

paragraph (c), and an agreement by the Contractors to furnish on July 31, 1957, satisfactory security for the remaining balance due subsequent to said date. Said additional One Million Dollars (\$1,000,000) shall constitute a further payment on account of said Seven Million Dollars (\$7,000,000), and shall be applied in reduction thereof. Following any such payment of an additional One Million Dollars (\$1,000,000) on July 31, 1956, the remaining unpaid balance of said Seven Million Dollars (\$7,000,000) shall then be payable in three equal annual installments on July 31, 1957, July 31, 1958, and July 31, 1959, respectively, and the security to be furnished on July 31, 1957, as aforesaid, shall secure the 1958 and the 1959 annual installments.

(f) On payment of the balance of said Seven Million Dollars (\$7,000,000) all security given in respect of said unpaid balance and not applied in reduction of said sum shall forthwith be returned by the Government.

III

The Contractors further agree:

(a) If security satisfactory to the Government is not furnished by July 31, 1956, as provided in Article II, paragraph (c), title to the Ships shall be transferred to the Government as of July 31, 1956. If the security described in the second sentence of Article II, paragraph (c), is furnished on July 31, 1956, and satisfactory security is not furnished by

July 31, 1957, then title to the Ships shall be transferred to the Government as of said date.

(b) The Ships transferred to the Government as of July 31, 1956, or July 31, 1957, as aforesaid, or under Article IV (b)(1) and (11) hereof, shall, if operating at the date of transfer, be transferred in good operating condition, ordinary wear and tear excepted. Any Ship not operating at the date of transfer shall be returned in a condition comparable to its present condition, ordinary wear and tear excepted. The Ships shall be transferred free and clear of all liens, except presently existing mortgage liens as reduced by current payments, whether held by the Maritime Administration or by any of the private mortgagees named in Appendix E. The Ships shall include the furniture, furnishings, tackle, apparel, equipment, and other appurtenances, including, but not limited to, consumable stores, and spare parts, aboard at the time of transfer, and the Shipowner agrees not to remove any of the foregoing items in anticipation of the transfer. Effective on the transfer of title to the Ships to the Government, except with respect to past due and unpaid installments of principal and interest, the Government will release and cancel all indebtedness which may then be due to the Government which is secured by the Maritime mortgages on any of the Ships so transferred, and the Government will thereupon release and cancel all Govern-

ment mortgages upon the Ships, together with all notes and any other indebtedness for which such mortgages may constitute security, and shall also deliver to the applicable Contractors such instruments as may be necessary or desirable to evidence such release and cancellation, it being agreed that subsequent to such transfer of title the applicable Contractors shall not be required to make any payments, other than past due installments of principal and interest, on account of said mortgage indebtedness or mortgages.

(c) If title to the Ships shall be transferred to the Government, as provided in paragraph (a) of this Article, then all payments made prior to the date of transfer shall be retained by the Government. If, at the time of the transfer of the Ships, as provided in paragraph (a) of this Article, or within three months after said time of transfer, the unpaid balance of said Seven Million Dollars (\$7,000,000), has been reduced to Three Million Dollars (\$3,000,000) or less, such payments, together with said transfer of Ships, shall be received and accepted by the Government as an alternative basis for the settlement and compromise of all litigation and all claims by the Government against the Contractors which are the subject of this agreement. In such event, the Government will release and discharge the Contractors of and from any and all liability with respect to said litigation and claims and

with respect to the Contractors' obligations under this agreement, as fully and completely, and with the same force and effect, as though said Seven Million Dollars (\$7,000,000) had been paid in cash.

If said unpaid balance has not been reduced to Three Million Dollars (\$3,000,000) or less, as aforesaid, said transfer of Ships shall not affect the obligation to pay said unpaid balance, except that the liability for the unpaid balance of said obligation shall be reduced by Three Million Dollars (\$3,000,000) and the remaining balance shall become immediately due and payable.

(d) Each Ship listed in Appendix B shall be fully covered by all customary forms of insurance. If any Ship is lost, the interest of the Shipowner in the insurance proceeds will be substituted for the Ship for the purposes of paragraph (a) of this Article.

(e) Simultaneously with the execution of this agreement, bills of sale, conveyances and instruments of transfer for each Ship listed in Appendix B shall be placed in escrow with an escrow agent acceptable to the parties hereto to secure to the Government the possible surrender of the Ships under paragraph (a) of this Article, and under Article IV (b)(ii). In addition, the registered owner of each Ship hereby irrevocably appoints the Attorney General, or his designee, as its true and

lawful attorney to execute any further instruments of assignment and transfer which may be necessary to make the provisions of ^{and Article IV (b)(iii)} said paragraph (a) effective, and such registered owner shall on request of the Government execute and deliver to it such additional instruments of transfer as may be necessary to ^{and Article IV (b)(iii)} accomplish the transfers provided for in said paragraph (a). The foregoing deposit in escrow of bills of sale, conveyances and other instruments is for the purpose of security only, and until a transfer shall actually have been made under paragraph (a) of this Article ^{or Article IV (b)(iii)} the present registered owner of each Ship shall be deemed to be the registered owner thereof for all purposes whatsoever, including, without limiting the generality of the foregoing, for the purpose of taking such oaths as may be required in connection with the registry and enrollment of said Ship. If, after compliance with Article IV (a) hereof, the Contractors shall furnish the Government with satisfactory security on either July 31, 1956 (other than said security involving the payment of an additional One Million Dollars (\$1,000,000)), or July 31, 1957, as above provided, then simultaneously with the furnishing of such security, all bills of sale, conveyances and any other instruments so deposited in escrow shall be returned to the respective parties who executed them, said appointment of an attorney-in-fact shall forthwith be revoked, and said escrow arrangement shall be fully terminated for all purposes.

IV

(a) The Contractors agree to cause to be made by May 1, 1956, unless the Government agrees to an extension of this date, changes in the management, control and stockholders of the Domestic Corporations to satisfy the Department of Justice that they are citizen corporations within the meaning of the shipping laws and registry statutes. The Government hereby stipulates that on completion of such changes and after the approval of the Department of Justice, each of the Domestic Corporations shall be deemed to be a citizen of the United States within the meaning of the shipping laws and registry statutes.

(b) If the Contractors, by said date as it may be extended, shall fail to satisfy the Department of Justice that the Domestic Corporations are citizen corporations, as aforesaid, then, at the election of the Department of Justice, the following shall take place:

(1) The Contractors hereby consent to the entry of decrees of forfeiture in each pending libel proceeding affecting a seized Ship, subject to the private mortgages, which shall be fully recognized; provided, however, that the Department of Justice will permit continued operation of the Ships under the applicable operating stipulations to enable full discharge of charter obligations then in effect.

(ii) The Government shall take transfer of title to all unseized Ships, subject to the private mortgages, which shall be fully recognized; provided, however, that the Department of Justice will permit continued operation of the Ships under the applicable operating agreements, to enable full discharge of charter obligations then in effect.

(iii) All sums on deposit with the Shoreside Custodians for seized Ships and the Fiscal Agents for unseized Ships, and all funds thereafter received by them from continued operation of the Ships, including all accrued but unpaid charter hire, after making all payments required by the operating stipulations and operating agreements, and after paying all expenses of returning the vessels to United States ports, shall be paid to the Government and applied in reduction of the unpaid balance of said Seven Million Dollars (\$7,000,000), which shall become immediately due and payable.

(iv) The forfeiture of seized Ships and the transfer of title to the Government of unseized Ships, after their return to United States ports, shall be the equivalent of a payment of Three Million Dollars (\$3,000,000) against the unpaid balance of said Seven Million Dollars (\$7,000,000).

