANK ONLY)
DENOMINATIONS	SERIAL NUMBERS OF BONDS. <i>(Include Letters)</i>	
.....@ \$ 50	
.....@ 100	
.....@ 250	
.....@ 500	
.....@ 1,000	(NAME OF COMMUNITY BANK)
.....@ 2,500	(ADDRESS)
.....@ 5,000	
.....@ 10,000	REQUISITION NO. S.....
Block Number	Issue Date.....	

STUB NO. 2 (THIS STUB MUST BE FILLED IN BY SOLICITOR)

(This stub must be detached and retained by the Community Bank to identify the subscriber's Bonds when received from the District Bank.)

IDENTIFICATION NUMBER
EY- 7559

NAME IN WHICH BONDS ARE TO BE REGISTERED *(Please type or print, giving first name in full)*

MAILING ADDRESS *(Include postal zone, if any)*

\$..... *Issue amount of Savings Bonds*

STUB NO. 1 (THIS STUB MUST BE FILLED IN BY SOLICITOR)

(Name in which Bonds are to be registered)

IDENTIFICATION NUMBER
EY- 7559

NAME *(Please type or print, giving first name in full)*

FIRM NAME *(Please type or print)*

HOME ADDRESS

ADDRESS CITY AND STATE *(Please type or print)*

CITY ZONE STATE

Soliciting Organization, If Any (Please type or print)

\$..... *Issue amount of Savings Bonds*

SOLICITOR *(Please type or print)*

CODE

IMPORTANT: This stub must be detached by the Community Bank for mailing to American Financial and Development Corporation For Israel, 120 Broadway, New York 5, New York, when subscription is completed.

SAC, New York

June 27, 1951

Director, FBI

AMERICAN FINANCIAL AND DEVELOPMENT
CORPORATION FOR ISRAEL
REGISTRATION ACT

Reurlet 6-11-51 captioned "Israeli Government Bonds, Inc.,
Registration Act" enclosing a copy of the Prospectus issued by the
American Financial and Development Corporation for Israel, Inc.,
and certain other literature pertaining to the bonds being offered
for sale by this corporation.

You are instructed to prepare an investigative report
setting forth the background and organizational status of the subject
corporation, including date and place of incorporation, purposes
and current activities. The Bureau contemplates presenting to the
Department the question of whether this organization should be
registered under the terms of the Foreign Agents Registration Act
of 1938 as amended.

From a review of the material furnished by you, and from
a perusal of advertisements of this corporation in recent newspapers
and popular periodicals, it appears that the primary purpose of this
corporation is to promote the sale of Israeli Government bonds in
this country. However, in its promotion activities the corporation
might possibly be engaged in distributing propaganda in behalf of
the Government of Israel. Such activities, if true, would probably
also require its registration under the Foreign Agents Registration
Act.

Accordingly, your report should include illustrations of
the advertising material issued by the subject corporation. As an
example of advertising which might be construed as propaganda, the
Bureau has observed a double-page advertisement, sponsored by this
corporation, appearing in the magazine section of the New York Times
for Sunday, February 11, 1951. It is suggested that you include
with your report, for referral to the Department as exhibits, copies
of any such advertising material which you might obtain, and also a
copy of the Prospectus issued by this corporation.

Your report should include ^{of course} pertinent infor-
mation contained in your files, and any further details which you
might develop through appropriate sources showing the connection be-
tween subject corporation and the Government of Israel, the extent to
which the corporation is subsidized directly or indirectly by the Gov-
ernment of Israel, and the extent to which the Government of Israel
in any way exercises control over the policies or operations of the
corporation.

RECORDED 12

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97-3038

DER:mrq

Handwritten initials and signatures, including "RWA", "C.H.", and "JER".

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (97-3038)

DATE: October 5, 1951

FROM : SAC, New York

SUBJECT: AMERICAN FINANCIAL AND DEVELOPMENT
CORPORATION FOR ISRAEL;
REGISTRATION ACT

Handwritten signature/initials

Reference is made to O-1 form dated September 20, 1951, which is enclosed.

Recent interoffice transfers have made it necessary this case be reassigned and it is contemplated that additional investigation will be conducted and a report submitted within three weeks.

EX-28

ENCL

JJO:T:RAA
97-1245

Enclosure

*O-1 form destroyed
10/16/57 - WED*

EX-28

RECORDED - 24

197-30-38-6
OCT 8 1951

10.

Handwritten signatures and initials

58 OCT 17 1951 7324

SAC, New York

June 27, 1951

Director, FBI

ISRAEL SPEARS, INC.
REGISTRATION ACT

68070

Attached is a copy of a memorandum dated May 29, 1951, in the captioned matter from Assistant Attorney General James M. McInerney, Criminal Division, requesting that certain additional investigation be conducted in this case.

Your attention is directed particularly to the Department's request relative to the American Financial and Development Corporation, pointing out that if it can be shown that this corporation is subsidized directly or indirectly by the Government of Israel, the corporation would be a foreign principal within the meaning of the Foreign Agents Registration Act.

The results of your inquiries concerning the American Financial and Development Corporation should also be reported in the case entitled "American Financial and Development Corporation for Israel, Registration Act," Bureau file 97-3038. The Bureau contemplates presenting to the Department the question of whether this corporation should be registered under the terms of the Foreign Agents Registration Act.

This matter should be given expeditious attention and reports should be submitted promptly for referral to the Department.

*0-1 form to NY
8/16/51 recheck
6/27/51
WFO: Dan*

*0-1 NY ready
8/19/51 "had
being reviewed -
graded 8/21/51
WFO: Dan*

*NY report came
in 8/24
Captioned
Israel Spears*

Attachment

97-2866

97-3038

DER:arc

arc

*American Financial
& Development Corporation
for Israel*

- Tolson _____
- Ladd _____
- Clegg _____
- Glavin _____
- Nichols _____
- Rosen _____
- Tracy _____
- Harbo _____
- Alven _____
- Selmont _____
- Laughlin _____
- Mohr _____
- Tele. Room _____
- Nease _____
- Gandy _____

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47*

97-3038

NOT RECORDED

45 JUN 30 1951

DUPLICATE YELLOW

FINAL FILED IN

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (97-3038)

DATE: October 16, 1951

W. S. [unclear]
FROM : SAC, New York

SUBJECT: AMERICAN FINANCIAL AND DEVELOPMENT
CORPORATION FOR ISRAEL;
REGISTRATION ACT

113
Reference is made to O-1 form dated October 10, 1951, enclosed here-
with, requesting that a report be submitted immediately in the above-entitled
case.

Due to a transfer of personnel this case was recently reassigned
and the agent to whom it is presently assigned has not had an opportunity to
conduct the necessary investigation. A report will be submitted within two
weeks.

*Fuehler set
WWS*
ENCL
WGO'D:RAA
97-1245

Enclosure O-1 form
destroyed 10/25/51
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[Signature]

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[Signature]

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- Tolson _____
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- Nease _____
- Gandy _____

500-MILLION ISRAEL BOND DRIVE PUSHED

Conference Votes Its Support

The first national economic conference for Israel adopted a resolution yesterday calling for total mobilization of the American Jewish community behind the \$500,000,000 Israel independence bond issue being floated here.

Approval of the resolution completed the business of the four-day session which brought together in the Shoreham hotel about 1,100 business and communal leaders representing 33 organizations which are pushing the bond drive.

The conference assured the Jews of the new state that "we shall stand by them in the fulfillment of the economic tasks that are indispensable to their secure future."

Addressed to Morgenthau

A message from Israel's prime minister, David Ben-Gurion, made public at the closing session, emphasized the "paramount importance" of the bond issue which is aimed to help the country achieve economic independence thru industrial and economic expansion.

The prime minister said "economic growth is the key to our capacity to continue to absorb mass immigration; self-support is the backbone of our existence as a free and creative state." His message was addressed to Henry Morgenthau jr., former secretary of the Treasury and chairman of the board of governors of the Israel bond drive.

Vice President Barkley, guest of honor at a meeting Saturday night when he called for support of Israel as a "devoted democratic ally," announced yesterday the purchase of a \$1,000 Israel bond as a gift for Mrs. Barkley. He told the conference yesterday was his wife's 40th birthday.

"They are more than a mere investment, good as it is," Barkley said. He said they have "social, moral and spiritual values as well."

Rep. Celler (D) of New York told the conference that the bonds are a sound investment which will bring back the dollars plus interest, and that the issue "will ultimately release Israel from the status of being looked upon as a philanthropic venture."

Indorsed by Keyserling

Leon Keyserling, chairman of the President's council of economic advisers, also indorsed the issue as an investment.

In the view of the plans for the money's use, the achievements of the new state in its short history and the history of its people, Keyserling said, "There are no bonds that can call with greater voice and greater clarity, from the viewpoint of the cold-hearted economist, for our support."

The program of the economic conference was immediately indorsed at a meeting here of the National Administrative council of the Zionist Organization of America.

At the same time Benjamin G. Browdy, Zionist president, pledged his organization's full backing for fulfillment of the plans laid by the World Zionist congress at its meeting in Jerusalem last month. That program embraces aid to immigration into Israel, stimulation of agricultural and economic development, and encouragement of private capital investment among other measures.

The Zionist leaders also discussed plans of their own for a \$5,000,000 budget to cover activities in America and in Israel.

197-3038 A-
10-25-51

File
5-15-51

Page

- Times-Herald
- Wash. Post _____
- Wash. News _____
- Wash. Star _____
- N.Y. Mirror _____

3375 Re: American Financial and
Development Corp for Israel
OCT 28 1951
97-3038

Date: 9/24/51

~~SECRET~~

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

DATE: October 26, 1951

FROM : SAC, WFO

RB/lo

SUBJECT: AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL
REGISTRATION ACT

G. I. R. -2

Ch

According to

[Redacted]

[Redacted]

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LENVIN is undoubtedly Mr. NATHAN B. LENVIN of the Foreign Agents Registration Section, Department of Justice. If further information is received in this connection, the Bureau will be advised.

EXEMPTED FROM AUTOMATIC
DECLASSIFICATION
AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
EXEMPTION CODE: 50X(1, 6)
DATE 12-05-2013
FBI INFORMATION ONLY
by J75J65T61

al

PJT:BR
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EX-11

WFO

~~SECRET~~

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 12-03-2013 BY ADG/ J75J65T61

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Glavin _____
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Mohr _____
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Nease _____
Gandy _____
Henderson

BRAGER HEADS ISRAEL'S BOND DRIVE IN D.C.

Harry E. Brager, formerly national membership director, of B'nai B'rith, will manage the campaign to sell \$5,000,000 of Israel bonds in Washington, it was announced yesterday by Leopold V. Freudberg, associate chairman of the drive here.

Brager left Washington five months ago to manage the bond drive in Buffalo.

A graduate of the sociology department of City College of



Harry E. Brager

New York, Brager is a member of the executive committee of the bureau of rehabilitation, a Community Chest agency working with delinquent youth, and a member of the executive committee of the correction sections of United Community Services.

Deadline for the current drive here is May 1, 1954.

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197-3038 A-
10-55 51

Page

Times-Herald

Wash. Post _____

Wash. News _____

Wash. Star _____

N.Y. Mirror _____

re: American Financial and
Development Corporation for Israel.

File
5-15M

938 1-3038

Date: 9/17/51

FEDERAL BUREAU OF INVESTIGATION

Form No. 1
THIS CASE ORIGINATED AT **NEW YORK**

FILE NO. **AMV**

REPORT MADE AT NEW YORK	DATE WHEN MADE OCT 28 1951	PERIOD FOR WHICH MADE 8/16, 17; 9/4, 5; 10/16, 24/51	REPORT MADE BY WILLIAM G. O'DONNELL
TITLE AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL			CHARACTER OF CASE REGISTRATION ACT

SYNOPSIS OF FACTS:

Subject corporation incorporated in New York, 12/21/50 for purpose of selling \$500,000,000 worth of bonds for the State of Israel. Corporation to buy and resell bonds at a 3½% discount or to act as broker for sale of bonds for a 3½% commission. Prospectus and advertisements issued by corporation giving history and activities of State of Israel. As of 9/14/51, \$50,000,000 worth of bonds had been sold.

*1cc - AAG - McQuerny with photo of 9/18/51
NY Times Article
& Magazine Section
Boys 10/11/51
NY Times 10/11/51
WFO*

*1cc State
C/A
Lyz 2/5
6-19-52
neo:dem*

DECLASSIFIED BY *SP6 Bja/pde*
ON *10/30/86*
- P - # *272,293*

DETAILS:

The Washington Post newspaper for Tuesday, May 1, 1951, page 20, carried a full page advertisement announcing the first bond issue by the State of Israel. This was described as the \$500,000,000 Independence issue, issued on the occasion of the third anniversary of the State of Israel. The advertisement indicated that the bonds would be sold by the American Financial and Development Corporation for Israel, 120 Broadway, New York, New York. The chairman of the Board of Governors of this corporation is HENRY MORGENTHAU, Jr.

ENCLOSURE FILED
EX-108

APPROVED AND FORWARDED: <i>Edward Scheid</i> SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES 97-3038-9 RECORDED - 38
COPIES OF THIS REPORT ⑤ Bureau (97-3038) (Encs. 4) 2 Newark 3 New York (97-1245)	INDEXED - 38 EX-108
57 NOV 28 1951 COPY IN FILE	

NY 97-1245

The records of the Clerk's Office, City of New York, contained a copy of the Certificate of Incorporation of subject corporation which was filed on December 21, 1950. This Certificate of Incorporation reads as follows:

"We, the undersigned, for the purpose of forming a corporation pursuant to Article 2 of the Stock Corporation Law of the State of New York, do hereby certify,

"First: The name of the proposed corporation shall be American Financial and Development Corporation for Israel.

"Second: The objects for which this Corporation is formed are to purchase or otherwise acquire, hold, sell, exchange, pledge, hypothecate, underwrite, deal in and dispose of, to its own account or as broker, stocks, bonds, votes, debentures, or other evidences of indebtedness and obligations and securities issued or guaranteed by the State of Israel or by any governmental authority or any political or administrative sub-division or department of the State of Israel, and certificates or receipts or any kind representing or evidencing any interest in any such stocks, bonds, votes, debentures, evidences of indebtedness, obligations, or securities, and, while the owner or holder of any such stocks, bonds, votes, debentures, evidences of indebtedness, obligations, securities, certificates, or receipts to exercise all rights of ownership in respect thereof.

