FEDERAL BUREAU OF INVESTIGATION

ARISTOTLE ONASSIS

PART 2 0F 4

BUFILE: 46-17783

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Ladd

DATE: January 7, 1952

FROM : Mr. Rosen

SUBJECT: NORTH AMERICAN SHIPPING AND TRADING CO.;
UNITED TANKER CORP.;
UNITED STATES PETROLEUM CARRIERS, INC.;
AMERICAN OVERSEAS TANKER CORP;
SIMPSON, SPENCE & YOUNG
FRAUD AGAINST THE GOVERNMENT

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PURPOSE

To advise of the receipt of a request for an investigation from the Department of the North American Shipping and Trading Co. and several of its subsidiary and affiliated companies. The allegation is that these companies made false statements to the Government as to the nationality of the financial interests behind them at the time they purchased 60 surplus vessels from the Maritime Administration. Former Congressman Joseph Casey (D. Mass.) is the president of one of the affiliated companies.

BACKGROUND

As you will recall, at the request of the Claims Division the Bureau is presently conducting an Admiralty Matter investigation into the purchase of the Tanker Meacham from the Maritime Administration by the American Overseas Tanker Corp., an affiliate of the North American Shipping and Trading Co., and its subsequent resale to alien Chinese interests. The New York Office is presently conducting an accounting investigation in this matter.

The December 19, 1951, edition of the Times-Herald contained an article to the effect that the Hoey Senate Committee contemplates a probe into the sale of 100 surplus ships by the Maritime Administration.

DETAILS

By memorandum dated December 26, 1951, James M. McInerney, Assistant Attorney General, requested that the Bureau conduct an investigation into an allegation that the North American Shipping and Trading Co. and several of its subsidiary and affiliated companies had made false statements to the Maritime Administration at the time they purchased 60 vessels from that agency. The false statements concern themselves with the nationality of the interested persons making the purchases. The purchasing companies claim that they are backed solely by an American interest wherein the Government alleges

Attachment

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Memorandum to Mr. Ladd

that these corporations were operating for Greek and Chinese interests. Former Congressman Joseph Casey (D. Mass.) is the president of one of the companies involved, the American Overseas Tanker Corporation.

ACTION

Sent

There is attached hereto for approval a memorandum to the New York and Washington Field Offices instructing that an immediate and continuous investigation be conducted into this matter and further instructing them to submit reports by January 23, 1952, in order that this investigation will be completed prior to the Congressional hearings expected to be held on February 1, 1952 by the Hoey Committee.

Do we know how long Dept had this before it was sent to us?

Wire Director to W. York 1-8-52
" OOS Mahoney 1-9-52
wire

L.

Assistant Attorney General
James M. McInerney

January 9, 1952

Director, FBI

NORTH AMERICAN SHIPPING AND TRADING COMPANY;
UNITED TANKER CORPORATION;
UNITED STATES PETROLEUM CARRIERS, INC.;
AMERICAN OVERSEAS TANKER CORPORATION;
SIMPSON, SPENCE AND YOUNG
FRAUD AGAINST THE GOVERNMENT

Reference is made to your memorandum dated December 26, 1951, Department file 146-20-596; JMM:FES:AJK:ame.

Transmitted as enclosures to the memorandum of reference were memoranda prepared within the Criminal Division analyzing the aspects of this case, the first of which memoranda was dated October 30, 1951. The last such memoranda was dated November 9, 1951.

Your attention is called to the fact that although this case had been referred to the Criminal Division prior to October 30, 1951, and that at least some phases thereof had been reviewed by that date, it was not until December 26, 1951, that a memorandum was prepared referring the case to the Bureau for a detailed investigation. This delay of nearly two months places an undue burden on the investigative facilities of the Bureau which may have been reduced to a considerable extent if this case had been promptly submitted to the Bureau for investigation after the review and recommended action had been completed in the Criminal Division.

For your information this case has been referred to the field for immediate investigation and copies of reports as received at the Bureau, will be promptly forwarded to the Department.