(v) The Contractors shall remain liable for the unpaid balance of said Seven Million Dollars (\$7,000,000) after applying all amounts paid under this agreement, and the amounts received under subparagraphs (iii) and (iv) hereof. Payment of said unpaid balance, together with the forfeiture of all seized Ships and the transfer of title to all unseized Ships, shall be received and accepted by the Government as an alternative basis for the settlement and compromise of all litigation and all claims by the Government against the Contractors which are the subject of this agreement. Upon such payment, forfeiture and transfer, the Government will release and discharge the Contractors of and from any and all liability with respect to said litigation and claims and with respect to the Contractors' obligations under this agreement, all as fully and completely, and with the same force and effect, as though said Seven Million Dollars (\$7,000,000) had been paid in cash, and will also discharge and release all mortgaged indebtedness on Ships covered by the Maritime mortgages, except with respect to past due and unpaid installments of principal and interest, and the provisions of Article V, paragraph ^f(~~g~~), with respect to the recognition of the private mortgages, and those provisions of Article IX

with respect to the release which relate to the private mortgagees, shall then apply, even though the Department of Justice may not be satisfied with the citizenship of the Domestic Corporations. All provisions of this agreement, for the benefit of the Contractors, and their agents and representatives, and for the private mortgagees, including, without limiting the generality of the foregoing, the provisions of Article IX, which apply on payment of said Seven Million Dollars (\$7,000,000) in cash, shall have equal application to the alternative basis of settlement and compromise herein provided for.

(vi) All sums remaining with said Shoreside Custodians and Fiscal Agents, after payment of said Seven Million Dollars (\$7,000,000) (including said Three Million Dollars (\$3,000,000) credit for the Ships) shall be paid to the Domestic Corporations.

V

Upon approval of the Department of Justice of the citizenship of the Domestic Corporations, as provided in Article IV of this agreement, and in reliance upon the respective warranties, representations and promises made herein:

(a) The Government stipulates and consents that the cases now pending between the Government and the Contractors or any of them, set forth in Appendix C, paragraphs 1 and 2, will forthwith be terminated and dismissed, without costs to either party, and that appropriate orders may forthwith be entered in the various courts in which such cases are pending to accomplish the foregoing. Such dismissal shall be deemed to be with prejudice upon the occurrence of any one of the following events:

(i) The payment of said Seven Million Dollars (\$7,000,000);

(ii) The furnishing of additional security satisfactory to the Government in its sole and final judgment on either July 31, 1956 (other than said security involving the payment of an additional One Million Dollars (\$1,000,000)), or on July 31, 1957, in accordance with Article II, paragraph (e); or

(iii) The transfer of the Ships to the Government, notwithstanding any possible disputes as to the condition of the Ships or their equipment, and the reduction of the unpaid balance of said Seven Million Dollars (\$7,000,000) to Three Million Dollars (\$3,000,000), in accordance with Article III, paragraph (c).

The counterclaim asserted by the Government based on alleged defaults under Maritime mortgages, set forth in Appendix C, paragraph 3, shall be dismissed, with prejudice, when the past unpaid installments of principal and interest on the Maritime mortgages have been actually received by the Government, and a separate stipulation shall be entered into to effect such dismissal.

(b) The Government agrees not to commence forfeiture proceedings against any vessel now owned or formerly owned by any of the Domestic Corporations, based on any contention that the Domestic Corporations, or any of them, do not now, or did not at any time prior hereto, qualify as citizens under the shipping laws or registry statutes, or based on any claimed misrepresentations in applications to purchase such vessel.

(c) The Government agrees to take all appropriate steps to have all seized Ships of the Domestic Corporations released from court custody and to have possession of such Ships returned to the respective registered owners thereof. The registered owners of said Ships shall then be deemed and recognized by the Government to be the true and lawful owners thereof for all purposes whatsoever.

(d) Attachments obtained by the Government in connection with pending litigation shall forthwith be released.

(e) The Government consents to the termination of all operating stipulations and operating agreements covering the Ships listed in Appendix B.

(f) The Government agrees that it will not contest, and it hereby waives all right to contest, the preferred status of any existing mortgages held by private parties affecting any of the Ships set forth in Appendix B, including, without limiting the generality of the foregoing, the private mortgages covering the ARICKAREE, BATTLE ROCK, CAMP NAMANU, FORT BRIDGER, LAKE GEORGE, STONY POINT, OLYMPIC GAMES, WILLIAM A. M. BURDEN, the FEDERAL and the REPUBLIC, which private mortgages are more fully described in Appendix E. When the provisions of this paragraph have become effective, such provisions shall remain effective, notwithstanding any present or future breach or default in this agreement, and such provisions are expressly for the benefit of said mortgagees.

(g) The Government waives and releases all claim to the net proceeds of the sale of the CAMAS HEADQUARTERS deposited in escrow pursuant to the agreement of May 6, 1955, above referred to, and shall issue such instructions to the escrow agent as may be necessary or desirable to accomplish the foregoing.

VI

United States Petroleum Carriers, Inc., Victory Carriers, Inc., and Western Tankers, Inc., each stipulates and consents that the actions brought by each of them against the Government in the Court of Claims, as set forth in Appendix C hereto, will forthwith be terminated and dismissed, with prejudice, and without costs to

either party, and that appropriate orders may forthwith be entered in the Court of Claims to accomplish the foregoing. The parties hereto agree to enter into such separate stipulations in each of said cases as may be necessary or desirable to effect such dismissal.

VII

No payment by the Domestic Corporations hereunder shall be deemed to constitute a violation of any of the regulations of the Maritime Administration, or a breach of any of the provisions of any Maritime mortgage, or an act of default thereunder.

VIII

Subject to approval by the Department of Justice under Article IV of the citizenship of the Domestic Corporations and subject to the provisions of applicable mortgages and this agreement, all proceeds of any insurance policies of any nature whatsoever affecting any of the Ships, whether based on claims accruing prior to seizure of the Ships by the Government or subsequent to seizure, shall belong to and be paid to the registered owner of the Ship, and the Special United States Deputy Marshals under operating stipulations and the Court shall be eliminated from all insurance policies. The Government agrees that all necessary documents, instructions and endorsements will be given by it, as may be required in order to give effect to the foregoing provisions.

IX

Effective upon approval by the Department of Justice under Article IV of the citizenship of the Domestic Corporations and the occurrence of any one of the following events; namely,

(i) The payment of said Seven Million Dollars (\$7,000,000);

(ii) The furnishing of satisfactory security on July 31, 1956 (other than said security involving the payment of an additional One Million Dollars (\$1,000,000)), or on July 31, 1957, in accordance with Article II, paragraph (e); or

(iii) The transfer of the Ships to the Government, notwithstanding any possible disputes as to the condition of the Ships or their equipment, and the reduction of the unpaid balance of said Seven Million Dollars (\$7,000,000) to Three Million Dollars (\$3,000,000) in accordance with Article III, paragraph (c),

the Government hereby releases and forever discharges Robert L. Berenson, Aristoteles S. Onassis, United States Petroleum Carriers, Inc., Victory Carriers, Inc., Western Tankers, Inc., Trafalgar Steamship Corporation, Constantine Konialidis, Nicholas Konialidis, Merope Onassis Konialidis, Sociedad Maritima Miraflores Limitada, Sociedad Industrial Maritima Financiera Ariona Panama, S.A., Petroleum Carriers of Panama, Inc., and Transatlantica Financiera Industrial, S.A., and each of them, and the past and present

affiliates and subsidiaries, officers, directors and stockholders, representatives, employees, servants, agents, and attorneys of the Contractors, or any of them, jointly and severally, and any and all individuals, corporations or other persons at any time directly or indirectly related to, connected with, associated with, or controlled by, any of the Contractors (whether or not the Government has heretofore asserted any claims against any of them), jointly and severally, and the Ships, of and from the following claims, and no others: All civil claims of the Government, including forfeiture claims against the Ships, in connection with or arising out of the acquisition, ownership, sale, mortgage, charter, delivery, transfer, documentation, registry, or any claimed unlawful operation of the Ships, and the Government's claim with respect to the earnings and profits allegedly derived from the operation of any of the Ships, or from the Government's claim for the recovery from and the tracing of any such profits to any person, firm or corporation whatsoever, or to recover any property owned by any person, firm or corporation as to which the Government may claim or assert that such profits, or any part thereof, may be directly or indirectly traced, to the extent that such civil claims are or may be based wholly or in part on any alleged misrepresentations made by anyone as to the citizenship of the Domestic Corporations, or any of them, or the alleged failure of said corporations, or any of them, at any time to

