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vessel in Philadelphia and possibly other vessels were or would be available for purchase in the near future.

STOREN advised he made a trip to Philadelphia where he examined the log books of the vessel in question and took a look at the general condition of the vessel in so far as the decks, engine and other pertinent parts of the vessel could be examined without going to the trouble of a detailed survey. He said he returned to New York City and reported to ONASSIS that the vessel appeared to be in good condition and, although he is not certain, he believes this particular vessel, the name of which he does not recall, was subsequently purchased by USPC.

STOREN advised at the time he took a look at this particular vessel in Philadelphia he did not even know USPC existed and first learned of the existence of the company at a meeting which took place in the office of ONASSIS at 52 Broadway, New York City, a few days later, at which meeting he was introduced to BERENSON by ONASSIS. He stated that ONASSIS, BERENSON and himself were the only individuals present at this meeting, at which time ONASSIS requested STOREN to work with BERENSON in cleaning, repairing and fitting for general service the vessels to be purchased by USPC. STOREN recalled that at this meeting ONASSIS and BERENSON indicated USPC was buying at least 4, and possibly as many as 7, vessels of the T-2 tanker type.

STOREN advised he went to work the very same day of the meeting to, as he put it, get the company in operation. He explained that at the time of the meeting USPC had some office space at 52 Broadway (separate from the office space of ONASSIS) but that the extent of the furniture and office equipment was two chairs. He said he immediately started making arrangements to equip the office space with furniture and employ needed clerical and stenographic help. He added that at the time of his first meeting with BERENSON, USPC had no operating equipment in so far as ships were concerned but that within a period of three weeks, the first T-2 tanker had been obtained and made ready for service at the Todd Shipyards.

He advised that soon thereafter two additional tankers had been obtained and were being readied for service at the

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Bethlehem Shipyards, New York City when he received a telephone call at Bethlehem Shipyards one day from BERENSON inquiring if he, STOREN, would like to become a director in USPC. STOREN stated he told BERENSON he would very much like to become a director of the company and felt it was quite a compliment.

On further questioning STOREN related that he felt BERENSON offered him a directorship in the company because he, STOREN, had been successful in getting the first tanker ready for service in a short period of approximately three weeks' time and because BERENSON desired to tie him, STOREN, closely to USPC for future consulting and supervisory services.

STOREN advised that about two days after receiving the above telephone call he went to ONASSIS' office, 52 Broadway, New York City to thank BERENSON for making him a director of USPC, having first attempted to see BERENSON at his own office. He stated that on contacting BERENSON on this occasion BERENSON offered to sell him [REDACTED] shares of USPC stock for [REDACTED]. STOREN said he was also very happy about this and immediately agreed to accept the stock at the agreed price inasmuch as he, STOREN, felt the stock was worth more than [REDACTED] per share. He said he felt that this gesture on the part of BERENSON was another way of expressing his appreciation for the job he had done on the first tanker and also was a manner of tying him to USPC for future services. In fact, he stated he felt BERENSON was more or less giving the stock to him as it was his impression the [REDACTED] shares of stock would represent approximately 1/6 interest in seven T-2 tankers.

b7c

STOREN was definite that the [REDACTED] price was set by BERENSON and advised he paid for the stock by his own personal check payable to BERENSON, which check was drawn on either the Pacific National Bank, San Francisco, California, or the Chase National Bank, New York City. STOREN stated that he could produce the cancelled check in the event it becomes necessary at a later date.

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He stated that he did not know who previously owned the [REDACTED] shares of stock which he purchased but that he presumed BERENSON owned them as the check in payment of the stock was made payable to BERENSON personally.

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He advised that he could not recall the actual date when the stock was transferred to his name on the corporate books but believed it took place about the time of the first directors meeting of USPC attended by him in the late spring or early summer of 1948, at which meeting Admiral BOWEN, BERENSON, COKKINIS, CARVER and a representative of the law firm of Sherman, Sterling and Wright were present. He advised he does not now recall what discussions took place at this particular directors' meeting but that the minutes would speak for themselves.

b7c He also related that at the time of the above directors' meeting, or shortly thereafter, he saw a list of the stockholders of USPC which reflected STOREN held [redacted] shares, COKKINIS held [redacted] shares, CARVER held [redacted] shares and BERENSON held [redacted] (exact number of shares not recalled), with the remaining stock being in the name of a foreign corporation, the name of which he does not recall but which company is commonly referred to as "ONASSIS' Company". He stated that he could not recall the way he learned that this foreign company was controlled by ONASSIS.