WAH:bsw

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Mr. Fred E. Strine
Administrative Regulations Section
Allen J. Krouse

October 31, 1951

AJKsnr

U. S. Petroleum Carriers, Inc.

146-20-596

On September 12, 1947, the Maritime Commission denied an application for the purchase of 18 tankers made by Constantine Konialidis for foreign registry. Konialidis was represented by Robert W. Dudley and Joseph E. Casey.

Two weeks later U. S. Petroleum Carriers (herein called U.S.P.C.) was organized, namely on September 27, 1947. It had an authorized capital of 1000 shares no par value stock. At that time only 600 shares were issued. These were as follows:

Robert W. Dudley
Admiral H. L. Bowen
Robert L. Berenson
[redacted]
600

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The very day U.S.P.C. was organized it filed an application for 10 tankers. The application stated, among other things, "In order to induce the Commission to act favorably on this application, the applicant submits in support thereof the following information:

"17. The applicant has made preliminary arrangements to borrow substantially all of the funds needed to defray the purchase price of the vessels from banks in the United States."

On December 30, 1947, Maritime approved the application for 4 tankers only. One week later, on January 7, 1948, [redacted] On the same day Sociedad Industrial Maritima Financiera Ariona (Panama corporation), referred to herein as Simfa owned by Aristoteles S. Onassis and his two cousins, Nicholas and Constantine Konialidis (all aliens), purchased the remaining 400 shares of authorized stock for [redacted] On this same day, January 7, 1948, by resolution of the Board of Directors, U.S.P.C. was authorized to borrow $1,507,950. from Simfa; also to purchase all the capital stock (1000 shares) of Petroleum Carriers, Inc. (Panama corporation) for $1,000. (This corporation was not organized until January 28, 1948, the 4 tankers were chartered to it and on May 10, 1948, U.S.P.C. sold the stock to Simfa for $2,600). The resolution authorized the purchase of all stock of American Marine Corporation which had an application pending for tankers and on which it did not take title until

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CC: Records
Chrono
Mr. Krouse

March and April of 1948. (This stock purchased February 5, 1948 for $200,000 and merged with U.S.P.C. March 9, 1949). The resolution also fixed the value of U.S.P.C. stock at $250.00 and authorized the sale of the remaining 400 shares to a subscriber not named and stated $100,000 had been received therefor.

On March 25, 1948, [redacted]. On June 7, 1948, [redacted] (a business and personal friend of Onassis) was naturalized as a U. S. citizen and 10 days later he purchased [redacted] from Berenson [redacted]. On the same day, June 17, 1948, Berenson sol[redacted] to Simfa; also, on the same day Berenson sold [redacted] Arne C. Storen [redacted]

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So, as of June 17, 1948, the stock holdings in U.S.P.C. were as follows:

	Shares	
Simfa	490	(49%)
Berenson	[redacted]	[redacted]
Carver		
Storen		
Cokkinis		
	1000	

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These stock transactions resulted in Cokkinis, Carver and Storen wielding the balance of power in the voting. In the event of a dispute between Berenson and Simfa any one of these three individuals, by voting with Simfa, could prevent Berenson from controlling the corporation. In any event, there is evidence to indicate that at least two of the American principals were available to Onassis to do anything which required U. S. citizenship as a primary qualification.

To prevent information coming to the attention of Maritime of the foreign interests by permitting the authorized 400 shares to remain unissued until immediately after action on the application would appear to be plain trickery. Although Onassis did not enter the corporation picture until January 7, 1948, it is probable that Onassis made the financial arrangements for the purchase in November or December, 1947, because the application indicated that financial arrangements had been made.

The actual financing of the purchases of the vessels was through loans made with the National City Bank of New York, but this was accomplished only by posting of cash collateral and U. S. bonds by the Onassis group. Other financial assistance to U.S.P.C. was given in the form of direct loans, the giving of mortgages on some of Onassis' foreign flagships and assignments of charter earnings for security on loans. The total financial assistance given by the Onassis group to U.S.P.C. amounted to $20,000,000.