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William B. Hawley, Chief, Organized Crime and
Racketeering Section

April 15, 1959

Plato Cacheris

Robert Benjamin Baker, wa.,
Edward F. Weinberger
George Francis Callahan, Jr.
Labor Management Relations Act

156-64-28

The captioned file was reviewed for the purpose of determining whether the facts and circumstances of this case reveal any violation of the Hobbs Act (18 U.S.C. 1951) or Taft-Hartley Act (18 U.S.C. 196).

The Hobbs Act provides:

Whoever in any way or degree obstructs, delays, or affects commerce or the movement of any article or commodity in commerce, by robbery or extortion or attempts or conspires so to do, or commits or threatens physical violence to any person or property . . .

Section 186 of the Taft-Hartley Act provides:

(A) It shall be unlawful for any employer to pay or deliver, or to agree to pay or deliver, any money or other thing of value to any representative of any of his employees who are employed in an industry affecting commerce.

(B) It shall be unlawful for any representative of any employees who are employed in an industry affecting commerce to receive or accept, or to agree to receive or accept, from the employer of such employees any money or other thing of value.

I. Statement of the case.

Investigation into this matter was predicated upon the memorandum of A. M. Forata, dated August 21, 1958, captioned "Possible Violations of Federal Laws Suggested by McClellan Hearings on August 20, 1958." As a result, the Federal Bureau of Investigation has conducted an investigation into the possible violation of Section 186 of Taft-Hartley.

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George F. Callahan, Jr., president and treasurer of Exhibitors Service Company (Eseo) of Malvern, Pennsylvania, a company engaged in the transportation of motion picture film, testified before the McClellan Committee on August 27, 1958. Mr. Callahan was interviewed by the FBI on September 26 and October 7, 1958. Mr. Callahan also gave a telephone interview to Robert F. Kennedy, Chief Counsel of the McClellan Committee, on August 20, 1958. He also kept detailed notes of his activities in this matter and these notes are in the file.

On December 2, 1958, Callahan refused to make any further statements or make available any more records.

In substance, however, Callahan advised that Eseo has had labor difficulties dating back to 1938. The trouble revolved around a jurisdictional dispute between Pittsburgh Teamsters Union Local 211 and Local 249, both of which locals had members who were employees of Eseo. Local 211 was headed by Theodore (Ted) Gross while Local 249's president was Tom Fagan. The irritant in this dispute was Gross who desired to handle negotiations with Callahan on behalf of all the unions.

Callahan hired one Edward F. Weinheimer in January 1957, ostensibly as a solicitor of business for Eseo. Weinheimer was once a member of Teamsters Local 807, New York, and has known Robert "Harvey" Baker and James E. Hoffa for a period of years. Weinheimer was convicted in New York for violation of the Sherman Anti-Trust Act and the Anti-Racketeering Act in 1940, but conviction was reversed.

According to Callahan, Weinheimer began an immediate interest in Eseo's labor dispute. Weinheimer took Callahan to New York in May 1957, where they met Hugh Sheridan, Chairman of the New York City Trucking Authority, in order to assist Eseo. Sheridan, who described Weinheimer as a "gypsy chaser," advised he thinks Weinheimer was merely trying to ingratiate Callahan. Sheridan, having no use for Weinheimer, did nothing for Eseo.

Callahan's notes, contained in the report of Special Agent Rotholz, dated November 14, 1958, at Washington, D. C., reveal the following events relative to Eseo's attempts to settle this labor dispute:

- 1 - May 15, 1957. Callahan and Weinheimer met with Harry A. Tevis, president of Teamsters Joint Council 40, who said he would talk to Gross. A few days later Tevis advised that Gross had agreed to give way to Local 249. However, Gross subsequently decided that Washington should settle the matter and Tevis promised to go to Washington.
- 2 - June 12, 1957. Gross called for Weinheimer at Callahan's office where Gross said he had something important to talk

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about. On June 13, 1957, Tevis called Callahan to advise that the International would meet on June 19 to discuss the Esso situation. On June 14, 1957, Tevis told Callahan that Fagan had upset plans by stating he was going to replace 211 with 249. Callahan threatened legal action. Tevis inquired if Callahan knew what Cosca and Weinheimer had discussed in a recent meeting. Callahan did not.