STOREN advised he supervised the cleaning, repairing and fitting for service of all seven tankers purchased by USPC (not including the two later obtained from Pacific Tankers, Inc.) and was paid for his services at the rate of \$5,000.00 per vessel. He advised the \$5,000.00 figure was suggested by BERENSON and pointed out that the matter of fee was not discussed at the beginning when ONASSIS originally requested him to go to Philadelphia and take a look at the T-2 tanker there. In this connection he stated he had performed services for ONASSIS for a number of years and on frequent occasions performed minor services without charge to ONASSIS, or at least did not discuss the matter of fee until after the services had been performed.

STOREN advised he was principally interested in the engineering and operational end of USPC and did not trouble himself with the chartering and financing problems in connection with the vessels involved. He stated he did not know the source of USPC funds except that he does recall from overhearing discussions at various directors' meetings, that USPC borrowed monies from various banks. He stated he had no

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knowledge of any funds supplied USPC by ONASSIS personally or by the concern generally referred to as "ONASSIS' Company".

CLIFFORD N. CARVER advises SA [REDACTED] and SAA [REDACTED] that he had no knowledge of the relationship between the various parties in USPC prior to September 27, 1947 as he did not become connected with the company until March of 1948. However, he was acquainted with BERENSON, STOREN and ONASSIS prior to that time. (b7c)

With regard to BERENSON, CARVER stated that during World War II BERENSON was an aide to General MARK CLARK and after he left military service he was employed by Grace Lines in their passenger shipping business. He does not know the nature of BERENSON'S position with Grace Lines and is not aware that BERENSON had previously been experienced in the operation of tanker vessels.

He said that BERENSON told him that he had formed USPC after he learned that the Maritime Commission was selling tankers and it appeared to him to be a good opportunity because he felt there would be a demand for these vessels. He stated that STOREN is Norwegian and is a ship repair expert. It is CARVER'S understanding that STOREN went to BERENSON to solicit ship repair business from USPC and it was as a result of this contact with BERENSON that he became associated with USPC.

He stated that STOREN had previously been known to BERENSON because of his acquaintance in the shipping field. CARVER stated that he had not previously known COKKINIS and that COKKINIS had been brought into the company through ONASSIS.

Additional remarks of CARVER relating to his association with BERENSON and ONASSIS are set forth under DEPARTMENT ITEM NUMBER 6.

Admiral HAROLD G. V. BOWEN advises SA [REDACTED] and SAA [REDACTED] that he first met DUDLEY through CASEY and had known him for a period of about five or six years prior to September 27, 1947. He first met BERENSON at DUDLEY'S office in connection with the meetings just prior to the formation of USPC. He did not know ONASSIS, KONIALIDIS, STOREN, CARVER or COKKINIS prior to September 27, 1947 and he (b7c)

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had no knowledge of any relationship existing between these parties prior to that date.

NICOLAS COKKINIS, Vice President of USPC advised that he was not acquainted with BERENSON, DUDLEY, BOWEN, STOREN and CARVER prior to the time that he became associated with USPC around May or June of 1948.

Relative to ONASSIS, he first met ONASSIS in about 1945 when he was employed by the MICHAEL EMBIRICOS Shipping Corporation which was owned by COKKINIS' uncle, MICHAEL EMBIRICOS. He advised that in about 1946 he left the employ of the above mentioned corporation in order to form his own shipping company.

In about December 1946 he contacted ONASSIS with the intention of getting the business of operating ONASSIS' ships. He advised that ONASSIS agreed to charter ships of his corporation, the Central American Steamship Agency, Inc. about February 1947. Further information concerning the relationship existing between ONASSIS and COKKINIS is set forth under DEPARTMENT ITEM NUMBER 76.

DEPARTMENT ITEM NUMBER 10

This item requests the identity of the law firm that incorporated Petroleum Carriers of Panama. Full detail concerning this question is set forth in the last section of this report in the INTERVIEW OF ROBERT L. BERENSON.

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DEPARTMENT ITEM NUMBER 11

This item requests that the amount of money paid either by way of salary, expenses, dividends, advances or loans to BERENSON, COKKINIS, STOREN and CARVER by USPC, American Marine Corporation, Victory Carriers, Pacific Tankers Incorporated and Trafalgar Steamship Company be determined.

The foregoing information was ascertained by SA(A) [redacted] from the books and records of the various concerns mentioned. The results of this examination are being submitted with this report as Exhibit B. (b7c)

DEPARTMENT ITEM NUMBER 12

This item requests that the amount of dividends paid by each of the corporations named in Department Item Number 11 be ascertained.

The following investigation was conducted by SA(A) [redacted] (b7c)

From an examination of the books and records of the various companies mentioned, a schedule was prepared reflecting the dividends paid by these companies during the years 1948 through 1951, such schedule being submitted with this report and designated as Exhibit C.