"In furtherance of its purposes the corporation will engage in private, non-political, financial, mercantile, and other activities in furtherance of the bona fide trade and commerce of the State of Israel.

"To borrow money and to issue bonds, debentures, or obligations of this corporation from time to time, for any of the objects or purposes of the corporation, and to secure the same by mortgage, pledge, deed of trust, or otherwise.

"To do anything necessary, proper, advisable, or convenient for the accomplishment of any of the purposes, or the attainment of any of the objects, or in furtherance of any of the powers herein set forth, either above or associated with others, and incidental or pertaining to, or growing out of, or connected with, its business or powers, provided the same be not inconsistent with the laws of the State of New York.

NY 97-1245

"To exercise all or any of its corporate powers and rights in the State of New York, other states, the District of Columbia, the territories, possessions, or dependencies of the United States, and in foreign countries, but only in the manner and to the extent permitted by the respective laws thereof, and to establish and maintain offices and agencies within, and anywhere outside of, the State of New York.

"The purposes and powers specified in the clauses contained in this article are to be construed both as purposes and powers and shall, except when otherwise expressed in this article, be in no wise limited or restricted by reference to or inference of the terms of any other clause of this, or of any other, article of this certificate, but each of the purposes and powers specified in this article shall be regarded as independent purposes and powers, and the specifications herein contained of particular powers is not intended to be, and shall not be held to be, in limitation of the general powers herein contained, or in limitation of the powers granted to corporations under the laws of the State of New York; but is intended to be, and shall be held to be, in furtherance thereof.

"The corporation shall also have power to conduct its business in all its branches, have one or more offices, and unlimitedly to hold, purchase, mortgage and convey real and personal property in any state, territory, or colony of the United States, and in any foreign country or place.

"Third: The total number of shares which may be issued by the corporation is one thousand (1,000), all of which are to be without nominal or particular value.

"Such shares without particular value may be issued from time to time for such consideration as from time to time may be offered by the Board of Directors.

"Fourth: The capital of the corporation shall be at least equal to the sum of the aggregate par value of all issued shares having par value, plus the aggregate amount of consideration received by the corporation for the issuance of shares without par value, plus such amounts as, from time to time, by resolution of the Board of Directors, may be transferred thereto.

NY 97-1245

"Fifth: The office of the corporation is to be located in the City of New York, County of New York, and State of New York.

"The address to which the Secretary of State shall mail a copy of process in any action or proceeding against the corporation which may be served upon him is JOEL GROSS, 744 Broad Street, Newark 2, New Jersey.

"Sixth: The duration of the corporation shall be perpetual.

"Seventh: The number of its directors shall not be less than three nor more than 300. Directors need not be stockholders.

"The name and post office addresses of the directors until the first annual meeting of the stockholders are:

"JULIAN G. VENEZKY
529 First National Bank Building
Peoria, Illinois

SIDNEY S. GREEN
2300 Grand Concourse
Bronx, New York

JOEL GROSS
744 Broad Street
Newark, New Jersey

HENRY MONTOR
3338 210th Street
Bayside, Long Island, New York

RUDOLF G. SONNEBORN
300 Fourth Avenue
New York, New York.

"Eighth: The name and post office address of each subscriber of this certificate of incorporation and a statement of the number of shares of stock which each agrees to take in the corporation are:

NY 97-1245

<u>Name</u>	<u>Post Office Address</u>	<u>Shares</u>
J. J. SULLIVAN , JR.	Columbia Turnpike East Greenbush, NY	1
G. L. GILLILAND	3 Kent Street Albany, New York	1
S. K. DREIS	1023 Lewis Road Schenectady, NY	1

"Ninth: All of the subscribers of the certificate are of full age, at least two-thirds of them are citizens of the United States, at least one of them is a resident of the State of New York and at least one of them named as a director is a citizen of the United States and a resident of the State of New York.

"Tenth: The Secretary of State is designated as the agent of the corporation upon whom process in any action or proceeding against the corporation may be served.

"In witness whereof, we have made, signed and acknowledged this certificate this twenty-first day of December, 1950

"SULLIVAN
GILLILAND
DREIS.

"Notarized December 21, 1950, in County of Albany, by notary FREDERIC J. ~~KNARR~~; filed December 21, 1950."

NY 97-1245

Confidential Informant T-1, of known reliability, furnished the following information concerning subject corporation:

It maintains offices on the 22nd floor at 120 Broadway. It was formerly located at 2 Park Row. The officers are as follows:

HENRY M. ~~MORGENTHAU~~, JR.,
Chairman of the Board of Governors

HENRY ~~MONTOR~~,
Vice-President and Secretary

RUDOLPH G. ~~SONNEBORN~~,
President

JULIAN B. ~~VENEZKY~~,
Treasurer

Board of Governors - 100 members.

This company was incorporated under New York laws on December 21, 1950 for the purpose of selling \$500,000,000 worth of bonds for the State of Israel. This bond issue is part of a three year program of the Government of Israel for the economical development of the state. Bonds are to be the direct obligations of the State of Israel, the principal and interest being payable in legal tender of the United States. They are to be issued under the State of Israel (Independence Issue) Law 5771-1951.

b7D

on May 2, 1951, SIDNEY ~~GREEN~~, financial consultant for the company, stated that a detailed balance sheet is not available. However, he did state that the issued bonds and paid in capital as of that date was \$250,000.00. He also stated that under an arrangement with the State of Israel, earnings annually could not exceed \$10,000.00.

NY 97-1245

In regard to the officers of this corporation, this informant stated that HENRY M. MORGENTHAU, JR. was formerly Secretary of the Treasury of the United States, and he is Chairman of the Board of the Modern Industrial Bank and the United Jewish Appeal.

HENRY MONTOR, was from 1938 to 1950, executive director of the United Jewish Appeal. RUDOLPH G. SONNEBORN is Secretary and Treasurer of L. Sonneborn and Sons, Inc. JULIAN B. VENEZKY is an attorney in Peoria, Illinois. The Board of Governors consists of 100 members, all of whom are prominent in financial, industrial, commercial and professional circles throughout the United States.

Copies of the Prospectus issue entitled, "State of Israel, \$500,000,000 Independence Issue" dated March 28, 1951 were obtained from the offices of subject corporation. Two copies of this Prospectus are enclosed as exhibits to this report. This Prospectus provides for the sale of interest bearing bonds denominated "15 year, 3 $\frac{1}{8}$ % dollar coupon bonds" to May 1, 1966 and capital appreciation bonds denominated "12 year dollar savings bond", in the aggregate principal amount of \$500,000,000.00.

Under "Summary of Underwriting Agreement" on page 37, it is stated that an agreement will be entered into prior to May 1, 1951 between the State of Israel and the American Financial and Development Corporation relating to the distribution of the bonds. All of the stock of this corporation

NY 97-1245

is owned by the American Committee for Aid to Israel Immigrants, a non-profit corporation organized under the laws of the State of New Jersey.

The corporation may purchase bonds from the State of Israel at a discount and resell them to the public, or it may act as broker in selling bonds.

The corporation is to receive the following discounts and/or commissions:

"As to bonds purchased by the corporation for resale, the corporation is to receive a discount of $3\frac{1}{2}\%$; as to bonds which the corporation sells as broker, it is to receive commissions of $3\frac{1}{2}\%$ ".

It is provided, however, that the corporation shall not realize a net profit before taxes in excess of \$10,000.00 for any calendar year.

The State of Israel will pay all charges, expenses and fees in connection with the preparation, printing, execution, authentication, delivery and issuance of the bonds, their registration under the Securities Act of 1933 and state security statutes, the printing of prospectuses, all taxes and stamps required in connection with the sale of the bonds, and all sums payable to the Fiscal Agent, the District Banks and the Community Banks."

It also provides that a Fiscal Agreement will be entered into prior to May 1, 1951 between the State of Israel and the Chase National Bank of New York City, making this bank, Fiscal Agent for these bonds. The Fiscal Agent will be the "agent of the State of Israel".

The purpose of the bonds is stated to be part of a three year program of the Government of Israel for the economic development of the State.

The Prospectus gives a History of the formation of the State of Israel, its war with the Arabs, and a description of its Geography, climate, mineral resources and Government. It also gives an account of its present financial

NY 97-1245

condition and its plans for the future.

Photostatic copy of "Israel Speaks" for September 14, 1951, page 1. contains an article which states that \$50,000,000 has already been received as a result of Israel bond sales in the United States.

Page 11 of the same issue of "Israel Speaks", contains an article entitled, "One Year of Progress on the Economic Front" which states that "The National Economic Conference" would be held in Washington, D. C. at the Shoreham Hotel from September 20-23, 1951, under the auspices of the "American Financial and Development Corporation of Israel" which directs the sale of the Israel \$500,000,000 bond issue in the United States.

A full page ad in the "New York Times" for September 18, 1951 by subject corporation gives "two frank answers to your questions about State of Israel Bonds".

A two page ad of subject corporation appeared in the magazine section of the "New York Times" for October 21, 1951. It was entitled, "Behind These Bonds, 5,000 Years of History".

ENCLOSURES TO BUREAU (6)

Two copies of the Prospectus issued by subject corporation.

Photostats of pages one and 11 of "Israel Speaks" for September 14, 1951.

One copy of page 10 of the "New York Times" for September 18, 1951.

One copy of pages 36 and 37 of the magazine section of the "New York Times" for October 21, 1951.

- P E N D I N G -

NY 97-1245

ADMINISTRATIVE

INFORMANT

T-1

Confidential Source NYC 1.

LEADS

NEWARK

At Newark, New Jersey

Will identify the American Committee for Aid to Israel Immigrants in Newark, New Jersey.

NEW YORK

At New York, New York

Will report any information received concerning advertisements issued by subject corporation and will report the opinion of the Department of Justice as to prosecution of subject corporation for failure to register under the Registration Act.

REFERENCE

Bureau letter to New York, 6/27/51.

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

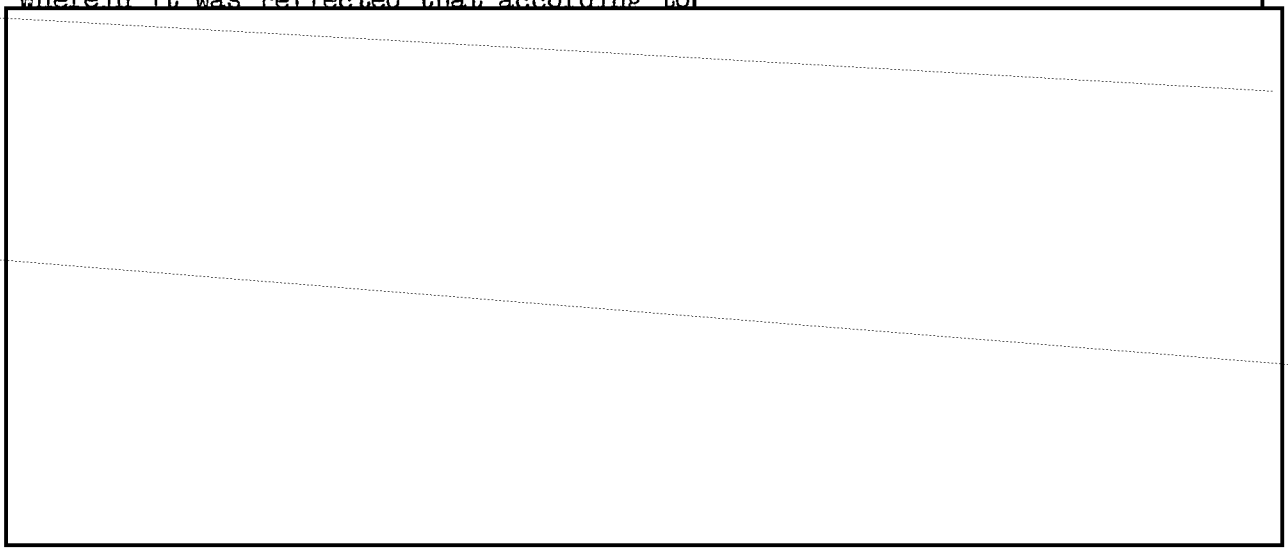
DATE: November 8, 1951

PK FROM : SAC, WFO (97-721)

SUBJECT: ¹ AMERICAN FINANCIAL AND DEVELOPMENT
CORPORATION FOR ISRAEL
REGISTRATION ACT

1-1
ELR-1

Re Washington Field Office letter to Bureau dated October 26, 1951,
wherein it was reflected that according to [redacted]



b1
b3

PJT:bar
cc: New York

EXEMPTED FROM AUTOMATIC
DECLASSIFICATION
AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
EXEMPTION CODE: 50X(1, 6)
DATE 12-11-2013 by: J75J65T61

RECORDED - 66
INDEXED - 66
EX-991
197-3838-10
NOV 9 1951
HW

7318
95 NOV 23 1951

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. A. H. Belmont

DATE: October 1, 1951

FROM : Mr. C. E. Hennrich

SUBJECT: AMERICAN FINANCIAL AND DEVELOPMENT
CORPORATION FOR ISRAEL
REGISTRATION ACT

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

PURPOSE:

To recommend that records of the Security Exchange Commission be reviewed by the Liaison Unit for information regarding captioned organization.

DETAILS:

The American Financial and Development Corporation for Israel (AFDCI) is presently engaged in the sale of Israeli Government bonds in this country. The Washington Post Newspaper for May 1, 1951, on page 20 carried a full page advertisement announcing the first bond issue by the State of Israel in the amount of \$500,000,000 and indicated that the bonds would be sold by the above organization with offices at 120 Broadway, New York, 5, New York.

Investigation has failed to reveal the registration of this organization with either the State Department or the Department of Justice. Investigation has revealed that Hirshon-Garfield Incorporated, 745 Fifth Avenue, New York City, registered with the Department of Justice as an agent of a foreign principal. The registration abstract of this company reflects that its business is advertising and that it is acting as an agent of the "Government of Israel-American Financial and Development Corporation for the State of Israel" for the purpose of placing advertisements in magazines and newspapers.