- 3 - June 19, 1957. Tevis advised Callahan that nothing was accomplished at Washington.
- 4 - August 14, 1957. Cosca told Callahan the dispute would be settled by the International in Los Angeles. While not reflected in Callahan's notes, on August 14, 1957, Callahan sent Weinheimer \$1,000 in cash to Des Moines, Iowa, at a time when Barney Baker was sharing the same hotel as Weinheimer. This will be more fully discussed later in the memorandum.
- 5 - September 13, 1957. Cosca and other union leaders met with Callahan at the Joint Council office. Cosca demanded an eight-cent increase and the negotiation of a 1957-1958 contract. Cosca met September 16, 1957, as settlement date and stated if there was no settlement by that date a strike would ensue.
- 6 - September 14, 1957. Weinheimer called Callahan from Detroit to advise that orders were issued in Detroit calling off the threatened September 16 strike. Again it is not reflected in Callahan's notes but Weinheimer was sent \$1,000 in cash in Detroit at a time when he was in the same hotel with Barney Baker. This will be more fully discussed later in the memorandum.
- 7 - November 18, 1957. Callahan and Weinheimer met with Cosca who told them that the International had given Local 711 full control of Esso. When Callahan asked for some written verification, Cosca merely demanded a contract by November 30, 1957.
- 8 - November 20-December 18, 1957. Between these dates several attempts to negotiate a contract failed.
- 9 - December 18, 1957. No workers appeared at Esso. While not reflected in Callahan's notes, Baker was in Pittsburgh from January 28 to January 31, 1958. On January 29, 1958, \$500 was drawn from the Esso books.

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10 - February 5, 1958. Strike was settled. Weinheimer and other employees were discharged because Ecco was forced to cut down cost of operations.

According to Callahan, Weinheimer took it upon himself, without any orders, to negotiate the labor dispute. However, the records of Ecco reflect a notice to all employees, dated March 25, 1957, and signed by Callahan, asking Weinheimer, "who has a stock interest in our company," operations manager.

With regard to the trip to Des Moines, Iowa, Callahan advised that Weinheimer had mentioned the name "Barney" Baker and suggested going to see him. Weinheimer did not say how Baker was to figure in the labor dispute. Records reflect that Weinheimer checked into the Rambler Hotel, Des Moines, Iowa, on August 9, 1957, and checked out on September 2, 1957. The records also show Barney Baker was registered August 14, 15, 16 and 18, 1957. Witnesses can testify that Baker and Weinheimer were frequently in each other's company.

On August 14, 1957, in response to a phone call from Weinheimer, Callahan sent \$1,000 in cash in \$100 bills to Weinheimer at the hotel in Des Moines. Registered receipts are available to corroborate that a letter was sent to Weinheimer.

Frank M. Lacey, assistant secretary of Ecco, furnished an unsigned statement dated October 1, 1958. Lacey advised that on three different occasions - August 14, September 16, and October 16, 1957 - Callahan requested that Lacey obtain \$1,000 in cash. On each request Lacey drew an Ecco check payable to himself, cashed it and gave the money to Callahan. Lacey also recalls sending \$1,000 to Weinheimer in Des Moines at Callahan's direction. In each instance the books of Ecco reflect that Account #4420 was charged with these disbursements. In a memorandum of Germaine Ballinger, accountant for the McClellan Committee, Lacey recalled a \$500 check to himself dated January 29, 1958, charged to Account #4420.

According to Lacey, Account #4420 is maintained under IOU regulations and relates to "Office and other expenses - transportation."

With regard to the September 16, 1957, disbursement of \$1,000, Callahan sent the money to Weinheimer in cash at Detroit. Weinheimer merely asked for the money and Callahan, who maintains he did not know the reason for the request, sent it. Callahan says Weinheimer never told him what he did with any of this money.

Records of the Bellvue Hotel, Detroit, Michigan, reflect that Weinheimer was registered from September 13 to September 18, 1957. Barney Baker was registered at this same hotel from September 6 to October 2, 1957. Registered receipts show a letter sent from Ecco to Weinheimer in Detroit on September 16, 1957.

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With reference to the October 18, 1957, disbursement of \$1,000, Callahan admits it was sent to Weinheimer, who had called from a New York hotel, requesting the money and stating he was working on "labor negotiations." It is known that a Teamsters convention was held in Miami, Florida, in October 1957, and that Weinheimer attended this convention as did Barney Baker.

As previously mentioned, Callahan first heard of Baker in 1957 preceding Weinheimer's trip to Iowa; Callahan met Baker in Pittsburgh in December 1957. At dinner, Baker told Callahan that he would see Cozza about Ecco's labor difficulties. On this occasion, Callahan gave Baker \$100 to cover expenses.