meet the citizenship requirements of the Shipping Act, or of the registry Statutes, or on the alleged existence of any alien interest in or with respect to any of the Ships or in or with respect to any of said corporations or on any alleged misrepresentations of any nature whatsoever contained in any applications for the purchase of any of the Ships, it being the intention of the parties to this agreement that this compromise and settlement shall, among other things, put at rest finally and for all purposes whatsoever, and regardless of how such issue may arise, all claims which the Government may have or at any time desire to assert, against any person, firm or corporation whatsoever, whether or not covered by the above provisions of this Article, based on a contention that United States Petroleum Carriers, Inc., Victory Carriers, Inc., Western Tankers, Inc., American Marine Corporation or Trafalgar Steamship Corporation do not now, or did not at any time prior to the date hereof, fully qualify, for the purpose of engaging in the coastwise trade, or for any other purpose, as citizen corporations within the meaning of the Shipping Act or on any alleged violations of the registry statutes, Customs laws, or Customs regulations, based on any contention that any of the Domestic Corporations did not qualify as citizens of the United States under the Shipping laws or registry statutes.

The word "Ships", as used in this Article, shall include all the Ships listed in Appendix B, the OLYMPIC CHALLENGER,

and any other vessels which may at any time have been owned or operated by the Domestic Corporations, or any of them.

Anything hereinabove contained to the contrary notwithstanding, the provisions of this Article shall apply to the holders of the mortgages described in Appendix E, as soon as the provisions of Article V, paragraph (f), shall have become effective, and such provisions of this Article, in so far as they apply to the holders of said mortgages, shall remain effective, notwithstanding any present or future breach or default in this agreement and such provisions are expressly for the benefit of said mortgagees.

X

(a) The parties hereto agree to perform and to permit and facilitate the performance of all acts necessary to the effectuation of this agreement, including the execution and delivery of such further instruments as may be necessary or proper.

(b) This agreement shall be binding upon and inure to the benefit of the named parties hereto, and the successors and assigns of each of the Contractors, and all agencies and instrumentalities of the Government.

XI

Solely and strictly for the enforcement of any rights, liabilities and remedies under this agreement, and for no other purpose, each of the alien Contractors, individuals and corporations,

hereby expressly and irrevocably consent to the jurisdiction and venue of the United States District Court for the Southern District of New York, and for such purpose only, each of said alien Contractors expressly and irrevocably appoints each officer of the Domestic Corporations as attorney-in-fact to accept service of process in any suit or proceeding against any of the Contractors arising out of or based upon this agreement. In addition, if none of the events described in Article V, paragraph (a), shall occur, A. S. Onassis hereby expressly and irrevocably consents to the jurisdiction and venue of the United States District Court for the Southern District of New York for the purpose of the reinstitution of any civil action by the United States now pending against him in said jurisdiction and hereby expressly and irrevocably appoints each officer of the Domestic Corporations as attorney-in-fact to accept service of process in such action. If such civil action is reinstituted, then all amounts paid to the Government under this agreement shall be credited against any judgment which may be obtained in said action. Any pleas by any of the Contractors made in United States v. Onassis, et al. (Criminal No. 1647-53), in the United States District Court for the District of Columbia, shall have no effect whatsoever in any such civil action, and shall not be admissible therein, or utilized therein, for any purpose whatsoever, and shall have no effect on the stipulation as to citizenship made by the Government under Article IV

hereof. Nothing herein contained shall be construed as an admission by any of the alien corporate Contractors that it is doing business in the State of New York, or elsewhere in the United States, or an admission by any of the alien individuals that he or she resides in New York or in the United States, or has an agent in New York or in the United States authorized by appointment or by law to receive service of process.

XII

(a) The Government shall not have the right to bring an action against any of the Contractors for an alleged breach of any of the terms and conditions of this agreement, unless the Government shall have first sent written notice to the Contractor, describing the claimed breach and giving the Contractor 30 days within which to rectify such breach.

(b) With the consent of the Government, funds may be deposited in court as a substitute for any Ship in the custody of said court and a forfeiture decree entered with respect to the substitute res. The payment of said forfeited funds to the Government shall be deemed a payment on account of the Seven Million Dollars (\$7,000,000) required to be paid hereunder.

IN WITNESS WHEREOF, the parties hereto have caused

this agreement to be executed the day and year first above
stated.

UNITED STATES OF AMERICA

By WARREN E. BURGER
Assistant Attorney General
for the Attorney General

THE CONTRACTORS:

ARISTOTELES S. ONASSIS

By Edward J. Ross, Attorney-in-Fact

UNITED STATES PETROLEUM CARRIERS, INC.

By Eliot Bailen, Attorney-in-Fact

VICTORY CARRIERS, INC.

By Eliot Bailen, Attorney-in-Fact

WESTERN TANKERS, INC.

By Eliot Bailen, Attorney-in-Fact

TRAFALGAR STEAMSHIP CORPORATION

By Eliot Bailen, Attorney-in-Fact

CONSTANTINE KONIALIDIS

By Edward J. Ross, Attorney-in-Fact

NICHOLAS KONIALIDIS

By Edward J. Ross, Attorney-in-Fact

MEROPE ONASSIS KONIALIDIS

By Edward J. Ross, Attorney-in-Fact

SOCIEDAD INDUSTRIAL MARITIMA FINANCIERA
ARIONA PANAMA, S.A.

By Edward J. Ross, Attorney-in-Fact

SOCIEDAD MARITIMA MIRAFLORES LIMITADA

By Edward J. Ross, Attorney-in-Fact

PETROLEUM CARRIERS OF PANAMA, INC.

By Edward J. Ross, Attorney-in-Fact

TRANSATLANTICA FINANCIERA INDUSTRIAL, S.A.

By Edward J. Ross, Attorney-in-Fact

APPENDIX A

THE CONTRACTORS

Aristoteles S. Onassis

United States Petroleum Carriers, Inc.

Victory Carriers, Inc.

Western Tankers, Inc.

Trafalgar Steamship Corporation

Constantine Konialidis

Nicholas Konialidis

Nerops Onassis Konialidis

- Sociedad Industrial Maritima Financiera
Ariona Panama, S. A.

- Sociedad Maritima Miraflores Limitada

Petroleum Carriers of Panama, Inc.

- Transatlantica Financiera Industrial, S. A.

APPENDIX B

Vessels of United States Petroleum Carriers, Inc.:

(Tankers) S/S LAKE GEORGE
FORT BRIDGER
CAMP NAMANU
STONY POINT
BATTLE ROCK
ARICKAREE
CAMAS MEADOWS (Sold)

Vessels of Victory Carriers, Inc.:

(Victories) S/S ANES VICTORY
COE VICTORY
COEUR D'ALENE VICTORY
JEFFERSON CITY VICTORY
LONGVIEW VICTORY
MANKATO VICTORY
NORTHWESTERN VICTORY
(Liberties) S/S LEWIS ETERY, JR.
HEYWOOD BROWN

Vessels of Western Tankers, Inc.:

S/S WILLIAM A. M. BURDEN

OLYMPIC GAMES

McKITTRICK HILLS

. MONTEBELLO HILLS

Vessels of Trafalgar Steamship Corporation:

S/S REPUBLIC

FEDERAL

APPENDIX C

Pending Civil Litigation

1. Suit for profits and recovery of vessels of United States Petroleum Carriers, Inc., and Victory Carriers, Inc.

<u>Name of Case</u>	<u>Court</u>	<u>File No.</u>
United States v. Onassis, et al.	District Court, Southern District of New York	97-58

2. Libels of information for Forfeiture-

(a) Vessels of United States Petroleum Carriers, Inc.