Investigation of the Newspaper, "Israel Speaks," reflects that at one time "Israel Speaks" was being considered as a medium for advertising the sale of this bond issue. Later information reflects, however, that it will not be used for this purpose, but will be directly subsidized by the Israeli Government. The question of the registration of "Israel Speaks" was presented to the Department. On May 29, 1951, the Department stated that the evidence at that time failed to reflect that "Israel Speaks" had actually received funds from the Israeli Government or from officials of the AFDCI, although there was detailed information as to negotiations for obtaining such support for "Israel Speaks." The Department requested that in the course of a continued investigation of "Israel Speaks," efforts be made to determine whether money has passed to "Israel Speaks" from either the Government of Israel or from the AFDCI. The Department

97-3038
Attachment
DEC 5 1951
WEO:smo

7318
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16

EX-891

Trans Keys to
Belmont
10-10-51

UNRECORDED COPY FILED IN 97-3038-11

WED

further requested that the Bureau attempt to determine whether the AFDCI is subsidized directly or indirectly by the Government of Israel.

Mr. Walter Woods of the Liaison Unit ascertained from a representative of the Security Exchange Commission that in order to review the files, it would be necessary to make such a request in writing.

RECOMMENDATION:

In accordance with SEC suggestion, attached letter has been prepared requesting that Agency's cooperation in making its records available to a representative of this Bureau. This letter should be delivered by the Liaison Unit.

It is requested that a representative of the Liaison Unit review the SEC file on captioned organization specifically for the following data:

1. Background information of the corporation including date and place of incorporation, purpose, and identity of principal officers.
2. Capitalization including the method of financing and the source of such funds.
3. Any pertinent information indicating that captioned corporation is in anyway connected with or financed by or an agent of the Israeli Government or any official agency of that Government.

*Del 10/3/57
wfw*

*AK
sl
1/5*

~~CONFIDENTIAL~~
VIA LIAISON

Ref 10/3/51

Date: October 1, 1951

To: Mr. Harry A. McDonald
Chairman
Securities and Exchange Commission
425 2nd Street, Northwest
Washington, D. C.

From: John Edgar Hoover - Director
Federal Bureau of Investigation

Subject: AMERICAN FINANCIAL AND DEVELOPMENT
CORPORATION FOR ISRAEL

It would be greatly appreciated if you would make available to a representative of this Bureau any information contained in your files concerning the above corporation which is reportedly active in the sale of Israeli Government bonds in this country.

This information is desired in connection with an official investigation being conducted by the Federal Bureau of Investigation.

WEO:smo

Tolson _____
Ladd _____
Clegg _____
Glavin _____
Nichols _____
Rosen _____
Tracy _____
Harbo _____
Alton _____
Belmont _____
Laughlin _____
Mohr _____
Tele. Room _____
Nease _____
Gandy _____

1/19
[Handwritten signatures and initials]

SAC, New York (97-1245)

November 14, 1951

RECORDED - 100

Director, FBI (97-3038)
97 3038 12
AMERICAN FINANCIAL AND
DEVELOPMENT CORPORATION
FOR ISRAEL
REGISTRATION ACT

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10/30/86 BY SP6 BJA/ade
172, 293

EX - 87

0-1 form to 12-20-51
wec. sem

The records of the Security Exchange Commission
in Washington, D. C., were reviewed by SA Walter F.
Foods of the Bureau's Liaison Unit, which disclosed the
following:

0-17 reply
1-7-52 "Review to
subm. when
decision of Dept.
is obtained."
wec. de m

The SEC file contained only meager descriptive
data concerning this organization and more specifically
contained information as to registration with the
SEC only.

The file reflects that the above referred to
organization applied for registration with the SEC in
February of 1951, as a broker and/or dealer, pursuant
to Section 15 of the Security Exchange Act of 1934 as
amended. The organization was formed as a corporation
and in the application it was mentioned that there was
only one class of stock authorized and outstanding;
further that all outstanding stock is owned by the
American Committee for Aid to Israeli Immigrants, a
non-profit corporation incorporated in the State of
New Jersey on December 23, 1950. According to the ap-
plication, captioned organization was originally founded
on December 21, 1950, however, the place was not indi-
cated.

According to a letter from captioned organi-
zation to the Security Exchange Commission dated October 11,
1951, the following individuals are the principal officers
of captioned organization:

- | | |
|-------------------------------|-----------------------|
| Chairman, Board of Governors | Henry Morgenthau, Jr. |
| President | Rudolf G. Sonneborn |
| Vice President | Henry Mantor |
| Chairman, Executive Committee | Julian B. Venezky |
| Chairman, Advisory Council | James G. McDonald |
| Chairman, Women's Division | Mrs. Moses A. Epstein |
| Vice Chairman | Meher L. Weisgal |

- Tolson _____
- Ladd _____
- Nease _____
- Belmont _____
- Mohr _____
- Tracy _____
- Harbo _____
- Quinn Tamm _____
- Nease _____
- Tele. Room _____
- Holloman _____
- Gandy _____

644 CC - Washington Field (97-721)

COMM - FBI
NOV 14 1951
MAILED 19

WEO:vas

RECEIVED - NOV 14 1951
E. B. J. [Signature]
W 20

Chairman, Speakers Division	Avis Shulman
Director	Harry Seeve
Director of Field Operations	Leo Bernstein
Comptroller	Abraham Keller
Director of Public Relations	Meyer F. Steinglass

The SEC file contained no further information.

Mr. Richard Porter, Section Chief, Corporation Finance Division, SEC, produced copies of various newspaper advertisements which prior to publication were cleared by the SEC. One in particular appears to be noteworthy of review by the New York Office.

It is suggested that if this has not already been done, the New York office obtain a copy of the "New York Times" dated September 18, 1951, wherein there appears an article entitled, "Twenty Frank Answers to Your Questions About State of Israel Bonds." This advertisement contains considerable information regarding the selling and purchase of Israeli bonds.

Mr. Porter advised that although their file did not reflect a report of the financial condition of captioned organization, that under the law the organization will have to file by December 31, 1951, a report of its financial condition with the Security Exchange Commission.

You are instructed to incorporate the above information in the next investigative report prepared in New York in a form suitable for dissemination. You are further instructed to give this matter your expeditious attention and to submit a report showing the results of your investigation to date.

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. A. H. BELMONT *AHB*

DATE: October 20, 1951

FROM : V. P. KEAY *VPK*

SUBJECT: AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL REGISTRATION ACT

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 10/30/86 BY SP6-BJA/MLD #272,293

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

By memorandum from Mr. Hennrich to Mr. Belmont dated October 1, 1951, captioned as above, the Liaison Unit was requested to review the Security Exchange Commission's file on captioned organization, specifically for the following data:

- (1) Background information of the corporation including date and place of incorporation, purpose, and identity of principal officers.
- (2) Capitalization including the method of financing and the source of such funds.
- (3) Any pertinent information indicating that captioned corporation is in anyway connected with or financed by or an agent of the Israeli Government or any official agency of that Government.

Ogdenby

On October 17, 1951, Mr. Richard Porter, Section Chief, Corporation Finance Division, Security Exchange Commission, was contacted by Mr. W. F. Woods of the Liaison Unit, whereupon he made available the file on captioned organization.

It is to be noted that the file contains only meager descriptive data concerning this organization and more specifically contains information as to registration with the SEC only. The file reflects that the above referred to organization applied for registration with the SEC in February of 1951, as a broker and/or dealer, pursuant to Section 15 of the Security Exchange Act of 1934 as amended. The organization was formed as a corporation and in the application it was mentioned that there was only one class of stock authorized and outstanding; further that all outstanding stock is owned by the American Committee for Aid to Israeli Immigrants, a non-profit corporation incorporated in the State of New Jersey on December 28, 1950. According to the application, captioned organization was originally founded on December 21, 1950, however, the place was not indicated.

WFW:mfs

WFW

RECORDED - 100
INDEXED - 100
EX - 87
97-3038-12
NOV 15 1951
5 WFO

According to a letter from captioned organization to the Security Exchange Commission dated October 11, 1951, the following individuals are the principal officers of captioned organization:

Chairman, Board of Governors	Henry Morgenthau, Jr.
President	Rudolf G. Sonneborn
Vice President	Henry Mantor
Chairman, Executive Committee	Julian B. Venezky
Chairman, Advisory Council	James G. McDonald
Chairman, Women's Division	Mrs. Moses P. Epstein
Vice Chairman	Meyer W. Weisgal
Chairman, Speakers Division	Avis Shulman
Director	Harry Seeve
Director of Field Operations	Leo Bernstein
Comptroller	Abraham Keller
Director of Public Relations	Meyer F. Steinglass

The SEC file contained no further information.

Richard Section Chief, Corporation
Mr. Porter produced copies of various newspaper advertisements which prior to publication were cleared by the SEC. One in particular appears to be noteworthy of review by the New York Office.

It is suggested that if this has not already been done, ~~that~~ the New York office be instructed to obtain a copy of the "New York Times" dated September 18, 1951, wherein there appears an article entitled, "Twenty Frank Answers to Your Questions About State of Israel Bonds." This advertisement contains considerable information regarding the selling and purchase of Israeli bonds.

Mr. Porter advised that although their file did not reflect a report of the financial condition of captioned organization, that under the law the organization will have to file by December 31, 1951, a report of its financial condition with the Security Exchange Commission.

RECOMMENDATION:

That this memorandum be referred to Supervisor W. E. Oglesby.

FEDERAL BUREAU OF INVESTIGATION

FORM No. 1
THIS CASE ORIGINATED AT

NEW YORK

FILE NO.

~~CONFIDENTIAL~~

REPORT MADE AT NEWARK	DATE WHEN MADE 1/10/52	PERIOD FOR WHICH MADE 12/17,21,26,28/51	REPORT MADE BY CLARK D. TOMPKINS (A)	ML
TITLE AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL			CHARACTER OF CASE REGISTRATION ACT	

SYNOPSIS OF FACTS:

American Committee For Aid to Israel Immigrants, incorporated in N.J. 12/20/50. This is a non-stock corp. organized for the purpose of bringing about understanding of the U.S. citizens of the State of Isreal's problems of mobilizing American aid, development of Isreal's resources, and expansion of her industry. Information re JOEL GROSS, a trustee, set forth.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE.

*corr pg 5
per serial
mt 3/11/52*

- RUC -

*Classified by SP6-B...
Declassify on: OADR 10/30/86
272,293*

DETAILS:

The following investigation was conducted by Special Employee JOSEPH P. AYERS at Trenton, N.J.:

*1 cc to Asst. AG (Security)
by R/S 1-24-52
neo: dem*

Certification of Incorporation No. Y9966, which was filed and recorded by the Secretary of State, State House, Trenton, N.J., 12/28/50, for the American Committee For Aid To Isreal Immigrants, Inc., reflected the following information:

*1 cc to State
by R/S
6-17-52
neo: dem*

The American Committee For Aid to Isreal Immigrants, Inc., was formed for the purpose of facilitating an understanding among American citizens of all faiths and of all origins, for the necessity of intergrating refugees into the economy of the State of Isreal and to mobilize Americans to aid in the development of Isreal's resources and the expansion of her industry, commerce, and agriculture, and to serve all other purposes which would strengthen the ability of the State of Isreal to absorb immigrants.

~~UNCLASSIFIED BY SP5/...~~
07 5/13/02 943,637

APPROVED AND FORWARDED: *S. R. McKee* SPECIAL AGENT IN CHARGE

DO NOT WRITE IN THESE SPACES

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COPIES OF THIS REPORT
R 465 APR 14 1961

5 - Bureau (97-3038)

3 - New York (97-1245)

2 - Newark (97-130)

97-3038-13

RECORDED - 66

INDEXED - 66

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

This certificate further related that this organization was formed as a non-stock corporation, not for gains or individual profit, and that no dividends shall ever be declared or paid to any of its members. Further that all income of the corporation beyond that necessary to carry out its progress and any surplus remaining on dissolution shall be transferred to such organizations which are devoted to the relief and rehabilitation of refugees in the State of Israel as designated by the Board of Trustees.

This Certificate indicated that the principal office of this corporation is in Room 1505, 744 Broad St., Newark, N.J., and that the name of the Agent in Charge, upon whom process against the corporation may be served, is ~~JOEL GROSS~~. Officers of this corporation are to be president, vice president, secretary, and treasurer, and five trustees, according to the above mentioned certificate.

The names and addresses of the Trustees selected for the first year and who signed this Certificate of Incorporation are as follows:

- (1) ~~SIDNEY S. GREEN~~, 2300 Grand Concourse, Bronx, N.Y.
- (2) ~~JOEL GROSS~~, 744 Broad St., Newark, N.J.
- (3) ~~HENRY MONTOR~~, 3338 - 210th St., Bayside, Long Island, N.Y.
- (4) ~~DOROTHY CHERNIN~~, 83 Seymour Ave., Newark 8, N.J.
- (5) ~~RUDOLPH G. CONNEBORN~~, 300 - 4th Ave., N.Y., N.Y.

The attorneys who prepared the above Certificate of Incorporation were ~~GROSS & BLUMBERG~~, 744 Broad St., Newark, 2, N.J.

According to the files of the Newark Office, ~~JOEL GROSS~~, who was born on 8/16/07 at Jersey City, N.J., has been self-employed as an Attorney at Law at 744 Broad St., Newark, N.J., for approximately 13 years.

Newark Confidential Informant T-1, of known reliability, stated on 4/24/46 that ~~JOEL GROSS~~ owed \$2 for a club subscription to the "Daily Worker", an east coast Communist newspaper. (S) (u)

Newark Confidential Informant T-2, of known reliability, stated that membership in the Daily Worker Press Club was tantamount to membership in the Communist Party. (S) (u)

On 1/16/48, an article which appeared in the "Newark Evening News", a daily newspaper published in Newark, N.J., reflected that the N.J. Independent Citizens League delegates and alternates were leaving Newark, N.J., that day for the National Convention of the Progressive Citizens of America, which was held at the Hotel Knickerbocker, Chicago, Ill., 1/17-18/48.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

According to this article, the State Officers of the N.J. Independent Citizens League at that time were ~~JAMES EMBRIE~~, President; JOEL GROSS, Mrs. ~~CATHERINE VAN ORDEN~~, ~~MORTON STAVIS~~, Vice Chairmen; ~~DOROTHY LEVINE~~, Secretary; and ~~BERNARD ROTH~~, Treasurer.