In connection with this schedule, it is to be noted that no dividends were paid by Victory Carriers, American Marine Corporation and Pacific Tankers for the years 1949 through 1951. An examination of the minutes book of these companies further reflected no declaration of dividends was made during this period.

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DEPARTMENT ITEM NUMBER 13

This item requests information relative to arrangements whereby Simpson, Spence and Young became the fiscal and chartering agents of the ONASSIS-KONIALIDIS group. The item also requests information relative to arrangements for the payment of operating expenses of vessels in the U.S.P.C. group and advances by Simpson, Spence and Young (hereinafter referred to as SSY).

The following investigation was conducted by SAS (A) [redacted] and [redacted]

CHARLES AUGENTHALER, Partner, Simpson, Spence and Young, advised that his firm has no written agreement with either the ONASSIS-KONIALIDIS group or the U. S. P. C. group to function as their fiscal or chartering agents. He stated that the relationship between SSY in New York and ARISTOTLES S. ONASSIS in New York began in late 1939 or early 1940, although he believes that there may have been some prior business association between ONASSIS and the London Office of SSY.

During the period commencing in 1939 or 1940, SSY provided space in their offices for various individuals engaged in shipping operations. ONASSIS was one of these individuals and Mr. AUGENTHALER recalled that at that time ONASSIS was operating three vessels which he believes were registered under foreign flags. SSY acted as an agent in chartering these vessels. Subsequent to World War II, ONASSIS through his various companies acquired other vessels and generally expanded his operations. AUGENTHALER believes that the KONIALIDIS brothers joined with ONASSIS subsequent to World War II. SSY has continually operated as chartering agents for the group to the present time. When the U. S. P. C. group commenced business, SSY also became chartering agents for these companies.

AUGENTHALER stated that no specific arrangements were ever made for the payment of operating expenses or other expenses either with the U. S. P. C. group or the foreign group of companies. The source of income to SSY from these groups is in commissions collected by SSY in connection with chartering

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of vessels for the two groups. Initially SSY was not reimbursed for the expense involved in making payments for the accounts of the U. S. P. C. group of companies or the foreign companies. At the present time, SSY receives \$1,000.00 per month from Victory Carriers, Inc. as reimbursement for this expense. None of the other companies in the U. S. P. C. group and none of the companies in the foreign group pay SSY for these extra services rendered.

With respect to payments of operating expenses and other expenses made by SSY for the ships in the two groups involved, Mr. AUGENTHALER advised that these payments were made from the funds on deposit with his company to the credit of the shipping companies. The procedure in making these expenditures was to make the payment on specific instructions of the shipping company in each case. In the early stages of the operation he advised that payments would be made against the shipping company accounts on verbal instructions received from a representative of the shipping company. Later SSY required a voucher or a letter requesting that a payment be made and charged to the shipping company account.

Mr. AUGENTHALER advised that such payments should have been made only against credit balances available to the shipping companies on the SSY books.

AUGENTHALER emphasized that the firm policy at all times was to make payments for the account of clients only where a sufficient credit balance was present in the client's account to cover such payments. He stated, however, that in administering this policy the firm placed trust in

He said that the partners themselves did not personally ascertain that a client had sufficient credit balance to cover a requested payment, but would depend upon verification of the fact.

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AUGENTHALER advised that company policy with respect to these groups was that the balances in the various accounts would be considered as a package in determining whether or

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not there was sufficient credit to cover specific payments requested by the shipping companies. He said that although one or more of the accounts in the two groups might have debit balances, the company would still pay out funds to be charged against these accounts provided that there was sufficient credit balances in the other accounts in the groups to offset the debit balances and create a net credit balance for all of the accounts. He stated that in view of [REDACTED] the fact that the members of the firm did not verify balances personally, he was not positively sure that the accounts of the U. S. P. C. group and the foreign group always had sufficient credit balance to cover requested payments. (b7c)

Mr. AUGENTHALER advised that since May, 1950 he and the other members of the firm personally verified account balances to determine that there are always sufficient credits to meet expenditures. In addition, he advised that since April, 1951, all accounts handled by SSY are required to maintain credit balances on an individual basis, and no payments would be made for any company unless that company's account had a sufficient credit balance to cover the payments. In this manner, each account in the U. S. P. C. group and the foreign group is now required to maintain a credit balance.

Mr. AUGENTHALER was requested to furnish the ledger sheets for all of the accounts in the U. S. P. C. group and the foreign group. He advised that upon advice of counsel he would furnish these accounts only upon the permission of the officials of the company whose account was involved.

Subsequently, Mr. AUGENTHALER made available for examination the following accounts which SSY considered to be the accounts in the U. S. P. C. group:

United States Petroleum Carriers, Inc.

Victory Carriers, Inc.