<u>Name of Vessel</u>	<u>Court</u>	<u>Libel No.</u>
Lake George	District Court - Delaware	1701
Lake George	District Court - Delaware	1702
Camp Namanu	District Court, Southern District of New York	177-215
Camp Namanu	District Court, Southern District of New York	177-45
Battle Rock	District Court, Southern District of New York	177-216
Battle Rock	District Court, Southern District of New York	177-184
Arickaree	District Court, Southern District of New York	177-239
Arickaree	District Court, Southern District of New York	176-323

Story Point	District Court, Southern District of New York	177-248
Story Point	District Court, Southern District of New York	177-198
Fort Bridger	District Court, Southern District of Alabama	2562
Fort Bridger	District Court, Southern District of New York (Transferred to District Court, Southern District of Alabama)	176-211

(b) Vessels of Victory Carriers, Inc.

<u>Name of Vessel</u>	<u>Court</u>	<u>Libel No.</u>
Northwestern Victory	District Court, Southern District of New York	179-65
Coe Victory	District Court, Northern District of California	26585
Coeur d'Alene Victory	District Court, Northern District of California	26613
Mankato Victory	District Court, Northern District of California	26626
Ames Victory	District Court, Southern District of California	15772-WB
Longview Victory	District Court, Southern District of California	15794-T
Jefferson City Victory	District Court, Eastern District of Pennsylvania	299 of 1953
Lewis Emery, Jr.	District Court, Northern District of California	26578
Heywood Brown	District Court, Western District of Washington	7707

(c) Vessels of Western Tankers, Inc.

<u>Name of Vessel</u>	<u>Court</u>	<u>Libel No.</u>
McKittrick Hills	District Court, Southern District of California	15613-BH

(d) Vessels of Trafalgar Steamship Corporation

<u>Name of Vessel</u>	<u>Court</u>	<u>Libel No.</u>
Republic	District Court, Eastern District of Texas	563

3. Cases in Court of Claims:

- (a) United States Petroleum Carriers, Inc. v. United States, No. 9-54, asserting claims as to slotting and strapping, repair allowances and repair charges for plaintiff's vessels.

Counterclaim of United States seeking forfeiture of plaintiff's claims and awarding the United States the value of the plaintiff's vessels and the profits derived from their operation, and payment to the United States of certain expenditures and allowances as to said vessels.

- (b) Western Tankers, Inc. v. United States, No. 70-54 making claims as to slotting and strapping, repair allowances and repair charges for the Montebello Hills and McKittrick Hills.

Counterclaim of United States seeking recovery of unpaid balances of notes and mortgages covering said vessels.

- (c) Victory Carriers, Inc. v. United States, No. 206-55, making claims as to desirable features and repair allowances for certain vessels of plaintiff.

APPENDIX D

Mortgage Payments to be Made on Signing of Agreement

<u>Name of Vessel</u>	<u>Principal*</u> <u>Installment</u>	<u>Due Date of</u> <u>Installment</u>
1. <u>By Victory Carriers, Inc.:</u>		
Heywood Brown	\$34,031.	Feb. 23, 1954
Heywood Brown	34,031.	Feb. 23, 1955
2. <u>By Western Tankers, Inc.:</u>		
McKittrick Hills	77,300.	Mar. 15, 1954
McKittrick Hills	77,300.	Mar. 15, 1955
Montebello Hills	79,000.	Feb. 24, 1954
Montebello Hills	<u>79,000.</u>	Feb. 24, 1955
Total	\$380,662.	

*Interest, at 3 1/2% per annum, to be computed.

APPENDIX E

- (1) AFICKADEL, BATTLE DOG, CAMP MANANU, FORT BRIDGER,
LAKE GEORGE and STONY POINT

Preferred Ship Mortgage and Indenture,
Dated as of September 1, 1951, from United States
Petroleum Carriers, Incorporated, Mortgagor, to The
First National City Bank of New York (formerly named
The National City Bank of New York), as Trustee,
Mortgagee.

- (2) OLYMPIC GAMES and WILLIAM A. M. BULLEN

First Preferred Fleet Mortgage, Dated
September 12, 1951, from Western Tankers, Inc., to
United States Petroleum Carriers, Incorporated, and
assigned to The First National City Bank of New York
(formerly named The National City Bank of New York),
as Trustee, Mortgagee under Preferred Ship Mortgage and
Indenture, dated as of September 1, 1951.

- (3) FEDERAL and REPUBLIC

First Preferred Fleet Mortgage, Dated Feb-
ruary 9, 1951, from Trafalgar Steamship Corporation to
Ocean Trading, Inc., and assigned to The First National
City Bank of New York (formerly named The National City
Bank of New York) as Trustee under Indenture of Trust,
dated as of February 1, 1951, from Ocean Trading, Inc.

DEPARTMENT OF JUSTICE

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

Attorney General Herbert Brownell, Jr., announced today a settlement agreement with A. S. Onassis and affiliated interests involving civil litigation arising out of the claimed illegal purchase from the Government of war surplus ships by noncitizen corporations.

The litigation against the Onassis' interests and the negotiations leading to the civil settlements have been under the direction of Assistant Attorney General Warren E. Burger, head of the Civil Division, and a special unit headed by Morton Liptin. In connection with the settlement, Mr. Burger said:

"This brings to a close an unusual chapter in the history of Maritime litigation, with the Government receiving not only the original payments on the agreed purchase price of the vessels but \$7,000,000 from the Onassis interests. Total Government recoveries from other purchasers in the past two years aggregate an additional \$15,000,000."

Libel and forfeiture actions were brought by the Department of Justice against 17 vessels owned by various corporations claimed to be controlled by A. S. Onassis to enforce provisions of the United States Shipping Laws prohibiting non-citizen control of American Flag vessels. A personal civil action against A. S. Onassis and others to recover the profits realized from the operation of the vessels illegally purchased from the Government was also brought in the Federal District Court in New York. Forfeiture actions authorized with respect to six additional vessels had not yet been brought because the vessels were outside the jurisdiction of a Federal Court for other reasons. The settlement agreement covers 23 vessels as well as the civil suit pending in New York.

SE 42-46-12783

NOT RECORDED
2 DEC 28 1955

417

64 JAN 10 1956

ENCL.

Under the terms of the settlement agreement, the Government will receive \$7,000,000 which will include the payment of \$6,600,000 in cash and the release by the Onassis interests of claims approximating \$400,000. An additional sum of approximately \$500,000 will be paid to make up arrears in principal and interest on outstanding Maritime Administration mortgages against some of the vessels and to bring payments on the mortgages to a current status. The domestic corporations which own the vessels will remain obligated for mortgage balances of approximately \$5,500,000.

The settlement agreement also requires these American corporations to be reorganized in such manner as the Department deems necessary to insure American citizen ownership and control of the vessels. The reorganized companies will be permitted to retain the vessels seized for forfeiture.

In approving the settlement agreement, the Attorney General stated that the statutory objectives of the shipping laws will be accomplished by having the vessels owned and operated in the future by corporations which meet the citizenship requirements of the shipping laws and registry statutes. At the same time, the United States will receive payments of \$7,000,000 based on past violations of the Shipping Act.

The Attorney General also pointed out that by being kept in operation, rather than being forfeited, the settlement carries out a basic national defense policy in that the vessels will be maintained in ready condition in the event of any national emergency and the Government will thereby save the substantial costs of lay-up in the reserve fleet and expense and time loss of reactivation. Lay-up costs are estimated by Maritime authorities at about \$30,000.00 per year per vessel - reactivation cost estimated at about \$90,000.00 per vessel.

It was also emphasized that continued operation of the vessels, under United States Registry, will also provide employment for American Seamen and keep all vessels in a position of immediate availability to the Government.