T-2 stated that the Independent Citizens League of N.J. became known as the Progressive Party during June, 1948, and that ~~CATHERINE VAN ORDEN~~, a Vice Chairman of this organization, was known to him to be a member of the Communist Party. ~~(S) M~~

T-2 further related that ~~MARTHA STONE~~, State Chairman of the Communist Party of N.J., has assigned many Communist Party members in N.J. to work within the Progressive Party and that almost all Progressive Party candidates for public office in N.J. are known to him as CP members, and that pleas to support the Progressive Party candidates and to attend Progressive Party meetings have been made at CP meetings. ~~(S) M~~

An article entitled, "Russia Praised By Ambijan Speakers", which appeared in the 2/9/49 edition of the "Newark Evening News", reflected that JOEL GROSS and one Dr. J. ~~RAYMOND WALSH~~ appeared as speakers at the annual dinner of the Ambijan Committee which was held at the Robert Treat Hotel in Newark, N.J. on 2/8/51. Dr. WALSH reportedly lauded Soviet Russia for its tremendous contribution toward coordinating the peoples of dissimilar nationalities and minorities, and for the very definite contribution to civilization made by Russia.

Both WALSH and GROSS, according to this article, scored British policy relative to Palastine and urged speedy action by the United Nations to implement the decision granting Jewish statehood. Gross stated that, "Agencies of Facsism and Naziism are active again and are even more turbulent then they were before the war, only now they act more subtly and seek to hide before so called moral principles."

Newark Confidential Informant T-3, of known reliability, advised that the American Bureau of Birobidjan Committee was formed in 1934 for the purpose of financially supporting the settlement of Jews in Birobidjan, a territory in Siberia, set aside for such purpose by the Soviet Government. According to this informant, many of the officers and members of this committee are known members of the Communist Party. ~~(S) M~~

Newark Confidential Informant T-4, of known reliability, stated on 10/10/49 that JOEL GROSS continued to hold the position of a Vice-Chairman in the Progressive Party of N.J.

~~CONFIDENTIAL~~

NK 97-130

Newark Confidential Informant T-5, of known reliability, also stated on 8/3/50 that GROSS was still a Vice-Chairman of the Progressive Party in N.J.

The indices of the Newark Office contained no information relative to DOROTHY CHERNIN, SIDNEY S. GREEN, HENRY MONTOR, RUDOLPH ~~SONNEBORN~~.

- REFERRED UPON COMPLETION TO THE OFFICE OF ORIGIN -

SECURITY INFORMATION - CONFIDENTIAL

NK 97-130

~~CONFIDENTIAL~~

ADMINISTRATIVE PAGE

CONFIDENTIAL INFORMANTS

Newark T-1 [redacted] whose identity is known to the Bureau

Newark T-2

Newark T-3 [redacted] whose identity is known
to the Bureau

Newark T-4 [redacted] *no sum*

Newark T-5 [redacted]

(u)
(S)

b7D

Reference: Report of SA WILLIAM G. O'DONNELL, New York,
October 31, 1951.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

NK 97-130

ADMINISTRATIVE PAGE

Confidential Informants

Newark T-1 [redacted] whose identity is known to the Bureau.

Newark T-2 [redacted]

Newark T-3 [redacted] whose identity is known to the Bureau.

Newark T-4 [redacted]

Newark T-5 [redacted]

(W
(S)
b7D

~~CONFIDENTIAL~~

SAC, New York (97-1245)

January 23, 1952

Director, FBI (97-3038)

AMERICAN FINANCIAL & DEVELOPMENT
CORPORATION FOR ISRAEL
REGISTRATION ACT

Rerep William G. O'Donnell dated October 31,
1951, at New York,

*Report
around
Newark*

The Newark Office is instructed to cover the
lead set forth in rerep immediately and submit a report
to the Bureau setting forth the financial background,
including the charter and identity of principal officers
of the American Committee for Aid to Israel Immigrants,
which organization is reported to be the holding company
of subject corporation.

The New York City Office is instructed to submit
a report furnishing the latest results of this investiga-
tion, including the information set forth in Bulet dated
November 14, 1951. Upon receipt of the above-requested
reports, this matter will be presented to the Department
for an opinion.

cc - Newark

WEO:rmc *rmc*

RECORDED - 153 | 97-3038-14
JAN 24 1952

EX-25

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

RECEIVED - FBI
JAN 26 1952
MAILED 24

1-11-52
WFO

~~SECURITY INFORMATION - CONFIDENTIAL~~
FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **NEW YORK**

FILE NO.

ALK

REPORT MADE AT NEW YORK	DATE WHEN MADE FEB 21 1952	PERIOD FOR WHICH MADE 2/7/52	REPORT MADE BY WILLIAM G. O'DONNELL
TITLE AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL			CHARACTER OF CASE REGISTRATION ACT

SYNOPSIS OF FACTS:

Subject corporation applied for registration with SEC in February, 1951. Stated it was founded on 12/21/50 and that all stock was owned by American Committee for Aid to Israeli Immigrants.

DECLASSIFIED BY *SP6-BJA/ude*
 ON 10/30/86
 # 272,293

*cc: W.A. Sullivan
 1/19/52
 2/10/52
 rec state
 c/j
 R/S
 6-19-52
 ms: dan*

DETAILS:

The records of the Security Exchange Commission, Washington, D.C., were reviewed by SA WALTER F. WOODS and they contained the following information:

Subject corporation applied for registration with the Security Exchange Commission in February, 1951, as a broker and/or dealer, pursuant to Section 15 of the Security Exchange Act of 1934 as amended. The application mentioned that only one class of stock was authorized and outstanding, and that all outstanding stock is owned by the American Committee for Aid to Israeli Immigrants, a non-profit corporation incorporated under the laws of the State of New Jersey on December 28, 1950. Subject corporation, according to the application, was founded on December 21, 1950.

By letter dated October 11, 1951, subject corporation advised that the following are the principal officers of captioned organization:

Chairman, Board of Governors---**HENRY MORGENTHAU, JR.**

ENCLOSURE

APPROVED AND FORWARDED: <i>[Signature]</i>	SPECIAL AGENT IN CHARGE <i>MA</i>	DO NOT WRITE IN THESE SPACES	
COPIES OF THIS REPORT		97	15
5 Bureau (97-3038)		FEB 25 1952	RECORDED - 88
3 New York (97-1245)		<i>[Signature]</i>	INDEXED - 88
COPIES DESTROYED			

R 465 APR 14 1961

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~~SECURITY INFORMATION - CONFIDENTIAL~~

NY 97-1245

President-----RUDOLF G. ~~SORNEBORN~~
Vice President-----HENRY ~~MONTOR~~
Chairman, Executive Committee-----JULIAN B. ~~VENEZKY~~
Chairman, Advisory Council-----JAMES G. ~~McDONALD~~
Chairman, Women's Division-----Mrs. MOSES P. ~~EPSTEIN~~
Vice Chairman-----MEYER W. ~~WEISGAL~~
Chairman, Speakers Division-----AVIS ~~SHULMAN~~
Director-----HARRY ~~SEEVE~~
Director of Field Operations-----LEO ~~BERNSTEIN~~
Comptroller-----ABRAHAM ~~NELLER~~
Director of Public Relations-----MEYER F. ~~STEINGLASS~~

- P E N D I N G -

NY 97-1245

ADMINISTRATIVE PAGE

LEADS

NEW YORK

At New York, New York:

Will report the opinion of the Department of Justice as to prosecution of subject corporation for failure to register under the Registration Act.

REFERENCES: Bureau letters, 11/14/51 and 1/23/52.

Report of SA CLARK D. TOMPKINS, Newark, 1/10/52.

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (97-3038)

DATE: FEB 21 1952

ESM

FROM : SAC, New York (97-1245)

SUBJECT: AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION
FOR ISRAEL
REGISTRATION ACT

Rebuletts 11/14/51 and 1/23/52.

The advertisement entitled, "Twenty Frank Answers to Your Questions About State of Israel Bonds," referred to in referenced letter, was enclosed with the report of SA WILLIAM G. O'DONNELL, New York, 10/31/51.

No other advertisements or articles have come to the attention of this office which would be of investigative value.

Unless advised to the contrary by the Bureau, no further investigation will be conducted in this matter until the opinion of the Department of Justice is received advising whether subject corporation should register under the Registration Act.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10/30/80 BY SP-6 Bja/pde
272,243

88

RECORDED - 97-3038 - 15

FEB 25 1952

W

6/12/52

Assistant Attorney General
James H. McInerney
Director, FBI

March 10, 1952

AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION
FOR ISRAEL
REGISTRATION ACT

DECLASSIFIED BY SP6-Bja/ude
ON 10/30/86
272,293

Attached hereto for your information and the completion of your files is the report of Special Agent William C. O'Donnell, dated February 21, 1952, at New York City.

As you will recall from a review of the reports furnished you in this investigation, the American Financial and Development Corporation for Israel was incorporated under the laws of New York December 21, 1950, for the purpose of selling \$500,000,000.00 worth of bonds for the State of Israel. The corporation was to buy and resell bonds at a three and one half per cent discount, or to act as brokers for the sale of bonds for a three and one half per cent commission. Although this would appear to be a regular business transaction your attention is invited to the attached copy of the Prospectus, published by subject corporation under date of March 28, 1951, which reflects that an agreement would be entered into before May 1, 1951, between the State of Israel and subject corporation for the sale of Israeli Government bonds.

One stipulation of this underwriting agreement limits the earnings of subject corporation from the sale of such bonds to \$10,000.00 annually. This Prospectus also related that all of the stock of subject corporation is owned by the American Committee for Aid to Israeli Immigrants, a non-profit corporation organized under the laws of the State of New Jersey. The report of Special Agent Clark D. Tompkins, dated January 10, 1952, at Newark, New Jersey, contains the complete background of this organization, reflecting that it is a non-stock corporation not organized for gains or individual profit and that no dividends shall ever be declared or paid to any of its members. All income of this corporation beyond that necessary to carry out its progress and any surplus remaining upon dissolution is to be transferred to such organizations which are devoted to the relief and rehabilitation of refugees in the State of Israel as may be designated by the Board of Trustees. In effect, then, it would appear that the profits of subject corporation would revert to the holder company, which is a non-profit organization and could not therefore declare dividends for its stockholders. It is noted that Henry Montor and Rudolf G. Donnhora are officials of both corporations.

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

97-8028

Attachments (2)

WEO:amy

63 MAR 20 1952

You are requested to advise whether or not the above financial arrangement is a device designed to circumvent the provisions of the Foreign Agents Registration Act of 1938, as amended, and to further advise whether or not subject firm should be registered under the provisions of this act. You are further requested to advise what, if any, additional investigation is desired in this matter.

RECEIVED
MAY 15 1950
DIRECTOR'S OFFICE

U.S. DEPT. OF JUSTICE
F. B. I.

MAY 15 1950

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (97-3038)

DATE: 2/19/52

FROM : *SKM* SAC, Newark (97-130)

SUBJECT: AMERICAN FINANCIAL & DEVELOPMENT
CORPORATION FOR ISRAEL
REGISTRATION ACT

Rereps SA WILLIAM G. O'DONNELL, New York, 10/31/51,
SA CLARK D. TOMPKINS, Newark, 1/10/52.

Enclosed herewith are ^{two} ~~five~~ copies of amended page
five to the Bureau and three copies of page five to New York for
substitution in report of SA TOMPKINS, since the "Reference" was
inadvertently omitted from the original copies of the report.

The appropriate substitutions are being made in the
Newark copies.

Enc. (² #)

CC - New York (Enc.) (NY 97-1245)

CDT:KWF

RECORDED - 48

97-3038-16

FEB 21 1952

EX. 15

6 - MAR 12 1952

[Handwritten signatures and initials]

SAC, New York City (97-1245)

February 12, 1952

Director, FBI (97-3038)

AMERICAN FINANCIAL AND DEVELOPMENT
CORPORATION FOR ISRAEL
REGISTRATION ACT

For your information and guidance in conducting further investigation in this matter, you are advised that Bureau Source [redacted] has advised that [redacted] in Washington, informed the Ministry of Foreign Affairs in Tel Aviv concerning difficulties being encountered at this time with regard to the bond drive. It would appear that he was referring to activities of the American Financial and Development Corporation for Israel. It was indicated that on December 31, 1951, approximately 65 city managers of the bond drive decided to strike on January 2, 1952, in furtherance of their efforts to organize. It was indicated the Corporation maintains that these city managers are not entitled to organize under the Taft-Hartley Act.

b7D

[redacted] was seriously disturbed over the potential ill-effect that publicity of this strike might have on the success of the January drive as well as on the opinion of the general public. He also indicated that the field staff of this firm might join the managers in the strike. On January 4, 1952, [redacted] stated that the general managers decided to announce the strike Sunday, January 6, 1952, to the general press, and to call for a press conference. He indicated that Harman (possibly Abe Harman) was trying to convince the city managers to refrain from this course but was meeting with little success.

b7D

[redacted] indicated that Franklin Delano Roosevelt, Jr., whom he stated had recently been speaking intensively for the bonds, had just contacted him to state that in his opinion, the managers have the right to organize, and he did not believe that any liberal minded group should hide behind the Taft-Hartley Law. Roosevelt further stated that if this story was publicized, he and others like him could no longer appear publicly in support of the drive. [redacted] was of the opinion that a compromise could be made but that such a compromise would be too late if they had to wait the return of Montor (presumably Henry Montor) to New York. The information regarding the potential strike was furnished by [redacted] to the Ministry of Foreign Affairs with the thought that some action could be taken there to alleviate the situation.

The above information should not be incorporated in any report in this matter. For the proper handling of Bureau Source [redacted] material, your attention is invited to SAC letter #60, 1951 Series dated June 16, 1951.

b7D

- Tolson _____
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- Nichols _____
- Belmont _____
- Clegg _____
- Glavin _____
- Harbo _____
- Rosen _____
- Tracy _____
- Mohr _____
- Tele. Rm. _____
- Nease _____
- Gandy _____

cc - Newark (97-130)

WEO:reors

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97-1245-8-17
FEB 21 1952

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EX-25

WEL
WEL

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (97-3038)

DATE: 2/19/52

FROM : *SKM* SAC, Newark (97-130)
*ARD*SUBJECT: AMERICAN FINANCIAL & DEVELOPMENT
CORPORATION FOR ISRAEL
REGISTRATION ACT

Rebulet to New York, 1/23/52.

Please be advised that the lead referred to in relet
was covered in report of SA CLARK D. TOMPKINS, Newark,
1/10/52. RUC.