According to Callahan, Baker went to Washington and returned again to Pittsburgh where he stayed at the Penn-Sheraton. Weinheimer said Baker did not have enough money to cover expenses so Callahan gave Weinheimer \$50 for Baker. Callahan also gave \$75 directly to Baker to cover his expenses.

Records reflect that Baker was at the Penn-Sheraton from January 28 to January 31, 1958. Callahan recalls that Baker came to Pittsburgh in January 1958 to participate in labor negotiations. Callahan gave Baker \$300 as a loan. As previously noted, Ecco records reflect a check for \$300 dated January 29, 1958, drawn to Frank Lacey, who cashed it and gave the money to Callahan.

In addition to the above mentioned "loan" from Callahan to Baker, Callahan admits sending Baker an additional \$600 during a period of five months following the Ecco strike; \$200 was sent to Baker in Washington; \$200 was sent to Detroit; and on two different occasions, \$100 was sent to Baker in Chicago. None of these "loans" has been repaid.

Concerning these "loans" to Baker, Callahan asserts that the money was given to Baker in cash. The Ecco records reveal two expense vouchers in the amount of \$200 each. These vouchers are dated November 20 and November 29, 1957, and both carry the notation "Trip to Detroit." Callahan advised he made no trip to Detroit at that time, and believes the proceeds were given to Baker.

Callahan also relates the following incident of interest in this matter. Some time in 1956 Cozza brought up the matter of retroactive pay that was due the 211 men at Ecco. Callahan said that the retroactive pay was based upon an oral agreement which at the time of this conversation amounted to \$3,100. Callahan told Cozza he could not afford a lump sum payment and suggested a payment of \$1,000 a month. Cozza stated that this method would have the men disgruntled, so Cozza offered the total amount to Callahan, who would pay the men

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and then pay Conna at his leisure. The following day Conna sent an envelope containing \$3,200 in cash. This money was deposited in the Ecco bank account and checks were disbursed to the men within twenty-four hours. Some time in 1957, Callahan had Lacey write a check for \$3,200, cash it and obtain \$100 bills. This cash was given to Weinheimer who, together with Callahan's son (George F. Callahan III) delivered the money to Conna.

In addition to the above, Ecco has paid the expenses of Weinheimer in his various trips and the cost of Weinheimer's entertainment of Tennessee Business Agents Arnold Charlemagne, who shared a hotel room with Weinheimer at the Bellecrest in Detroit in September 1957, and J. Marasco.

Darvey Baker has refused to be interviewed concerning the First matter, however, he did testify before the McClellan Committee on August 20, 1958. Baker took the position that he received no money from Weinheimer.

Edward F. Weinheimer testified before the McClellan Committee on August 27, 1958, at which time he invoked his privilege against self-incrimination. However, Weinheimer was interviewed by the FBI on September 16, 1958. In substance, Weinheimer related that he took a sales trip to Des Moines for Ecco in August 1957, and while there read in the newspapers that Darvey Baker was in a local hospital. Weinheimer said that he and his wife visited Baker in the hospital two or three times. Weinheimer told Baker of his troubles with Conna, and Baker indicated he might be able to assist Weinheimer upon his release from the hospital.

According to Weinheimer he did not see Baker again. Weinheimer denied any payments to Baker, and does not recall telling Callahan of his encounter with Baker. Weinheimer advised he has no knowledge of any association between Callahan and Baker.

In sum, therefore, the books and records of Ecco reveal the following disbursements:

August 14, 1957 - \$1,000
 September 16, 1957 - \$1,000
 October 16, 1957 - \$1,000
 Voucher dated November 20, 1957 - \$200
 Voucher dated November 29, 1957 - \$200
 Some time in 1957 - \$3,200
 January 29, 1958 - \$500

In addition to these disbursements which are, or are said to be, reflected by the Ecco books, Callahan has admitted other "loans" to Baker totalling \$725. The grand total evidencing the above transactions is \$7,825. This figure, however, does not include amounts disbursed to Weinheimer in payment for his expenses on his trips out of Pittsburgh.

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II Possible use of the Motor Carrier Act
49 U.S.C.A. 301 et seq. (also known as
Part II of the Interstate Commerce Act.)