The civil litigation now being settled does not dispose of numerous criminal proceedings against the same corporations and individuals arising out of related transactions.

Commenting on the civil settlement, Mr. Burger said:

"This settlement advances established national defense policies by making a substantial tanker fleet available in ready operating condition under American Flag registry. In addition to large civil penalties bringing cash to the Government, the Government is thus saved the expense of maintaining these vessels in the reserve fleet and the time loss and expense of making them ready for use when needed. Meanwhile, as operating vessels they furnish employment for American Seamen which would not be the case were they added to the laid-up reserve fleet, assuming the Government was successful in this litigation."

BACKGROUND INFORMATION

The twenty-three vessels include 13 tankers, 7 Victory dry cargo vessels, two Liberty dry cargo vessels, and one whaling vessel. Twenty-two of them were surplus war-built vessels sold by the Maritime Commission (now Maritime Administration) in the period from 1948 to 1951 under the Merchant Ship Sales Act of 1946. These vessels were required to be sold only to citizens or citizen-controlled corporations, either by statute or under the Commission's regulations at the time.

Sixteen of the vessels were acquired directly from Maritime by U. S. Petroleum Carriers, Inc., and Victory Carriers, Inc., both of which the Government claimed were owned and controlled by noncitizens dominated by A. S. Onassis.

Two of the vessels were acquired by Trafalgar Steamship Corporation from citizen corporations which had previously purchased the vessels from Maritime; the Government claims that Onassis owned and controlled Trafalgar Corporation. Western Tankers Corporation, the fourth corporation involved, acquired two vessels from Maritime in 1948 while owned by citizens of the United States who in January 1949 sold the stock of this corporation to the Onassis-controlled U. S. Petroleum Carriers. Subsequently, the Corporation acquired two more vessels by purchase from citizen corporations.

The 23rd vessel, originally built for Foreign Flag Operation, was transferred to American Flag Operation and the ownership of Western Tankers Corporation in 1950, when one of the vessels previously acquired from Maritime was transferred to Foreign Flag Operation and converted for whaling operations.

The vessels are subject to private fleet mortgages of approximately \$8,500,000 held by the First National City Bank as trustee for Metropolitan Life Insurance Company and to Maritime Administration mortgages of approximately \$5,500,000. The settlement requires the registered owners to pay off the Maritime Administration mortgages as they become due.

Commencing April 1951, the staff of the Subcommittee of the Senate Committee on Government Operations, representatives of the Maritime Administration, and the General Accounting Office, began an inquiry into the circumstances relating to the sale, chartering and resale of Government-owned surplus tanker vessels. In June 1951, the Secretary of Commerce forwarded to the Department of Justice a series of reports dealing with the activities of numerous companies which had purchased and chartered surplus tankers for consideration of the possible violation of various provisions of the shipping laws requiring United States citizenship and other statutes relating to false statements.

In February and March 1952, the Subcommittee on Investigations of the Senate Committee on Government Operations held public hearings in connection with the circumstances surrounding the sale by the Maritime Commission of Government-owned surplus tanker vessels and made an interim report on May 29, 1952, recommending that the Department take prompt action.

During this period, the Department of Justice made an examination of the Maritime Commission Reports, and conducted a further investigation of its own into the acquisition and chartering of a large number of tankers and cargo vessels, including the vessels involved in this settlement.

The Department of Justice reached the conclusion that U. S. Petroleum Carriers, Inc., Victory Carriers, Inc., Western Tankers, Inc., and Trafalgar Steamship Corporation, although ostensibly citizen corporations, were in fact controlled by aliens, particularly A. S. Onassis, and therefore were not citizens within the meaning of the shipping laws. Their acquisition and operation of American Flag vessels without the approval of the Maritime Commission was deemed to be in violation of the shipping laws, thus subjecting the vessels to forfeiture to the United States. The first Onassis vessel seized by the Department of Justice was the T-2 tanker Lake George, which was seized at Wilmington, Delaware, on March 24, 1953.

Forfeiture proceedings were brought against 17 of the vessels over the succeeding months, charging violation of statutes relating to the documentation of vessels under United States flag and a violation of the Shipping Act of 1916 prohibiting the transfer of United States flag vessels to noncitizens. Forfeiture proceedings had not yet been instituted against the other six vessels because they were not trading in United States ports.

Onassis Group

	<u>Place of Seizure</u>	<u>Date of Seizure</u>
<u>United States Petroleum Carriers, Inc.</u>		
<u>T-2 tankers:</u>		
ARICKAREE	New York, N. Y.	4/1/53
CAMAS MEADOWS	(Sold)	
FORT BRIDGER	Mobile, Ala.	12/5/55
LAKE GEORGE	Wilmington, Del.	3/24/53
BATTLE ROCK	New York, N. Y.	3/27/53
CAMP NAMANU	New York, N. Y.	3/27/53
STONY POINT	New York, N. Y.	4/2/53
<u>Victory Carriers, Inc.</u>		
<u>Victory Dry Cargo Vessels:</u>		
AMES VICTORY	Los Angeles, Cal.	8/6/53
COE VICTORY	San Francisco, Cal.	8/10/53
COEUR D'ALENE VICTORY	San Francisco, Cal.	9/14/53
JEFFERSON CITY VICTORY	Philadelphia, Pa.	8/30/53
LONGVIEW VICTORY	Los Angeles, Cal.	8/17/53
MANKATO VICTORY	San Francisco, Cal.	9/28/53
NORTHWESTERN VICTORY	New York, N. Y.	8/6/53
<u>Liberty Dry Cargo Vessels:</u>		
LEWIS EMERY, JR.	San Francisco, Cal.	7/31/53
HEYWOOD BROWN	Tacoma, Wash.	9/28/55
<u>Western Tankers, Inc.</u>		
<u>T-2 tankers:</u>		
McKITTRICK HILLS	Los Angeles, Cal.	6/15/53
MONTEBELLO HILLS	Not yet seized.	
WM. A.M. BURDEN	Not yet seized.	
OLYMPIC GAMES	Not yet seized.	
<u>Olympic Whaling Company, S. A.</u>		
<u>Whaling Vessel (converted tanker):</u>		
OLYMPIC CHALLENGER	Not yet seized.	
<u>Trafalgar Steamship Corporation</u>		
<u>T-2 tankers:</u>		
FEDERAL	Not yet seized.	
REPUBLIC	Port Arthur, Tex.	9/23/53

46-17783-✓
ENCLOSURE

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Rosen ✓

DATE: 1/9/56

FROM : E. A. Evans ✓

SUBJECT: NORTH AMERICAN SHIPPING AND
TRADING CO., INC., et al.
FRAUD AGAINST THE GOVERNMENT

Tolson	✓
Boardman	✓
Belmont	✓
Mohr	✓
Parsons	✓
Rosen	✓
Tamm	✓
Nease	✓
Winterrowd	✓
Tele. Room	✓
Holloman	✓
Gandy	✓

This is to recommend recording for statistical purposes a million dollars recovered by the Government in this case, together with \$160,000 in fines and 6 convictions.

Following a most extensive investigation in this case (handled as a special in the New York Office with as many as 40 Agents assigned), Aristoteles S. Onassis on 12/21/55 in the U. S. District Court, Washington, D. C. pleaded 6 corporations that he controlled guilty to defrauding the Government and agreed to pay to the Government the amount of \$7,000,000 relating to illegal purchases made by corporations that he controlled of war surplus ships from the Government, the \$7,000,000 to be paid in installments. The \$1,000,000 claimed at this time was paid to the Government on December 21, 1955; \$2,000,000 to be paid July 31, 1956; the balance of \$4,000,000 to be paid in 3 equal installments in July, 1957, 1958 and 1959.

Even though the balance of \$6,000,000 is guaranteed by the National City Bank of New York, it is believed the Bureau can only claim a recovery of \$1,000,000 at this time. Additional recoveries will be recorded when the actual payments are made to the Government in 1956, 1957, 1958 and 1959.