CC - New York (NY 97-1245)

CDT:KWF

RECORDED - 162

97-3038-18
FEB 21 1952

17

MAR 3 1952

COVER LETTER FOR BLOCKED MAIL TOO LARGE FOR FILE

~~RECORDED~~

THIS SERIAL IS TOO LARGE FOR FILE AND WILL BE CARRIED AS A NOT RECORDED SERIAL
BEHIND THE FILE

THIS SERIAL THE (Date)

April, 1952

ISSUE OF THE (Name of the pamphlet)

The Light

SUBJECT

*○ American Financial and Development
Corporation*

ADDITIONAL INFORMATION

He Loves His Fellow Men + Faith

FILE NUMBER

97-3038-19

51
50 MAY 8 1952

SAC, New York (97-1245)

May 20, 1952

Director, FBI (97-3038) 20

RECORDED - 131
EX-11

AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION
FOR ISRAEL
REGISTRATION ACT

ReNYlet dated February 21, 1952.

By memorandum dated March 10, 1952, the Bureau referred the question as to whether subject corporation should be registered under the Foreign Agents Registration Act of 1938, as amended, to the Criminal Division of the Department of Justice. At that time, it was pointed out that subject corporation was incorporated under the laws of New York, December 21, 1950, for the purpose of selling 500 million dollars worth of bonds for the State of Israel. It was further pointed out that in the prospectus published by subject corporation under date of March 28, 1951, it was indicated that an agreement would be entered into prior to May 1, 1951, between the State of Israel and subject corporation for the sale of Israeli Government bonds. One stipulation of this underwriting agreement limits the earnings of subject corporation from the sale of bonds to \$10,000 annually. This prospectus also related that all of the stock of subject corporation is owned by the American Committee for Aid to Israeli Immigrants, a nonprofit corporation organized under the laws of the state of New Jersey. Investigation of this organization revealed that it is a corporation not organized for gains or individual profit and that no dividends shall ever be declared or paid to any of its members. All income of this corporation beyond that necessary to carry out its progress and any surplus remaining upon dissolution is to be transferred to such organizations which are devoted to the relief and rehabilitation of refugees in the State of Israel as may be designated by the Board of Trustees.

The Department was requested to advise whether or not the above financial arrangement was a device designed to circumvent the provisions of the Foreign Agents Registration Act of 1938, as amended, and to further advise whether or not subject firm should be registered. The Department was also requested to advise what, if any, additional investigation was desired.

Attached hereto for your information is a copy of a memorandum from Assistant Attorney General James M. McInerney of the Criminal Division, dated May 5, 1952, in response to the Bureau's inquiry.

Attachment

- cc - 2 - Newark (Attachment) (97-130)
- 2 - Washington Field (Attachment) (97-721)
- 2 - Los Angeles (Attachment)
- 2 - San Francisco (Attachment)
- 2 - Detroit (Attachment)
- 2 - Chicago (Attachment)
- 2 - Cleveland (Attachment)

- Tolson _____
- Ladd _____
- Nichols _____
- Belmont _____
- Clegg _____
- Glavin _____
- Harbo _____
- Rosen _____
- Tracy _____
- Laughlin _____
- Mohr _____
- Tele. Rm. _____
- Holloman _____
- Gandy _____

WEO:rd Re

Handwritten initials and signatures, including "WEO" and "W".

Instant investigation may be closed in view of the information contained in attached memorandum. However, the Bureau should be advised of any information coming to the attention of the offices receiving a copy of this letter which might indicate that instant corporation is engaging in any political activity as described in the attached memorandum. Copies of this letter are being furnished to the Los Angeles, San Francisco, Cleveland, Chicago, and Detroit offices for informational purposes since previous information has indicated Israeli bond drives have been conducted in these cities.

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, Federal Bureau of Investigation
FROM : James M. McInerney, Assistant Attorney General,
Criminal Division
SUBJECT: AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION
FOR ISRAEL
Registration Act

DATE: May 5, 1952

JMM:WEP:FWS:lp

149-06-2-20

~~CONFIDENTIAL~~

Reference is made to your memorandum of March 10, 1952, in which you requested advice as to whether the financial arrangement described in your memorandum is a device designed to circumvent the provisions of the Foreign Agents Registration Act of 1938, as amended, as well as whether the subject firm should be registered under the provisions of the Statute. You also requested advice as to what, if any, additional investigation was desired in this matter.

The Department was consulted by the organizers of the subject corporation concerning its status under the terms of the Foreign Agents Registration Act. The organizers advised that the subject firm would exist for the sole purpose of dealing in securities and other obligations issued and guaranteed by the State of Israel; that while it would operate as a corporation with a nominal complement of paid personnel, it would, in addition, have thousands of volunteer workers throughout the country; and that its ultimate purpose was nonprofit in promoting investment in Israel so as to integrate refugees into the economy of that country.

In the circumstances, it was the Department's opinion that the organization came within the definition of the term "agent of a foreign principal" contained in Section 1(c)(2) of the Act, but that the Corporation could avail itself of the exemption contained in Section 3(d) of the Statute, as engaging in financial activities in furtherance of the bona fide trade and commerce of the State of Israel and in activities to relieve human suffering.

In the circumstances, the registration of the subject organization on the facts presented was not required. It was pointed out, however, that the exemption was available only so long as the Corporation did not engage in any political activity as defined by Rule 100 of the Act on behalf of the State of Israel.

Let to NY
cc - this let
cc - NK
WFO
LA
SF
DE
CG
CV

5-19-52

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R 465 APR 14 1961

RECORDED - 96

~~CONFIDENTIAL~~
SECURITY INFORMATION

149-3038-20

W

While no specific investigation is being requested at this time, the Division would appreciate receiving any information that may come to the attention of the Bureau indicating that the subject organization is engaged in any political activity within the meaning of Rule 100, such as attempting to influence the foreign policy of the United States, endeavoring to procure the enactment or repeal of any legislation affecting the State of Israel, or disseminating any political propaganda on behalf of the State of Israel.

~~CONFIDENTIAL~~

FEDERAL BUREAU OF INVESTIGATION

Form No. 1

THIS CASE ORIGINATED AT **NEW YORK**

FILE NO.

BMP

REPORT MADE AT NEW YORK	DATE WHEN MADE 6/3/52	PERIOD FOR WHICH MADE 5/29/52	REPORT MADE BY WILLIAM G. O'DONNELL
TITLE AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL			CHARACTER OF CASE REGISTRATION ACT

SYNOPSIS OF FACTS:

JAMES M. McINERNEY, Assistant Attorney General, advised that registration of subject company is not required.

IC C To State

*CIA
McInerney (AAG)
6-19-52*

By R/S

Wes: dem

- C -

DETAILS: At New York, New York

The facts of this case were presented to **JAMES M. McINERNEY**, Assistant Attorney General, Criminal Division, United States Department of Justice, and by letter dated May 5, 1952, he advised as follows:

"The Department was consulted by the organizers of the subject corporation concerning its status under the terms of the Foreign Agents Registration Act. The organizers advised that the subject firm would exist for the sole purpose of dealing in securities and other obligations issued and guaranteed by the State of Israel; that while it would operate as a corporation with a nominal complement of paid personnel, it would, in addition, have thousands of volunteer workers throughout the country; and that its ultimate purpose was nonprofit in promoting investment in Israel so as to integrate refugees into the economy of that country.

"In the circumstances, it was the Department's opinion that the organization came within the definition of the term "agent of a foreign principal" contained in Section 1 (c) (2) of the Act, but that the Corporation could avail itself of the exemption contained in Section 3 (d) of the Statute, as engaging in financial activities

APPROVED AND FORWARDED: <i>Edward Scheidt</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES			
COPY IN FILE COPIES OF THIS REPORT	5 - Bureau (97-3038) 3 - New York (97-1245)	97	3038	2/	RECORDED - 68
		<i>Wes</i>			<i>28</i>
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R 465		JUN 20 1952			

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NY 97-1245

|| "in furtherance of the bona fide trade and commerce of the State of Israel and in activities to relieve human suffering.

| "In the circumstances, the registration of the subject organization on the facts presented was not required. It was pointed out, however, that the exemption was available only so long as the Corporation did not engage in any political activity as defined by Rule 100 of the Act on behalf of the State of Israel.

"While no specific investigation is being requested at this time, the Division would appreciate receiving any information that may come to the attention of the Bureau indicating that the subject organization is engaged in any political activity within the meaning of Rule 100, such as attempting to influence the foreign policy of the United States, endeavoring to procure the enactment or repeal of any legislation affecting the State of Israel, or disseminating any political propaganda on behalf of the State of Israel."

- C L O S E D -

NY 97-1245

ADMINISTRATIVE

REFERENCE: Bureau letter to New York, 5/20/52.

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI

FROM : SAC, New York (100-112181)

SUBJECT: COMMUNIST INFILTRATION OF
 AMERICAN FINANCIAL AND DEVELOPMENT
 CORPORATION OF ISRAEL
 IS - ISRAEL

DATE: 1/5/53

SWB
3/2

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED
 DATE 7-9-87 BY SP8UTJ/ptd
 #269,308

On 10/18/52, Mrs. STELLA E. BARUCH, 4 Peter Cooper Road, New York City, and Mr. MANUEL POSY, 824 East 9th Street, Brooklyn, New York, provided the following information at the New York Office:

Both advised they are employed by the captioned corporation, BARUCH as Personnel Director, and POSY as Field Supervisor. This corporation was organized to sell bonds for Israel. BARUCH and POSY advised they have noticed an infiltration into this organization by Communists who are acting to hinder the sale of bonds to defeat the success of Israel. They said this infiltration has reached the point where a number of persons who have voiced the Communist line are in key positions. They advised that their Brooklyn Office appears to be most infiltrated.

They furnished the following names and information concerning persons they suspected of being Communists, although they had no direct information or admissions that such is true:

Manuel Posy
to Director
1-28-53

FELIX ALBERT, 120 Broadway, New York City, who is Assistant City Manager of the Campaign for Greater New York and controls about 200 supervisors and all assignments.

ALICE JAYSON, 120 Broadway, New York City, who is Assistant to ALBERT and is known for her association with causes on the Attorney General's list.

WILLIAM SCHWARTZ, who formerly held ALBERT'S job and is now with the American Technion Society (a group training engineers for Israel).

TRUDY LINFIELD, who is a Clerk in the Brooklyn Office.

LEONARD DRAPKIN, who is a Brooklyn Office Field Man, a known Communist, and the brother of STANLEY DRAPKIN, who is not a Communist and is under fire by FELIX ALBERT. STANLEY DRAPKIN is Chairman of the CIO Local Union at this company, the union which took over after Local 19, UOPWA, was kicked out.

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- 1 - Albany 465 APR 14 1961
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- 1 - Pittsburgh

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197-3038-22

EJC:mpp

53 MAR 13 1953

Letter to Director
NY 100-112131

MIT KAMBERG, Brooklyn, who is Area Director for the sale of bonds in Lower New York State and associates with ZOCARO, Montecello, New York, who heads the Communist Party in that area. PLEASWICH has defended the Communist Party line to FOBI and has voiced the necessity to withdraw troops from Korea.

→ ~~SEAN MURPHY~~, who is in the Albany Office. NY

→ ~~MURB WERSHAUER~~, Akron, Ohio, who was former union organizer for Local 65.

→ ~~WEL WELLSON~~, who is from Pittsburgh, Pennsylvania.

~~ELAINE WASHMAN~~, nee ~~WIFRACH~~, who is receptionist.

~~RUTH WIFRACH~~, sister of ~~ELAINE WASHMAN~~ and a polio victim, who has employed Communist methods in Union meetings.

They advised, at the time of complaint, that they could give no further descriptive data other than that given above but a complete personal history of the above could be obtained by contacting ~~BARUCH~~ at a later date.

They advised that their reason for coming to the FBI was to obtain corroborative information concerning these people.

Supervisor ~~WARREN T. MACHESLAUER~~ contacted ~~BARUCH~~ on 10/30/52 and 11/14/52, and SA ~~DOMENIC J. CIBULAK~~ contacted her on 12/13/52, but ~~BARUCH~~ advised each time that she was too busy to provide the data required to identify the persons named in the complaint.

A review of the New York indices provided the following information which may be identical with some of the persons named in the complaint:

A ~~FELIX ALBERT~~ was named by informants as a fund raiser in 1944, for Russian War Relief; in February, 1946, he was at a conference with ~~ALOPH WOLFORD~~, Executive Director of the National Council of American-Soviet Friendship; was New York Public Relations Representative of the Highlander Folk School, located at Monteagle, Tennessee; as of September, 1949, he was on the General Office membership list of I.W.O. Lodge 51. 7341 2nd 380-112131-11

A ~~EDWARD WELBY~~, 1455 50th Street, New York, New York, solicited 1949 Communist Party Independent Nominating Petition for ~~MILTON J. BAVIS~~ as candidate for City Councilman August-September, 1949; in 1950, was on the Civil Rights Congress

Letter to Director
NY 100-112181

payroll; was on a Subscription Information Card for "The Worker" according to information obtained November, 1951; in December, 1949, subscribed to the Harlem Edition of "The Worker"; in January, 1951, subscribed to the "Daily Worker," and/or "The Worker"; as of January, 1951, was a member of IWO Lodge 620J.

A ~~MARY WITKOWICZ~~ refused to talk to New York Agents regarding individuals under indictment under Smith Act in Honolulu; was seen wearing United States Army uniform in 1948 May Day Parade, New York City; believed a delegate to Convention of Progressive Citizens of America in Chicago, in January, 1948; signed letter of protest to Honolulu School Board regarding suspension of teachers for Communist Party activity.

A ~~STANLEY BROWN~~, 1185 Walton Avenue, Bronx, New York, in March, 1944, was reported as being Chairman of Lower West Bronx Committee Communist Party.

A ~~IRMA LIPNACK~~, 125 East 4th Street, New York City, was, as of June, 1944, member of 8th Assembly District Communist Club and Communist Political Association, when name was changed. ~~IRMA LIPNACK~~ was a functionary of the United Federal Workers of America, CIO; made appointment to see BILL LAWRENCE, New York State CPI Secretary, in March, 1945; in 1941, was secretary of East Side Tenants' League; was on mailing list of the Conference of Inalienable Rights, which merged with the New York Federation for Constitutional Liberties in 1942; her entire family is reported as having a Communist background, and she was reported typing material for the Communist Party, believed for EARL BROWDER.

