

Agency Information

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TO : BELMONT

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SUBJECTS :
JOSEPH RAYMOND MEROLA
[Restricted]

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UNITED STATES GOVERNMENT

Memorandum

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TO : Mr. Belmont

DATE: July 27, 1961

FROM : A. Rosen

SUBJECT: CHESTER ZOCHOWSKI
INTERSTATE TRANSPORTATION OF
STOLEN PROPERTY - TOP JEWEL THIEF

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

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

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

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

1 - Informant Desk
Special Investigative Division

JGF:raj
(8)

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1 copies made
 2-26-78 JSB/9/69
 Re: Joseph Merola
 for review at FBIHQ by
 HSCA re 2-20-78 request.
 (See Bufile #62-117290)

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED
 DATE 7/31/95 BY JAB/SLS/BC
 (JR)

Memorandum to Mr. Belmont
RE: CHESTER ZOCHOWSKI

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

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

ACTION:

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

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