RECOMMENDATION:

It is recommended that the Statistical Section credit the Washington Field Office with 6 Fraud Against the Government convictions and \$160,000 in fines and that the New York Office be credited with a million dollar recovery as investigation in this case was conducted by the New York Office even though the court action took place in the District of Columbia.

46-17783

RECORDED - 54

EX-126

JAN 20 1956

50 JAN 25 1956

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director, Federal Bureau of Investigation DATE: *1/16/56*FROM : *wo* Warren Olney III, Assistant Attorney General,
Criminal DivisionSUBJECT: *EXT* NORTH AMERICAN SHIPPING and
TRADING CO., INC., ET AL.

Mr. Tolson	
Mr. Boardman	
Mr. Belmont	
Mr. Ladd	
Mr. Nichols	
Mr. Rosen	
Mr. Tamm	
Mr. Winterrowd	
Tele. Room	
Mr. Holloman	
Miss Gandy	

W. A. Jones
1/16-204596
116-204596

On December 21, 1955, the case of United States v. *M. A. Jones* Onassis, et al, Criminal No. 1647-53, District of Columbia, was closed by pleas of guilty on behalf of six corporate defendants and the dismissal of the indictment as to four remaining individuals. Fines totaling \$160,000 were imposed.

This case was the last of the so-called shipping cases listed in your records under the above subject. It is appropriate, therefore, to express at this time the sincere thanks of the Criminal Division to the Federal Bureau of Investigation for its fine cooperation and the excellent work of all Special Agents who participated in the investigation of these cases.

b7C

SA's

b7C

previous command (1953).
Suggest this memo
be placed in their
personal files.

12 DEC 21 1955

FBI

JAN 13 15 55 6h 22 00

mail (ref only)
ack 15-19-56
196

EX

caption typed
1-18-56
1/16/56

RECORDED - 17

RECEIVED - HIGHWAY

15 15 55 6h 22 00
46-17783-441

JAN 22 1956

Plat
1/16/56

EXP-PROG
JAN 12 1956
3
101
6
(OS
b7C)

Office Memorandum • UNITED STATES GOVERNMENT

Mr. Tolson	
Mr. Nichols	
Mr. Boardman	
Mr. Belmont	
Mr. Ladd	
Mr. Parsons	
Mr. Rosen	
Mr. Tamm	
Mr. Nease	
Mr. Winterrowd	
Tele. Room	
Mr. Holloman	
Miss Gandy	

TO : Mr. J. Edgar Hoover
Director, Federal Bureau of Investigation

DATE: JAN 4

FROM : Warren E. Burger
Assistant Attorney General, Civil Division

WEB: PFC: 116-20-61

SUBJECT: Settlement agreement with A.S. Onassis and affiliated interests.

18170

Attached for your information is a copy of the settlement agreement between the Government and A.S. Onassis and affiliated interests.

Under the terms of the settlement agreement, the Government will receive \$7,000,000 which will include the payment of \$6,600,000 in cash and the release by the Onassis interests of claims approximating \$400,000. An additional sum of approximately \$500,000 will be paid to make up arrears in principal and interest on outstanding Maritime Administration mortgages against some of the vessels and to bring payments on the mortgages to a current status. The settlement agreement also requires the domestic corporations which own the vessels to be reorganized in such manner as the Department deems necessary to insure American citizen ownership and control of the vessels.

Will you please convey my sincere thanks to the Special Agents in your New York Field Office who furnished splendid cooperation and excellent work in investigating (Bureau Report 146-2507) the complicated financial and business arrangements involved in voluminous transactions relating to the 23 ships in these cases. I also wish to thank [redacted] of your Staff for his cooperation and courtesy. He was especially helpful when the tanker forfeiture program got under way.

ENCLOSURE
Attachment

Letter to New York 1/15/56 asking for recommendation. When received, Security Division will submit its recommendation to New York Personnel and SA Morgan

RECORDED - 34
EX - 107

JAN 27 1956

46-17783-442

not (re)only
DRH

3 pages typed
1-18-56
after

37
JAN 4 1956
333X
36
67
R1

XXXXXX
XXXXXX
XXXXXXFEDERAL BUREAU OF INVESTIGATION
FOIPA DELETED PAGE INFORMATION SHEET42

Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

- ☐ Deleted under exemption(s) _____ with no segregable material available for release to you.
- ☐ Information pertained only to a third party with no reference to you or the subject of your request.
- ☐ Information pertained only to a third party. Your name is listed in the title only.
- ☐ Document(s) originating with the following government agency(ies) _____, was/were forwarded to them for direct response to you.

_____ Page(s) referred for consultation to the following government agency(ies); _____ as the information originated with them. You will be advised of availability upon return of the material to the FBI.

_____ Page(s) withheld for the following reason(s):

☒ For your information: Pages are duplicate of pages in document
numbered 46-17783-437 ENCLOSURE

☐ The following number is to be used for reference regarding these pages:

XXXXXX
XXXXXX
XXXXXX
 XXXXXXXXXXXXXXXXXXXX
 X DELETED PAGE(S) X
 X NO DUPLICATION FEE X
 X FOR THIS PAGE X
 XXXXXXXXXXXXXXXXXXXX

January 11, 1956

RECORDED - 46-17783-442

18169

EX-107

Honorable Warren E. Burger
Assistant Attorney General
Civil Division
U. S. Department of Justice
Washington, D. C.

Dear Warren:

I received your memorandum dated January 4, 1956, with the enclosed copy of the settlement agreement between the Government and A. S. Onassis and affiliated interests.

It is indeed gratifying to know that the investigative efforts of representatives of this Bureau were so material to the successful termination of this matter. I deeply appreciate your commendatory remarks regarding Special Agent [redacted] and the Special Agents of our New York Office who participated in this investigation, and I am advising them of your thoughtful comments. You may be sure they share in gratitude for your consideration in writing.

Sincerely,
Edgar

COMM - FBI
JAN 11 1956
MAILED 31

cc - Personnel file of SA [redacted]
incoming.

cc - SA [redacted] with copy of incoming. Room 5236
2cc - New York, with 2 copies of incoming.

NOTE:

[redacted]
Burger is on the Mailing List for reference only.

Tolson _____
Boardman _____
Nichols _____
Belmont _____
Harbo _____
Mohr _____
Parsons _____
Rosen _____
Tamm _____
Trotter _____
Winterrowd _____
Tele. Room _____
Holloman _____
Gandy _____

283
JAN 11 1956

W.D. GREEFF

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE WASHINGTON FIELD	OFFICE OF ORIGIN WASHINGTON FIELD	DATE 7/23/56	INVESTIGATIVE PERIOD 7/12/56
TITLE OF CASE NORTH AMERICAN SHIPPING AND TRADING COMPANY, INCORPORATED; ET AL		REPORT MADE BY [REDACTED] b7c	TYPED BY dek
		CHARACTER OF CASE FRAUD AGAINST THE GOVERNMENT	

SYNOPSIS: On 12/21/55, settlement was made by the AG and A. S. ONASSIS interests involving sum of \$7,000,000. On that date \$1,000,000 was paid to the Government. Since 2/2/56, and up to 7/1/56, \$1,000,000 additional has been paid of a total of \$2,000,000 which is due 7/31/56. Thereafter payments of \$1,333,333 will be due on 7/31/57, 58, and 59.

[REDACTED]

APPROVED <i>[Signature]</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN SPACES BELOW
COPIES MADE: 4-Bureau (46-17783) 1-New York (46-2507)(Info) 1-Washington Field (46-2607)		46-17783-444
COPIES DESTROYED 869 MAY 19 1970		10 JUL 24 1956

1-PTA [unclear] Per [unclear] [unclear]
2-3rd [unclear] [unclear]
4734
STAT SECT.