~~TRUDY LIPNACK~~ was a delegate from the "New Life Club - Manhattan" to the Second National Convention, Young Progressives of America, held in Cleveland, Ohio, in November, 1949.

Since the New York division is not in possession of sufficient personal information concerning subjects named in the complaint to determine identity, and since Mrs. ~~WITKOWICZ~~, who has this information, has indicated a non-cooperative attitude, at the present time, no further action is being taken by this office, unless advised to the contrary by the Bureau.

Copies of this letter are being furnished the Albany, Cleveland, and Pittsburgh Divisions for information concerning ~~WITKOWICZ~~, ~~MARSHALLER~~, and ~~SKLISSON~~ respectively.

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. A. H. BELMONT *abz*

DATE: January 28, 1953

FROM : MR. L. L. LAUGHLIN *LL*

SUBJECT: FELIX ALBERT *Sullivan*
INFORMATION CONCERNING

Tolson _____
Ladd _____
Clegg _____
Glavin _____
Nichols _____
Rosen _____
Tracy _____
Harbo _____
Belmont _____
Mohr _____
Tele. Room _____
Nease _____
Andy _____

(Pursuant to Mr. Tolson's request, the Bureau's files were reviewed for information on one Felix Albert, who was connected with the American Financial and Development Corporation of Israel. It is noted that this Corporation was set up for the purpose of selling bonds for Israel.

By letter dated January 5, 1953, the New York Office reported that Mrs. Stella E. Baruch, 4 Peter Cooper Road, New York City, and Mr. Manuel Posy, 824 East 9th Street, Brooklyn, New York, Personnel Director and Field Supervisor, respectively, of the American Financial and Development Corporation of Israel, reported to the New York Office that they had noticed an infiltration into this organization by Communists, who are acting to hinder the sale of bonds for Israel. Baruch and Posy alleged that this infiltration had reached the point where a number of persons who have voiced the Communist line are in key positions. They asserted that their Brooklyn office appeared to be most infiltrated.

Baruch and Posy furnished the names of 11 employees of this Corporation whom they suspected of being Communists although they had no specific basis for their assertion. Included among those suspected is Felix Albert, who is described by Baruch and Posy as Assistant City Manager of the Campaign for Greater New York in the American Financial and Development Corporation of Israel. Albert, according to these individuals, controls about 200 supervisors and all assignments.

Baruch and Posy could furnish no further descriptive data on the persons about whom they complained but stated that a complete personal history of these individuals could be obtained by getting in touch with Baruch at a later date. Mrs. Baruch was contacted on three different occasions following the initial interview but each time advised she was too busy to provide the necessary data to identify the persons about whom she and Posy complained.

In its letter New York advised that its files contain the following information which may be identical with the Felix Albert in question. One Felix Albert was named by informants as a

LLL:mer

*Director
CT*

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5-J. J. [Signature]

fund raiser in 1944 for Russian War Relief. In February, 1946, a Felix Albert attended a conference with Richard Morford, Executive Director of the National Council of American-Soviet Friendship. A Felix Albert was New York Public Relations Representative in the Highlander Folk School, Monteagle, Tennessee. As of September, 1949, one Felix Albert was on the General Office Membership List of IWO Lodge #54. (97-3038-22)

The Bureau files confirm the information reported by New York concerning the conference had between Albert and Morford. This occurred on February 20, 1946. It is noted that Albert reportedly was connected with the Russian War Relief and the conference concerned a collection by Russian War Relief of technical books to be sent to the Soviet Union. During the conference Albert mentioned that Russian War Relief was not interested in any books other than technical ones for the Soviet Union. (40-46866-48 p.38)

Bureau files also confirm the report of the New York Office concerning the appearance of the name Felix Albert on the General Office Membership List of IWO Lodge #54. This list shows that this Felix Albert was born in 1913. The IWO has been cited by the Attorney General. (61-7341-34-433X encl P. 97)

A fingerprint card of Private Felix Albert, Army Serial No. 42052683, a repatriated U. S. prisoner of war, was forwarded to the Bureau from the Legal Attache, London, England, under date of May 5, 1945. Albert, at that time, was in the 7th General Hospital, European Theater of Operations. These fingerprint cards were made available to the Legat by the CIC Detachment in Europe. (65-36220-794X12)

Of course, it is not known whether the above references relate to the Felix Albert in question in view of the lack of identifying personal data.

Additionally, the Bureau files contain 12 references to F. Albert. These have been reviewed and it is noted that most of them refer to individuals outside the U. S., particularly in South America and Mexico.

Based on the above information, normally a security investigation would not be undertaken by the Bureau.

ACTION:

That this memorandum be referred to Mr. Tolson for his information.

A handwritten signature in cursive script, possibly reading "G. W. C.", with a long horizontal line extending to the right.

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR
FROM : CLYDE TOLSON
SUBJECT:

DATE: January 28, 1953

<input checked="" type="checkbox"/>	Tolson
<input checked="" type="checkbox"/>	Ladd
<input checked="" type="checkbox"/>	Belmont
<input checked="" type="checkbox"/>	Boardman
<input checked="" type="checkbox"/>	Glavin
<input checked="" type="checkbox"/>	Harbo
<input checked="" type="checkbox"/>	Rosen
<input checked="" type="checkbox"/>	Tracy
<input checked="" type="checkbox"/>	Mohr
<input checked="" type="checkbox"/>	Tele. Rm.
<input checked="" type="checkbox"/>	Nease
<input checked="" type="checkbox"/>	Gandy

Handwritten: Emanuel Celler

Congressman Emanuel Celler called me yesterday stating that he had received a call from Mr. Henry Montor, head of the American Financial and Development Corporation of Israel, 120 Broadway, New York, stating that it was suspected that one Felix Albert, an employee of this corporation, may be under suspicion of engaging in un-American activities. It was indicated to Congressman Celler that Albert's activities might be hindering the sale of bonds for Israel. Congressman Celler wondered whether we had any information concerning Albert.

On the basis of the attached memorandum prepared by Inspector Laughlin, I telephoned Congressman Celler today advising him that our New York Office received a letter on January 5 from Mrs. Stella E. Baruch and Mr. Manuel Posy, of the American Financial and Development Corporation of Israel, reporting that they had noticed the possible infiltration of Communists into the organization and indicating that they had listed Albert as one of the employees whom they suspected. I told Congressman Celler that we had contacted Mrs. Baruch on three different occasions following the initial interview but each time she indicated that she was too busy to provide specific information concerning the persons about whom she and Posy had complained.

I told Congressman Celler that we would be very glad to send an Agent to see Mr. Montor and explain the developments in this matter to him and to see whether he could furnish any specifics concerning Albert which would justify any action being taken on the part of the Bureau. I told Inspector Laughlin to see that this was done. Following this interview with Mr. Montor, we can decide whether there is sufficient information to justify opening a case on Albert.

cc Mr. Ladd
Mr. Belmont

CT:DSS

Handwritten: Adm. C. Whelan requested to have Montor interviewed

Handwritten: 3:45 p.m. 1-28-53 197-3038-24
RECORDED-20
FEB 25 1953
Handwritten: J. J. [Signature]

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI
Att: INSPECTOR LEO L. LAUGHLIN
FROM : SAC, New York (100-112181)

DATE: 2-3-53

SUBJECT: COMMUNIST INFILTRATION OF AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION OF ISRAEL;
ISC

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 9-9-87 BY SP8 WJ/ab
267,300

In accordance with telephonic instructions received from the Bureau on January 29, 1953, SA Edward J. Cibulay, on 2/2/53, interviewed Mr. Henry Montor, American Financial and Development Corporation For Israel, 120 Broadway, New York, New York.

Mr. Montor advised that he had no personal knowledge of anyone in this organization being in any way subversive to this country, but he had been informed by Mrs. STELLA E. BARUCH, Personnel Directress of the captioned organization, that she had reason to believe the following were Communists: LOUIS JAMES SELIGSON; STANLEY C. MURRAY; ELAINE L. KASHIAN (nee LIPNACK); RUTH LIPNACK; GERTRUDE LINFIELD; NATHAN PITASHNICK; LEONARD DRAPKIN; HERBERT WARSHAUER; MRS. ALICE JAYSON; and FELIX ALBERT. Mr. Montor said that he was gravely concerned with the possibility of FELIX ALBERT's being a Communist or being affiliated with any Communist group because of Mr. Albert's high position in this organization. Mr. Montor said he had no personal reason for questioning Mr. ALBERT's loyalty other than for the information furnished by Mrs. Baruch. Mr. Montor said that Mr. ALBERT has efficiently performed his duties as New York City Director and has never given reason to believe he is attempting to undermine the purpose of this organization, which is to sell bonds for Israel. Concerning the others mentioned, Mr. Montor advised that he has no knowledge of them except that provided by Mrs. BARUCH.

Mrs. STELLA BARUCH advised that she had received her information regarding the above-named ten from MILTON ARONS, Union Organizer and CARL RACHLIN, Union Attorney, Community and Social Agency Employees, Local 1707, C.I.O. Mrs. BARUCH said ARONS and RACHLIN described these employees to her as being Communist or Communist affiliated. Mrs. BARUCH said these union officials are strongly anti-Communist.

In addition to receiving information concerning ALBERT and JAYSON from the union, she said she also received information from a "Socialist" employee who said he knew ALBERT years ago as having associated with Communists, and that she received information from a reliable source that ALICE JAYSON had said that Communism "was her cause". Mrs. BARUCH did not wish to reveal the source of this information because it was given in high confidence, but she will furnish it if absolutely necessary and cannot be determined in any other way.

EJC:MFB

CC: NY File 100-95929

MAR 13 1953
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100-112181

JAYSON gave ALBERT as a reference when she applied for her position with the organization. Concerning LEONARD DRAPKIN, who left the organization, 12/26/52, BARUCH said that LEONARD DRAPKIN's brother, STANLEY DRAPKIN, who is currently with the organization, advised her that LEONARD was a Communist.

Mrs. BARUCH advised that WILLIAM SCHWARTZ, mentioned in her original complaint, was mentioned only as having preceded FELIX ALBERT in his position and that she has no reason to question his loyalty. Concerning MILTON ARONS and CARL RACHLIN, union officials, who advised BARUCH of the ten named, the indices of the New York Office contains no record of MILTON ARONS, but show that one CARL RACHLIN, According to Confidential Informant [redacted] was a member of the Socialist Workers Party, Brooklyn Branch, as late as 2/29/52.

b7D

SAC, New York (100-112181)

February 10, 1953

Director, FBI (97-3088)

COMMUNIST INFILTRATION OF AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION OF ISRAEL
INTERNAL SECURITY - C

RECORDED-20

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 9-9-87 BY SP5/ajf/ab
269,300

Reurlets January 5, 1953, and February 3, 1953, which concern allegations originating with Mrs. Stella Baruch, Personnel Director of the above corporation, to the effect that certain individuals connected with this corporation are suspected of being Communists.

The Bureau desires that Mrs. Baruch be immediately interviewed by you to establish the basis for the allegations against the individuals who have been previously named by her. Results of this interview should be immediately furnished to the Bureau.

It is noted that the letter dated February 3, 1953, indicates that Mrs. Baruch may have received her information from other individuals. The Bureau desires that the allegations concerning the employees of this corporation be traced to their source, and if it is determined that Mrs. Baruch received her information through other sources, these individuals should be interviewed unless some reason exists why this action should not be taken. Any information received from other individuals should be immediately made available to the Bureau along with the results of the interview with Mrs. Baruch. If it is determined that other individuals are involved in these allegations and they are not contacted, the Bureau should be advised of the identity of these individuals together with the reasons why they were not contacted.

RECEIVED
FEB 11 1953
FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE
DIRECTOR

JJW:rwk

- Tolson _____
- Ladd _____
- Nichols _____
- Belmont _____
- Clegg _____
- Glavin _____
- Harbo _____
- Rosen _____
- Tracy _____
- Laughlin _____
- Mohr _____
- Winterrowd _____
- Tele. Rm. _____
- Holloman _____
- Gandy _____

Office Memorandum • UNITED STATES GOVERNMENT

SFB

TO : Director, FBI (98-3038)
FROM : SAC, New York (100-112181)
SUBJECT: COMMUNIST INFILTRATION OF AMERICAN
FINANCIAL AND DEVELOPMENT CORPORATION
OF ISRAEL
IS - C

DATE: 2/25/53

Rebulet to NY, 2/10/53.

Agent attempted to contact Mrs. STELLA BARUCH on 2/20/53 at the office of the subject corporation, 120 Broadway, NY. He was advised that Mrs. BARUCH is currently on vacation and will not return for at least another week. Mrs. BARUCH will be recontacted at that time.

RM

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97-3038-26
FEB 26 1953

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EJC:cc

AR 13 1953

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (97-3038)
FROM : SAC, New York (100-112181)
SUBJECT: COMMUNIST INFILTRATION OF
AMERICAN FINANCIAL AND
DEVELOPMENT CORPORATION
OF ISRAEL
IS - C

DATE: 3/4/53

Rebulet 2/10/53.

Mrs. STELLA BARUCH, Personnel Director of the above-captioned organization, advised on 3/4/53 that there were three sources of her information whose identities she is unable to furnish without her sources giving their permission for her revealing their names. She advised that she would contact her sources.

Mrs. BARUCH recontacted the agent to whom this case is assigned on 3/4/53 and advised that one of her sources is sick and she could not reach the other two. BARUCH advised she would try to have their permissions by 3/6/53.

The agent to whom this case is assigned will keep in close contact with Mrs. BARUCH to obtain these names as soon as possible.

REGISTERED MAIL

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97-3038-27

58 APR 16 1953

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Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (97-3038)
FROM : SAC, New York (100-112181)
SUBJECT: COMMUNIST INFILTRATION OF
AMERICAN FINANCIAL AND
DEVELOPMENT CORPORATION OF
ISRAEL
IS-C

DATE: 3/10/53

Rebulet to NY, 2/10/53.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 9-9-87 BY SP-8 WJ/GB
269,300

Mrs. STELLA BARUCH, Personnel Director, captioned organiza-
tion, was reinterviewed on 3/9/53 and advised that Union Officials
MILTON ARONS and CARL RACHLIN of the COMMUNITY AND SOCIAL AGENCY
EMPLOYEES, Local 1707, CIO, advised her that they were suspect of
the following, who were employees of the captioned organization,
being Communists or sympathetic to Communism; she does not know the
source or reasons for the union officials belief that this is so:

- LOU SELIGSON
- STANLEY G. MURRAY
- Mrs. ELAINE L. KASHTAN, nee LIPNECK
- RUTH LIPNECK
- GERTRUDE LINFIELD
- NATHAN PITASHNICK
- LEONARD DIAPKIN
- HERBERT WARSHAUER
- ALICE JAYSON
- FELIX ALBERT.