It is to be recalled that Frank Lacey, assistant secretary of Exhibitors Service Company (Esco), advised that the three \$1,000 disbursements and the \$500 disbursement from the books of Esco were charged to account #4120 which was maintained by Esco under ICC regulations as "Office and other expenses - transportation." It is noted that Esco, according to Callahan, has held ICC certificate number NY ICC 647 since 1935.

Title 49, Section 320, of the United States Code Annotated provides in part:

The Commission is authorized to require annual, periodical, or special reports from all motor carriers, brokers, lessors, and associations (as defined in this section); . . .

* * *

(d) The Commission may, in its discretion, prescribe the forms of any and all accounts, records, and memoranda to be kept by motor carriers, brokers, and lessors, including the accounts, records, and memoranda of the movement of traffic, as well as the receipts and expenditures of money; . . .
 (Excesses supplied.)

Furthermore, Section 322(g) of the Motor Carrier Act captioned "Failure or refusal to make reports or keep accounts and records; altering or making false report or record; penalty," provides that a violator of this section shall be deemed guilty of a misdemeanor and subject to a fine of not more than \$5,000.

Section 312 of the Act provides for the suspension, change and revocation of certificates, permits and licenses.

The Motor Carrier Act also has immunity provisions: 49 U.S.C.A. Sec. 46, 47 and 48. (See also 49 U.S.C.A. Sec. 305(d).) In this connection the Supreme Court in Brown v. United States, U.S. decided March 9, 1959, upheld a contempt arising out of a Grand Jury investigating violations of the Motor Carrier Act. The Court specifically passed upon the immunity provisions of the Act.

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III Conclusion.

On the basis of the above reviewed facts it is concluded that the present posture of the evidence does not reveal any violation of the Hobbs Act as the necessary elements of robbery, extortion or threatened physical violence were not present.

However, the above facts strongly suggest that there is a possible violation of Taft-Hartley in that Callahan has paid money to Cosca, a Teamsters official, and that the circumstances of payments to Weinheimer indicated that Barney Baker, a Teamsters Union organizer, may have been the intended recipient of these funds from Callahan.

In such event, a possible conspiracy to violate 29 U.S.C. 186 may be developed naming Cosca, Weinheimer and Baker as conspirators and defendants with Callahan as a co-conspirator.

However, the solution of this case must of necessity depend upon the full cooperation of Callahan as the present state of the evidence does not yield a case under either the Hobbs Act or Taft-Hartley. If Callahan would cooperate by giving all of the details of the payments to Weinheimer, Baker and Cosca, particularly the true reason for such payments, then it may be anticipated that a Taft-Hartley case could be developed.

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IV Recommendations.

It is the recommendation of this writer that a Grand Jury investigation into the instant matter should be undertaken for the purpose of developing any evidence which would establish that Barney Baker and Ted Coons were the recipients of money or other things of value in violation of 29 U.S.C. 186.

This Grand Jury could initially probe the interstate commerce aspect of the case which was previously set forth. If this course of action is agreed upon, Frank Lacey, assistant secretary of Esco, should be subpoenaed before the Grand Jury to explain how the corporate books are kept and whether there is full compliance by the corporation with ICC regulations. A Grand Jury with ICC powers may instruct to Callahan that his best course of action would be to cooperate with the Government. It should be noted that Esco holds ICC certificate number MP ICC 647. Callahan's cooperation in this Grand Jury may yield a Taft-Hartley case against Baker and Coons.

If the recommendations contained in this memorandum are approved, it is further recommended that the FBI be asked to take the following investigative steps:

1. Check ICC for any statements, reports or memoranda filed by Esco.
2. Check previous employment of Edward F. Weinheimer to ascertain whether previous employers had history of labor difficulty and, if so, how such trouble was solved. Report of Special Agent Thomas, dated December 11, 1956, at Pittsburgh, reflects that Weinheimer was a business solicitor for Thruway Trucking Company of Plainville, Connecticut.
3. Check records of Acres Hotel, Chicago, Illinois for period September 2-4, 1957, where Weinheimer was known to have stayed, to determine what phone calls were charged to Weinheimer and whether Baker or other Teamsters officials were registered during the same period.
4. The proposed subpoena of Lacey should be a duces tecum so that the FBI could determine how the \$3,700 disbursement which was given to Coons was charged on the Esco books.
5. Request that the FBI determine which bank Esco utilizes. The Esco account could then be checked to determine if \$3,700 in cash was deposited some time in 1956 as Callahan has maintained.