PROPERTY OF FBI - This report loaned to you by the FBI, and neither it nor its contents are to be distributed outside the agency to which loaned.

b7c [REDACTED] OS
- P* -
DETAILS: AT WASHINGTON, D. C.A. S. ONASSIS INTERESTS

On December 21, 1955, the Attorney General announced the settlement of litigation against the A. S. ONASSIS interests. At that time the Government received as down payment \$1,000,000 against the total settlement of \$7,000,000. The balance of the unpaid installments were scheduled to be paid as follows:

<u>Date</u>	<u>Amount</u>
July 31, 1956	\$2,000,000.00
July 31, 1957	1,333,333.33
July 31, 1958	1,333,333.33
July 31, 1959	<u>1,333,333.34</u>
Total	\$6,000,000.00

The following payments have been made since December 21, 1955 and up to July 1, 1956, according to the records in the Docket and Statistical Unit of the Civil Division:

<u>Date</u>	<u>Amount</u>
February 2, 1956	\$200,000
March 2, 1956	200,000
April 3, 1956	200,000
May 2, 1956	200,000
May 31, 1956	<u>200,000</u>
Total	\$1,000,000

b7c S [REDACTED] OS

WFO 46-2607

ADMINISTRATIVE

This report is intended to present a summary of the settlements made between the Government and the ONASSIS [REDACTED] interests. The WFO will continue to check the Docket for the purpose of recording subsequent payments made on account of the indebtedness to the United States. b7c

One copy of this report is being designated for the New York Division for information purposes.

LEAD

WASHINGTON FIELD OFFICE:

AT WASHINGTON, D. C.:

Will contact the Docket and Statistical Unit, Civil Division, Room 1608 [REDACTED] on or about 1/1/57, for recording additional payments. b7c

REFERENCES: Reports of SA [REDACTED] dated June 11, 1954, August 22, 1955, December 21, 1955, and July 10, 1956, at Washington, D. C. b7c

ADMINISTRATIVE PAGE

FOR IMMEDIATE RELEASE
FRIDAY, AUGUST 10, 1956

DEPARTMENT OF JUSTICE

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

Attorney General Herbert Brownell, Jr., announced today that final settlement of the Government's claims against the A. S. Onassis interests has been concluded.

The terms of the earlier settlement, previously announced, required Onassis' ship owning companies to pay the Government \$7,000,000 and to make changes in the management and ownership of these companies to satisfy the Justice Department that they are citizen corporations within the meaning of the shipping laws.

Under the terms of a trust indenture executed today by the Onassis interests a majority of the stock of U. S. Petroleum Carriers, Inc., Victory Carriers, Inc., Western Tankers, Inc. and Trafalgar Steamship Company, which owned 21 American flag vessels, has been transferred to Grace National Bank of New York as trustee. Each of these operating corporations will now have a new board of directors and four of the five directors will be American citizens selected by the trustee as the now controlling stockholder. The proposed new directors are E. Tinsley Ray, Edmond Moran, John Griswold and Charles Cunningham.

The trust indenture permits the trustee to undertake a program for the construction of super-tankers in the United States which had previously been initiated by Onassis. Such program, if undertaken, however, must be "subject to such approvals and requirements of the United States Maritime Administrator as he may deem to be required or appropriate."

Of the \$7,000,000 payable in installments to the Government by the Onassis interests, \$4,000,000 has now been paid; \$1,872,591.05 being received by the Government on July 31, 1956.

66 AUG 17 1956

46-7283-
NOT RECORDED

Proposed Directors of U.S.
Petroleum Carriers and re-
lated companies

John Carroll Griswold

Vice-president in charge of the Chicago office of the Continental Casualty Company, 1922-1925. With Rollins Burdick Hunter Co., 1925-1931. Director and vice-president of the Fred S. James & Co., Chicago, in 1936, and manager of its New York City office 1939-1945. Founder and since 1945 President and Director of Griswold & Co., Inc., New York City. Vice-president of W.R. Grace & Co., 1949-1955, and since 1950 a director, and since 1955 an executive vice-president. President and director of Griswold & Co., Inc., of California. Also director of Grace National Bank of New York, Munson Line, Inc., Foster & Kleiser Company, Congoleum Nairn, Inc., Trustee of Lenox Hill Hospital, New York.

Edmond Joseph Moran

Rear Admiral, United States Navy. He was with the U.S. Maritime Commission, 1941-1942, as special assistant in charge of acquisition of small craft for U.S. Army, U.S. Navy and British Government in 1941, and as special assistant to the Commission and as Chairman for small vessels, 1942. With the War Shipping Administration since 1943, with duties which included service on staff of Allied Naval Commander, U.S. Naval Forces in Europe in 1943. The latter duty included control of all tugs in U.S. Navy, U.S. Army, Royal Navy, Ministry of War Transport and War Shipping Administration, and the planning and execution of tug towing operations prior to and during assault on France. He later was on duty with the War Shipping Administration as Deputy Administrator for small vessels. President of Moran Towing and Transportation Company, New York, N.Y.

Charles S. Cunningham

Partner in the law firm of Kirlin, Campbell and Keating. Mr. Keating is a director of Grace National Bank and the law firm is counsel for Grace National Bank. The law firm has not represented Mr. Onassis or the companies owned and controlled by him.

E. Tinsley Ray

Vice-president and Trust Officer of Grace National Bank.

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE WASHINGTON FIELD	OFFICE OF ORIGIN WASHINGTON FIELD	DATE 8/29/56	INVESTIGATIVE PERIOD 8/22/56
TITLE OF CASE NORTH AMERICAN SHIPPING AND TRADING COMPANY, INCORPORATED; ET AL		REPORT MADE BY [REDACTED] b7c	TYPED BY MES
		CHARACTER OF CASE FRAUD AGAINST THE GOVERNMENT	

SYNOPSIS:

A. S. ONASSIS interests made payment to government of \$200,000 on July 3, 1956, and another payment of \$750,000 on 8/17/56, on account of original indebtedness of \$7,000,000. [REDACTED]

b7c

OS

- P* -

DETAILS: AT WASHINGTON, D. C.:

The records of the Docket and Statistical Unit, Civil Division, Department of Justice, reflect that on July 3, 1956, the A. S. ONASSIS interests made a payment to the Department of Justice in the amount of \$200,000 pursuant to agreement entered into on December 21, 1955, involving a settlement of \$7,000,000.

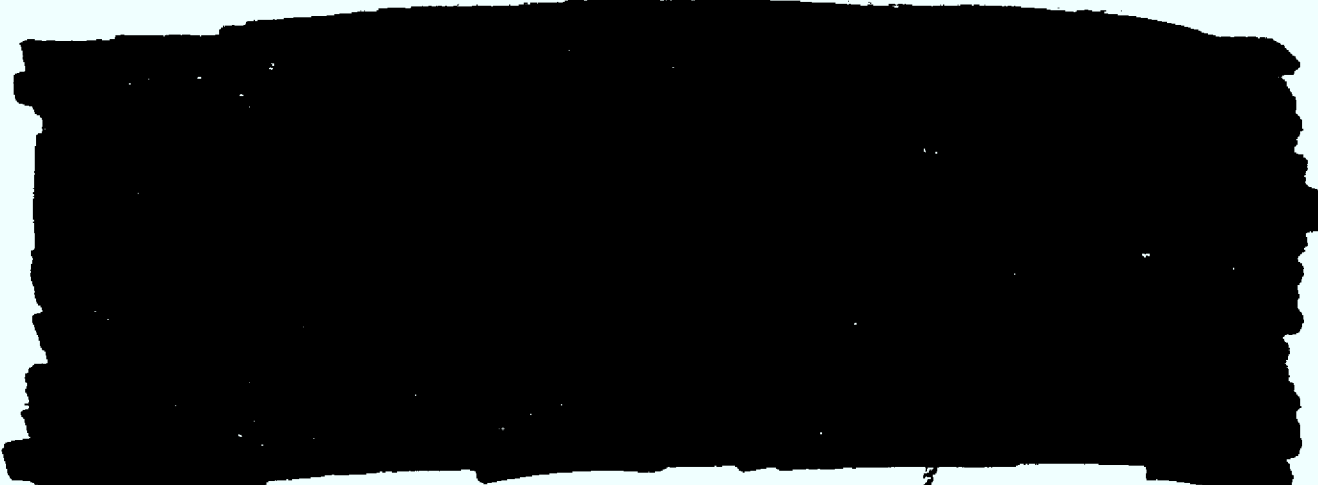
These records further reflect that on August 17, 1956, an additional payment was made to the Department of

APPROVED <i>L L L</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN SPACES BELOW	
COPIES MADE: 4- Bureau (46-17783) 1- New York (46-2507) (Info) 1- Washington Field (46-2607) COPIES DESTROYED \$69 MAY 19 1970		46-17783-445	RECORDED-5
		16 AUG 30 1956	
		[REDACTED]	

PROPERTY OF FBI - This report is loaned to you by the FBI, and neither it nor its contents are to be distributed outside the agency to which loaned.