In addition to the information received from the union of-
ficials, BARUCH advised that MENDEL MENDELSON, currently a represen-
tative of the captioned organization in Detroit, Michigan, had ad-
vised her of his being suspicious of FELIX ALBERT'S loyalty to the
United States. BARUCH advised she had heard MENDELSON was previously
interviewed by the FBI in regard to another matter, and she requested
that this interview be conducted on a pretext so as not to make
MENDELSON aware she advised the FBI of her knowledge of ALBERT.

A lead is being sent to the Detroit Division to interview
MENDELSON.

BARUCH also said that one of ALBERT'S direct assistants
had also advised her that he was suspect of ALBERT'S loyalty.
BARUCH said this person is directly under ALBERT'S supervision and
is extremely talkative. BARUCH believed her organization might be
embarrassed if this person were interviewed. BARUCH would not give
this person's name.

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APR 16 1953

RECORDED - 113
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197-3038-28
17 MAR 12 1953

SAC, New York (100-112181)

April 7, 1953

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97 3038 29
Director, FBI (97-3038:100-399330)

COMMUNIST INFILTRATION OF AMERICAN
FINANCIAL AND DEVELOPMENT CORPORATION
OF ISRAEL
INTERNAL SECURITY - C

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 9-9-87 BY SP8 HJ/foe
269,300

Reference is made to New York letters dated
March 4, 1953; March 10, 1953; March 23, 1953, and
March 26, 1953, reflecting the results of interviews
with Mrs. Stella Baruch.

It appears from the interview conducted with
Mrs. Baruch on March 9, 1953, that the sources of Mrs.
Baruch's information concerning possible Communist
infiltration on the part of certain employees of this
company were Milton Arons and Carl Rachlin of the
Community and Social Agency Employees, Local 1707, CIO.
As you were instructed in Bureau letter dated February 10,
1953, the Bureau desires that these allegations be traced
to their source and these individuals should be
interviewed unless you are in possession of information
which would make such interviews inadvisable in which
event you should advise the Bureau.

The information should be examined carefully
and investigations initiated where warranted under
existing Bureau standards for security cases. The
Bureau also desires to be advised as to the action you
are taking concerning each of the individuals against
whom these allegations have been made and whether
investigation is being initiated.

NOTE ON YELLOW ONLY:

The allegations made by Mrs. Baruch were that
certain employees of instant company were suspected of
being Communists. Congressman Celler inquired of Mr.
Tolson concerning Felix Albert, one of the individuals
against whom allegations have been made. Congressman
Celler was advised that specific information would be
obtained about persons who were mentioned in allegations
and a decision would be made as to whether an investi-
gation should be made. New York so instructed.

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

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LETTER TO DIRECTOR
NY 100-112181

Pertaining to ALICE JAYSON, BARUCH advised that, in addition to the union officials, a personal friend of JAYSON'S advised her that JAYSON was a Communist. BARUCH said she contacted her source and told her that she wished to make this information available to the FBI. BARUCH said the woman became hysterical at this suggestion and told her she would not talk to any FBI agents. She told BARUCH not to give her name to the FBI. Mrs. BARUCH advised that JAYSON recently left this organization and is currently working for the American Technion, 80 Fifth Avenue, NY, NY, an organization which aids developing technical personnel for interview. BARUCH advised that, in addition to the union officials, STANLEY DRAPKIN, an employee of this organization, described his brother, LEONARD DRAPKIN, as a Communist. BARUCH advised LEONARD DRAPKIN is no longer with the captioned organization.

BARUCH advised that GERTRUDE LINFIELD left this employment on 10/31/52, and NATHAN PITASHNICK left on 12/19/52.

BARUCH said nothing had ever come to her attention which would indicate the above-named people in her organization were attempting to hinder this organization in its sale of bonds for Israel. She advised errors were made by some that could be accounted for as human failings.

Investigation is continuing.

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (97-3038)
ATTENTION: INSPECTOR LEO L. LAUGHLIN
FROM : *HLB* SAC, New York (100-112181)

DATE: 3/26/53

SUBJECT: COMMUNIST INFILTRATION OF AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION OF ISRAEL
INTERNAL SECURITY - C

~~CONFIDENTIAL~~

~~ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE~~

~~9-9-87
Classified by *SP8 WJ/gab*
Declassify on: OADR
269,300~~

Rebulet to New York, 2/10/53.

Mrs. STELLA BARUCH, Personnel Director of the above-captioned organization, was contacted on 3/25/53. BARUCH advised that even though MANUEL POSY was with her when she originally made a complaint concerning this matter at the New York Office, she advised on 3/25/53 that she has since come to know POSY better and now considers him too talkative and requested that the interviewing agent respect her judgment and not interview POSY.

Throughout the numerous interviews with Mrs. BARUCH, BARUCH has been respectful of the Bureau, but it was apparent by her refusal to provide the names of her informants and by her statements of fear for causing embarrassment to her organization, that Mrs. BARUCH is more concerned with the possibility of scandal and problems in her organization than with providing information to aid the FBI in its work.

Although it was explained to Mrs. BARUCH that the files of the FBI are confidential and that the New York Division will not report the results of the investigation to her, Mrs. BARUCH stated that she was anxious to have the doubt concerning FELIX ALBERT resolved. At the time of Mrs. BARUCH's original complaint, she stated that her reason for coming to the New York Office was to obtain corroborative information concerning the individuals named.

(U) ~~(C)~~ Confidential Informants [redacted] and [redacted] contacted on 3/20/53, and [redacted] and [redacted] contacted on 3/18/53, advised that they had no knowledge of a Communist infiltration into the captioned organization, and the following persons were unknown to them:

LOU SELIGSON
STANLEY C. MURRAY
Mrs. ELAINE KASHTAN, nee LIPNACK
RUTH LIPNACK
GERTRUDE LINFIELD

NATHAN PITASHNICK
LEONARD DRAPKIN
HERBERT WARSHAUER
ALICE JAYSON
FELIX ALBERT.

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- 1 - Albany
- 1 - Cleveland
- 1 - Pittsburgh

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97-3038-29
MAR 27 1953
4-16

EJC:kdd

~~CONFIDENTIAL~~

Laughlin
[Signature]

Letter to the Director, FBI
Bufile 97-3038
NYfile 100-112181

~~CONFIDENTIAL~~

The indices of the New York Division contained the following information concerning the persons named by Mrs. BARUCH:

Concerning FELIX ALBERT:

FELIX ALBERT was named by informants as a fund raiser in 1944 for Russian War Relief; in February 1946, he was at a conference with RICHARD MORFORD, Executive Director of the National Council of American Soviet Friendship; was New York Public Relations Representative of the Highlander Falls School located at Monteagle, Tennessee; as of September 1949, was on the General Office Membership List of IWO Lodge 51.

It was noted that FELIX ALBERT, in his application with the captioned organization, advised that he was employed by Russian War Relief from January 1946 to August 1946 as Director of Special Gifts and from February 1942 to January 1943 as a fund raiser.

Concerning ALICE JAYSON:

ALICE JAYSON is the subject of a Security Index card in the New York Division. *CP n y*

It was noted that JAYSON, in her application for employment with the captioned organization, advised that she was General Editor and an "Assistant having an interest" in the newspaper of JOHANNES STEEL, whom LOUIS BUDENZ described as a member of the Communist Party.

Mrs. BARUCH advised that ALICE JAYSON is no longer an employee of the captioned organization.

Concerning GERTRUDE ESTELLE LINFIELD, nee CHAP, wa: Trude Linfield:

Mrs. STELLA BARUCH advised that LINFIELD terminated her employment with this organization on 10/31/52.

The New York Division is currently conducting a Security Matter investigation on LINFIELD, who subscribes to the "Daily Worker" and who was described in 1947 as being a member of the CP with her father, LITMAN CHAP, and her husband, JORDAN LINFIELD. Information concerning GERTRUDE LINFIELD and her father, LITMAN CHAP, being members of the CP should not be disclosed to outside agencies at this time.

~~CONFIDENTIAL~~

Letter to the Director, FBI
Bufile 97-3038
NYfile 100-112181

~~CONFIDENTIAL~~

LINFIELD advised in her application with the captioned organization that she was employed by the Book Find Club, 401 Broadway, New York, New York, May 1950 to June 1951. The Book Find Club was described by the 3/17/43 issue of the "Daily Worker" as "...a new recruit to the fight... ...for propagation of a free Marxist exploration idea in America."

Concerning ~~HERBERT WARSHAUER~~, wa: Herbert Warshaver:

As of June 1944, WARSHAUER was a member of the CP, Brooklyn, New York; in April 1943 he contacted a member of the Industrial Section of the CP concerning the forthcoming May Day Parade. ~~WARSHAUER~~ and his wife, HELEN, registered with the American Labor Party in 1941 and 1943 and both signed the CP nominating petitions in 1940 and 1941.

Concerning ~~STANLEY C. MURRAY~~:

~~STANLEY MURRAY~~, 1185 Walton Avenue, Bronx, New York, as of October 1944, was a member of the Bronx County CP.

It was noted that STANLEY MURRAY advised in his application for employment with the captioned organization that he was on the staff of the Jewish Council for Russian War Relief from June 1943 to December 1945.

Concerning ~~LEONARD DRAPKIN~~:

Mrs. BARUCH advised that LEONARD DRAPKIN terminated employment with this organization on 12/26/52.

The New York Division is currently conducting a Security Matter investigation on DRAPKIN.

Concerning ~~NAT PITASHNICK~~:

Mrs. BARUCH advised that PITASHNICK left this organization on 12/19/52.

A Security Matter case is currently being conducted on PITASHNICK by the New York Division.

~~CONFIDENTIAL~~

Letter to the Director, FBI
Bufile 97-3038
NYfile 100-112181

~~CONFIDENTIAL~~

Concerning ELAINE LIPNACK:

ELAINE LIPNACK, as of January 1945, was a member of the Henry Forbes Community Club, Communist Political Association, New York City, and signed the CP nominating petition 9/30/40. LIPNACK and her family were described by an informant as Communists and receivers of the "Daily Worker".

Concerning RUTH LIPNACK, wa: Ruth Nathan:

RUTH LIPNACK, sister of ELAINE, as of June 1944, was a member of the Communist Club of the 8th Assembly District, 201 Second Avenue, New York, New York; for about a year, typed material for the CP and was Secretary of the East Side Tenants' League.

It was noted that RUTH LIPNACK in her application at the captioned organization advised that in 1948-1949 she was employed by the Progressive Party as a fund raiser.

Concerning LOUIS JAMES SELIGSON:

The New York Division indices reflected nothing identifiable with SELIGSON.

No further investigation will be conducted by the New York Division, UACB, because of the following: informants had no knowledge of a Communist infiltration into this organization; Mr. HENRY MONTOR, Executive Vice President, and Mrs. STELLA BARUCH, Personnel Director, both said they had no reason to believe the persons named attempted to hinder the aims of the captioned organization; no further information can be obtained from the captioned organization.

American International & Development Co. of Israel
Copies of this letter are being furnished the Albany, Cleveland and Pittsburgh Divisions for information concerning MURRAY, WARSHAUER and SELIGSON, respectively.

~~CONFIDENTIAL~~

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI (97-3038)
 Attention: Inspector LEO L. LAUGHLIN
 FROM: SAC, New York (100-112181)
 SUBJECT: COMMUNIST INFILTRATION OF
 AMERICAN FINANCIAL AND
 DEVELOPMENT CORPORATION OF
 ISRAEL
 IS-C

DATE: 3/23/53

(u)

Bulet to NY, 2/10/53.

Mrs. STELLA PARUCH, Personnel Director of captioned organization, advised on 3/9/53, that MENDEL MENDELSON, currently a representative of the captioned organization at Room 2215, David Stott Building, Detroit, Michigan, advised of his being suspicious of FELIX ALBERT's loyalty to this country.

A lead to interview MENDELSON is not being sent to Detroit because further investigation has shown that he is identical with a MENDEL MENDELSON, investigated by the War Department, Armed Service Forces, Office of the Provost Marshal General in a report dated 5/20/44.

This investigation showed that MENDELSON who at that time was employed as installation machinist at the Federal Ship Yard Dry Dock Company, Port Newark, New Jersey, was arrested in 1938 for annoying a girl in the subway resulting in his being given a mental examination in Bellevue Hospital and consequently being sent to Pilgrims State Hospital for 1½ months. On 9/11/40 he was committed to Bellevue Hospital, NY, NY, for an attempted suicide and although doctors recommended he be committed to Islip State Hospital for mental diseases he was released to the custody of his father. He once attacked his mother and attempted to choke her.

EXPEDITE PROCESSING

On 11/12/41 MENDELSON was again committed to Bellevue Hospital on complaint of his mother, who stated that he attempted suicide several times and had been in trouble for impersonating other people.

At an interview with hospital authorities, he advised them he had been a Communist while in high school. Psychiatrist

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- 1 - Detroit
- 1 - NY 100-95929

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97-3038-30
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153 APR 16 1953

Letter to Director, FBI
NY 100-112181

diagnosed as having "dangerous tendencies, depressed, suicidal, homicidal, no insight, potentially dangerous to himself and others", and was transferred to the Pilgrims State Hospital on 11/26/41 and was released on 1/14/42.

This investigation showed that MENDELSON's neighbors advised that he had lectured to children on Communism, had often attempted suicide by gas and once attempted to jump out of a window.

A copy of this letter is being sent to the Detroit Division for their information in the event contact with MENDELSON might occur in the future. Mrs. BARUCH who has advised that MANUEL POSY has been busy attending fund drives and meetings for this organization and has not been at his office, will not be available for interview until 3/25/53.

Mrs. BARUCH will again be contacted on 3/25/53 to arrange interview with MANUEL POSY.

Office Memorandum • UNITED STATES GOVERNMENT

*L/B
Jub*

TO : Director, FBI (97-3038)
Attention: Inspector LEO L. LAUGHLIN
FROM : SAC, New York (100-112181)

DATE: 5/14/53

SUBJECT: COMMUNIST INFILTRATION OF THE AMERICAN
FINANCIAL AND DEVELOPMENT CORPORATION
OF ISRAEL
INTERNAL SECURITY-C

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 9-9-82 BY SP8 *uy/ab*
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Rebulet to New York 4/7/53.

Mrs. STELLA BARUCH, Personnel Director of the captioned organization, reported that she had been advised by MILTON ARONS and CARL RACHLIN that certain employees of the AFDCI were somewhat sympathetic to Communism.

ARONS and RACHLIN were interviewed by SA's EDWARD J. CIBULAY and ALESIO SAVIOLA on 4/29/53. They are associated with Local 1707 of the Community and Social Agency Employees Union of the CIO. ARONS holds the position of Organizer; RACHLIN is the Attorney for Local 1707.

ARONS and RACHLIN were immediately advised that the FBI had no interest in matters which pertained to the field of union activities or to the relations between labor and management. However, it was pointed out to them that the FBI is interested in Communist activity wherever it may occur.

ARONS and RACHLIN said that ordinarily inquiries of this nature were referred to the union's national office for clearance. While they felt that formalities should be dispensed with, they nevertheless requested that the interview and information they furnished be handled on a confidential basis so that no misinterpretations could be formed by the national office of their union.

The files of the New York Office contain no information concerning MILTON ARONS. According to Confidential Informant CARL RACHLIN was a member of the Socialist Workers Party, Brooklyn Branch, as late as 2/29/52.

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ARONS and RACHLIN advised that they and their union are strongly anti-Communist and they have been constantly vigilant to keep their union free from Communist infiltration.

EXPEDITE PROCESSING

They advised that not so long ago the subject organization employed several persons whom they believed to be at least followers of the Communist Party line.

REGISTERED MAIL

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MAY 18 1953

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Letter to Director
NY 100-112181

They advised Mrs. BARUCH of this situation. In spite of this, these people were continued in their employment by the AFDCI. They finally told Mrs. BARUCH that if the AFDCI retained these people in their positions, they would publicize the fact that the AFDCI employed people of strong Communist sympathies and that the Union would disclaim all responsibility for the employment policy of this organization.

As a result of this warning, the AFDCI eased these questionable people out of the organization. It is their opinion that, at this time, there is no Communist influence within the AFDCI.

ARONS and RACHLIN suspected that FELIX ALBERT was sympathetic to Communism because they believed that FELIX ALBERT arranged for the employment of people by the AFDCI after they were recommended to him by HYMAN DENERSTEIN, who is an SI subject in the New York Division. They had no other reason to believe ALBERT had Communist sympathies.

ARONS and RACHLIN believed the following were at least sympathetic to Communism:

GERTRUDE LINFIELD NY
ELAINI LIPNACK 1
RUTH LIPNACK 2

They advised that they came to this conclusion because these individuals, at union meetings, generally took the Communist Party stand on questions posed before the meeting. These individuals followed the CP line even on resolutions and questions which were brought before the meetings for the sole purpose of bringing the Communist sympathizers out in the open. They had no further reason to question the loyalty of these individuals.

They added that STANLEY DRAPKIN had described his brother, LEONARD DRAPKIN, as a Communist.

ARONS and RACHLIN advised that the following people were unknown to them:

ALICE JAYSON
HERBERT WARSHAUER
STANLEY C. MURRAY
NAT PITASHNICK
LOUIS SELIGSON ✓

Letter to Director
NY 100-112181

Security Matter investigations are currently being conducted by the New York Division on the following:

GERTRUDE ESTELLE LINFIELD, nee Chap, wa: Trudy Linfield
LEONARD DRAPKIN
NAT PITASHNICK

ALICE JAYSON is the subject of a Security Index card in the New York Division.

No investigation is being initiated in the New York Division concerning the following at this time because of the non-specific nature of the information given in the complaint:

FELIX ALBERT
HERBERT WARSHAUER
STANLEY C. MURRAY
ELAINE LIPNACK
RUTH LIPNACK

Mrs. BARUCH stated she came to the FBI in order to obtain "corroborative information" regarding the people name as possible Communist sympathizers. It also appears that she was trying to head off any possible adverse publicity regarding the AFDCI.

ARONS and RACHLIN originally made the allegation that people with possible Communist sympathies were employed by the AFDCI. They now advise that these people have eased out by the AFDCI and that Communism has no influence on the AFDCI. Therefore, this case is being closed.

~~CONFIDENTIAL~~

- Mr. Moßsburg
Liaison

97-3038

97-3038 32

Date: November 13, 1956

To: Mr. Scott McLeod BY COURIER SERVICE
Administrator
Bureau of Security and Consular Affairs
Department of State
Washington 25, D. C.

(orig and 1)

From: John Edgar Hoover, Director
Federal Bureau of Investigation

Subject: DEVELOPMENT CORPORATION FOR ISRAEL
INTERNAL SECURITY - ISRAEL

This will confirm information furnished orally to Mr. J. P. McDonnell of your Department on November 9, 1956, by Special Agent W. W. Philcox of this Bureau.

A confidential informant who has furnished reliable information in the past advised on November 8, 1956, that officials of the captioned organization had scheduled a secret meeting for November 9, 1956. The nature of the meeting was unknown to the informant. According to the informant, the captioned organization was quite concerned over whether Israeli funds would be frozen in the United States. The informant advised that

[redacted] Development Corporation for Israel, had been contacted by [redacted] Development Corporation for Israel and they had discussed

[redacted]

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The foregoing is furnished for your information. In view of the sensitive position of our informant in this matter, it is requested these data not be further disseminated.

cc - AAG William F. Tompkins (copy 0-6 same date)

EHM:et (11)

- Tolson _____
- Nichols _____
- Boardman _____
- Belmont _____
- Mason _____
- Mohr _____
- Parsons _____
- Rosen _____
- Tamm _____
- Nease _____
- Winterrowd _____
- Tele. Room _____
- Holloman _____
- Gandy _____

~~CONFIDENTIAL~~

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~~CONFIDENTIAL~~

Mr. Scott McLeod

- cc - 1 - Director BY COURIER SERVICE
Central Intelligence Agency
2430 E Street, N. W.
Washington, D. C.

Attention: Deputy Director, Plans
- cc - 1 - Assistant Chief of Staff, Intelligence
Department of the Army
The Pentagon
Washington 25, D. C.

Attention: Chief, Security Division
- cc - 1 - Director of Naval Intelligence
Department of the Navy
The Pentagon
Washington 25, D. C.
- cc - 1 - Director of Special Investigations
The Inspector General
Department of the Air Force BY COURIER SERVICE
Building Tempo E
4th and Adams Drive, S. W.
Washington, D. C.
- cc - 1 - Director BY COURIER SERVICE
National Security Agency
Department of Defense
Washington 25, D. C.

- 2 -

~~CONFIDENTIAL~~

NOV 19 1952

FEDERAL BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
COMMUNICATIONS SECTION

NOV 8 1956

TELETYPE

WASH 12 FROM NEW YORK
DIRECTOR URGENT

8 12-10 P

Mr. Tolson	_____
Mr. Nichols	_____
Mr. Boardman	_____
Mr. Belmont	_____
Mr. Mohr	_____
Mr. Parsons	_____
Mr. Rosen	_____
Mr. Tamm	_____
Mr. Trotter	_____
Mr. Nease	_____
Tele. Room	_____
Mr. Holloman	_____
Miss Gandy	_____

DEVELOPMENT CORPORATION FOR ISRAEL, FORMERLY AMERICAN FINANCIAL AND
DEVELOPMENT CORPORATION FOR ISRAEL, RA. BUFILE NINE SEVEN DASH THREE
ZERO THREE EIGHT. [REDACTED]

[REDACTED] WHO IS
IN A POSITION TO FURNISH RELIABLE INFORMATION, ADVISED THIS DATE THAT
OFFICIALS OF SUBJ ORGANIZATION HAVE A SECRET MEETING SCHEDULED FOR
NOVEMBER NINE NEXT. NATURE OF MEETING NOT KNOWN TO SOURCE. SOURCE
STATED SUBJ ORGANIZATION IS QUITE CONCERNED OVER WHETHER ISRAELI FUNDS
WILL BE FROZEN IN THIS COUNTRY. SOURCE ADVISED THAT [REDACTED]

[REDACTED] HAD BEEN CONTACTED BY [REDACTED]
AND THEY DISCUSSED [REDACTED]
[REDACTED] HAVE THE MONEY OF [REDACTED] SUBJ OUTSIDE THE COUNTRY.

NO ADDITIONAL INFO DEVELOPED BY SOURCE. BUREAU WILL WILL BE ADVISED
OF ANY ADDITIONAL INFO DEVELOPED RE ABOVE. 97-3038
FOR INFO.

KELLY Let to Scott me re [unclear]

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NOV 15 1956

Mr. Belmont

END
NY R 12 WA DE

CC: CIA, G-2, DWT, OSI, ISA
cc. AAG by ob memo [unclear]
11-13-56
MR. BELMONT'S
ATTN: SUPERVISOR
DOLL INTEL DIVISION

11/9/56 J. J. [unclear]
[unclear]

[Handwritten signature]

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Director, FBI

11/23/54

SAC, New York (100-12222)

MORRIS M. SWINNEY, was
SM-C
OO: Pittsburgh

Re Pittsburgh letter to the Bureau dated 8/27/54.

The directory in the lobby of the building at 215 Fourth Ave., NYC, reflects that Suite 1500 at that address is occupied by the American Financial and Development Corporation for Israel (Bufile 97-3038.)

For Pittsburgh's information, the records of CSNY-1 reflect that the American Financial and Development Corporation for Israel was incorporated under NY laws on 12/21/50 for the purpose of selling \$500,000,000 worth of bonds for the State of Israel. In the prospectus published by the AFDCI under date of 3/28/51 it was indicated that an agreement would be entered into prior to 5/1/51 between the State of Israel and the AFDCI for the sale of Israeli Government bonds. This prospectus also related that all of the stock of the AFDCI is owned by the American Committee for Aid to Israeli Immigrants, a non profit corporation organized under the laws of the state of New Jersey. Investigation of this organization revealed that it is a corporation not organized for gains or individual profit and that no dividends shall ever be declared or paid to any of its members. All income of this corporation beyond that necessary to carry out its progress and any surplus remaining upon dissolution is to be transferred to such organizations which are devoted to the relief and rehabilitation of refugees in the State of Israel as may be designated by the Board of Trustees.

It is noted that Pittsburgh was furnished with copies of NY letters to the Bureau of 1/5/53 and 3/26/53 in the case entitled "COMMUNIST INFILTRATION OF AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION OF ISRAEL; IS-C."

No additional information re subject was located in the indices of the NYO other than that which is already in possession of the Pittsburgh Office. RUC.

RM

- 1- Bureau (97-3038) (AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL) (RM)
- 2- Pittsburgh (100-12267) (RM)
- 2- New York
 - (1- 100-112181) (Cominfil of the AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL) (7-2) (RM)
 - (1- 97-2245) (AMERICAN FINANCIAL AND DEVELOPMENT CORPORATION FOR ISRAEL) (7-2) (RM)

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~~CONFIDENTIAL~~

ison Section
Mosburg (1535)
Higgins

100-339016

Date: November 5, 1957

To: Mr. E. Tomlin Bailey
Director
Office of Security
Department of State
515 22nd Street, N.W.
Washington, D. C.

From: John Edgar Hoover, Director
Federal Bureau of Investigation

Subject: EDWIN GARFIELD
SECURITY MATTER - C

Reference is made to a letter from this Bureau dated November 13, 1956, captioned "Development Corporation for Israel; Internal Security - Israel."

During the investigation of a current security-type case concerning captioned individual, it was determined that he is now employed by the Development Corporation for Israel, 1420 New York Avenue, Northwest, Washington, D. C.

For your additional information, there is enclosed one copy each of seven investigative reports concerning captioned individual.

The information contained in this letter and in the attached reports is being furnished for your confidential information and should not be disseminated outside of your Department.

Enclosures (7)

1 - Washington Field (100-34065)

① - Bufile (97-3038) (Development Corporation for Israel)

- Tolson _____
 - Nichols _____
 - Boardman _____
 - Belmont _____
 - Mohr _____
 - Parsons _____
 - Rosen _____
 - Tamm _____
 - Trotter _____
 - Nease _____
 - Tele. Room _____
 - Holloman _____
 - Gandy _____
- NOTE ON YELLOW: Subject and wife on Security Index, Washington Field Office. Subject member of Communist Political Association and CP since 1945. In 1945 elected member of District Committee.

HPH:mtb

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Note continued on

~~CONFIDENTIAL~~

Mr. E. Tomlin Bailey

NOTE ON YELLOW continued.

CP, Boston; District Board member in February, 1947; paid organizer, Dorchester, Massachusetts, area, 1948-1949 and chairman, CP branch, Dorchester, Massachusetts, December, 1948; regularly attended CP staff, finance and membership meetings in Boston, 1945 to 1950; active in "Daily Worker" subscription drives, 1946-1949; in contact with CP national officials in 1949; active in Boston School for Marxist Studies in 1949; and taught at Samuel Adams School for Social Studies, 1945-1946. Subject continues to be active in CP affairs to date. In November, 1956, present at District Committee, CP, Boston. Present at New England District Convention, CP, January 19, 1957, Boston, and attended national convention, CP, held in New York City, February, 1957. Subject actively engaged in numerous CP front organizations past 15 years. Investigative reports previously furnished Department. Development Corporation for Israel is an American corporation which underwrites bonds for the State of Israel. This organization investigated during 1951 and 1952. A Mrs. Stella Baruch, personnel director, above organization, advised that certain individuals connected with this corporation were suspected of being communists. Results of this investigation disseminated to State, CIA, ACSI, ONI, OSI, and the National Security Agency. Enclosures consist of serials 92, 128, 133, 135, 137, 139, and 140 of file number 100-339016. Letter classified "~~Confidential~~" inasmuch as attached reports are classified "~~Confidential~~." Reports classified because they contain information affecting the national defense.

- 2 -

~~CONFIDENTIAL~~