WFO 46-2607

of Justice in the amount of \$750,000 in connection with the same agreement. Future payments under this agreement are scheduled for July 31, 1957; July 31, 1958; and July 31, 1959, in amounts of \$1,333,333 each.



- P* -

ADMINISTRATIVE DATA:

This report reflects the payments made to the government by the ONASSIS [REDACTED] interests since July 1, 1958. As additional payments are made to the government, the Washington Field Office will report same accordingly. b7c

LEADS:

NEW YORK DIVISION:

AT NEW YORK, N.Y.: INFORMATION

One copy of this report is being designated for the New York Division for information purposes.

WASHINGTON FIELD OFFICE:

AT WASHINGTON, D. C.:

1. Will maintain contact with the Docket and Statistical Unit, Civil Division, Department of Justice, to ascertain dates and amounts of additional payments.
2. Will maintain contact with [REDACTED] the Investment Branch, Bureau of Accounts, Treasury Department, room 5441, Main Treasury Building, in order to obtain dates and amounts of additional payments. b7c

REFERENCE : Report of SA [REDACTED] dated July 23, at Washington, D. C. b7c

ADMINISTRATIVE PAGE

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Rosen *PK*

DATE: 9/11/56

FROM : C. A. Evans *✓*

SUBJECT: NORTH AMERICAN SHIPPING AND TRADING
COMPANY, INC., ET AL
FRAUD AGAINST THE GOVERNMENT

Tolson ☒
Boardman ☒
Belmont ☒
Clegg ☒
Glavin ☒
Harbo ☒
Mohr ☒
Parsons ☒
Rosen ☒
Tracy ☒
W.C. Sullivan ☒
Tele. Room ☒
Holloman ☒
Gandy ☒

This is to recommend recording for statistical purposes \$1,950,000 in additional monies recovered by the Government in this case.

Following a most extensive investigation (handled as a special in the New York Office with as many as 40 agents assigned), Aristoteles S. Onassis on 12/21/55 pleaded six of his corporations guilty in the U. S. District Court, Washington, D. C., on charges of defrauding the Government. At that time Onassis agreed to pay to the Government \$7,000,000. Onassis has previously made payments totalling \$2,000,000 on this indebtedness and the Bureau has already recorded the statistic. On July 3, 1956, Onassis made an additional payment of \$200,000 and another payment of \$750,000 on 8/17/56. The balance is to be paid in three equal installments on July 31, 1957, July 31, 1958, and July 31, 1959.

b7c

Even though the balance owed by [REDACTED] Onassis is guaranteed by the National City Bank of New York, it is believed that the Bureau can only claim a recovery of \$1,950,000 at this time. Additional recoveries will be recorded as the actual payments are made to the Government in the future.

RECOMMENDATION:

It is recommended that Statistical Section credit the New York Division with \$1,950,000 as a recovery in this case.

46-17783

(6)

60 SEP 27 1956

RECORDED-35

EX-120

20 SEP 25 1956

46-17783-4463
4-611
b7c

FEDERAL BUREAU OF INVESTIGATION

Reporting Office WASHINGTON FIELD	Office of Origin WASHINGTON FIELD	Date 3/7/57	Investigative Period 3/5/57
TITLE OF CASE NORTH AMERICAN SHIPPING AND TRADING COMPANY, INCORPORATED; ET AL		Report made by [REDACTED] <i>b7c</i>	Typed by mlr
		CHARACTER OF CASE FRAUD AGAINST THE GOVERNMENT	

Synopsis:

b7c

STATISTICS TAKEN

54 MAR 1957

SECTION

- P* -

DETAILS: AT WASHINGTON, D. C.

OS

b7c

b7c

OS

OS

Approved <i>122.4</i>	Special Agent in Charge	Do not write in spaces below	
Copies made: ④ - Bureau (46-17783) 1 - New York (46-2507) (Info) 1 - Washington Field (46-2607) COPIES DESTROYED 869 MAY 19 1970		46-17783-450	
		EX-122	
		11 MAR 8 1957	RECORDED-41

F/6
53 APR 4 1957

WJ

LEADS

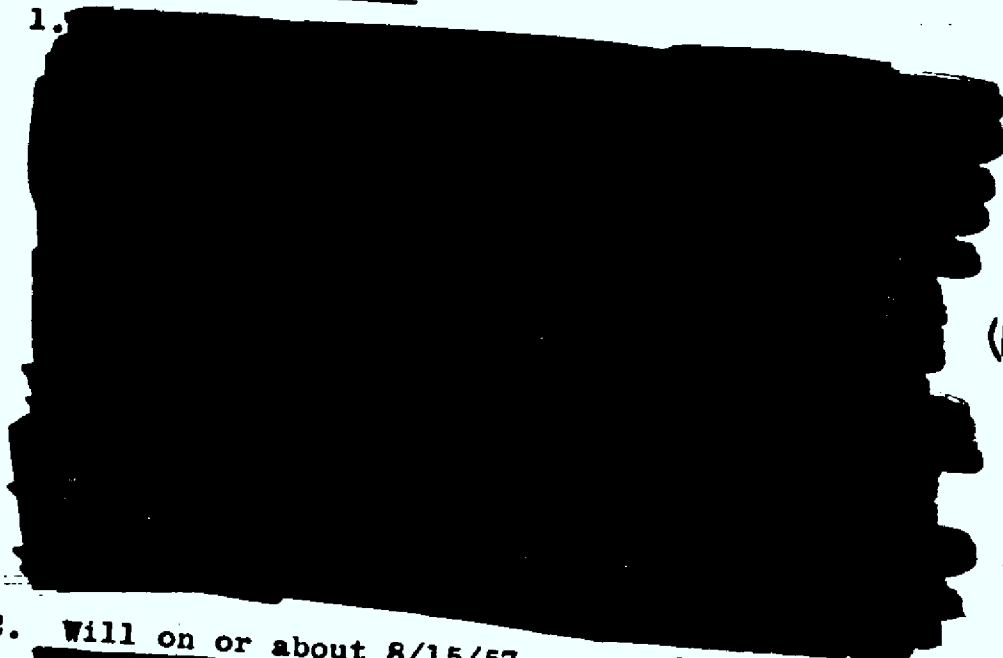
NEW YORK DIVISION (INFORMATION)

One copy of this report is being designated for the New York Division for information purposes.

WASHINGTON FIELD OFFICE

AT WASHINGTON, D. C.

1.



2. Will on or about 8/15/57 contact [redacted] Investment Branch, Bureau of Account, Room 5441, Main Treasury Building, to obtain date of additional payment due 7/31/57 in amount of \$1,333,333.33.

Thereafter, additional payments will be due on 7/31/58 and 7/31/59 in amounts of \$1,333,333.33 respectively.

All of these payments are due in accordance with an agreement dated 12/21/55 between the Attorney General and the A. S. Onassis interests.

ADMINISTRATIVE PAGE