Pacific (Western) Tankers, Inc.

Oceanic Transport Company

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Trafalgar Steamship Corporation

Olympic Whaling Company, Inc.

American Marine Corporation

He also made available the following accounts which SSY considered to be those within the ONSSIS-KONIALIDIS group:

Sociedad Maritima Miraflores

Sociedad Industrial Maritima Financiera Ariona,
Panama, South America

Cia. Uruguay de Comercio y Maritima

Miramar Sociedad Anon.

Olympic Oil Lines, Panama

Balleneros Ltd., South America

Olympic Whaling Company, South America

Liberty, South America

Magallens Co, Panamena de Navegacion, South America

Sociedad Armadora Aristomenis, Panama, South America

Mr. AUGENTHALER advised that the only account which has been excluded is the account of Erinamar. He advised that Erinamar is a Greek steamship company which has its headquarters in Paris, France, and is considered by him to be part of the ONASSIS-KONIALIDIS group. Mr. AUGENTHALER failed to obtain permission from the officials of Erinamar to have the accounts of that company examined. He advised that the account of Erinamar was opened with SSY on November 6, 1950 and from the inception of this account carried substantial credit balances. These balances were considered by the officials of SSY along with the other accounts in the U. S. P. C. and foreign groups in determining whether or not the combined balances of these accounts were in credit.

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It is noted that it was during the period subsequent to May, 1950 that Mr. AUGENTHALER personally verified credit balances in these accounts.

These accounts were examined and the month ending balances for 1948 through 1951 were compiled for each company. In compiling these balances consideration was given to the fact that in the individual ship accounts of each company disbursements for the operation of the vessels were entered on the subsidiary sheets at the time of disbursement and transfer to the company control account in the month subsequent to disbursement. In compiling the month ending balances of the individual companies, this transfer of expenses was adjusted in the company account to the month of actual disbursement.

It is noted that while many of the shipping company accounts reflect credit balances, according to the account ledger, the adjustment of these accounts to charge the vessel disbursements in the proper month resulted in a debit balance in the account.

The monthly balances by companies within the U. S. P. C. group were consolidated for a monthly balance of the entire group during the four year period. The monthly balances of companies within the foreign group were also consolidated for a monthly balance of that entire group. Details regarding these monthly balances of the individual companies and of the group are contained in agents' work papers. A schedule of the monthly balances of the U. S. P. C. group and the foreign group and a consolidation of these balances was prepared and is attached to this report as Exhibit H.

Balances as reflected in agents' work papers for the account of Erinamar for the period from March, 1951 through December, 1951 were obtained from a work paper showing consolidated balances presented by [REDACTED] SSY (b7c) accountant.

It is noted that balances reflected on Exhibit H and in agents' work papers for the months of November, 1950 through February, 1951 are shown to be overdrawn in substantial amounts.

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AUGENTHALER, as previously noted, stated that the Erinamar account contained a large credit balance during this period. He stated that such credit balances would offset the otherwise debit balances of the group as a whole.

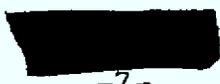
Examination of the ledger accounts relative to the U. S. P. C. group revealed that overdrafts existing at the end of certain months in 1948 and 1949, as reflected on Exhibit H, were paid within a short period after the close of the month in which the debit balance appears. For example, as of the end of May, 1948, the U. S. P. C. group accounts had a debit balance of \$98,207.79. The ledger account reflects receipt by SSY of \$90,000.00 to be applied against this debit. This receipt was on June 7, 1948. The balance of this overdraft of \$8,207.70 was received by SSY on June 28.

Overdrafts existing at the end of June were cleared by July 15, 1948. Overdrafts existing at the end of July, 1948 were cleared by August 16, 1948. This same procedure was followed in connection with overdrafts at the end of other months as reflected by Exhibit H.

The ledger account of U. S. P. C. on the books of SSY reflects that on January 9, 1948 a disbursement was made by SSY to Chase National Bank in the amount of \$202,650.00. A letter dated January 9, 1948 to the Chase National Bank instructs that institution to transfer \$202,650.00 to the Riggs Bank, Washington, D. C., in order that Riggs might issue a check in the same amount to the Maritime Commission. The books of SSY reflect that this disbursement was reimbursed by U. S. P. C. to SSY on January 13, 1948.

On January 13, 1948, a similar disbursement was made to Chase National Bank in the amount of \$227,650.00 with instructions to transfer these funds to Riggs National Bank in order that Riggs might issue a check in the amount of \$202,650.00 to the Maritime Commission and a check to ROBERT DUDLEY in the amount of \$25,000.00. Payment was received by SSY from U. S. P. C. in the amount of \$204,650.00 to be applied

b7c



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against this disbursement on January 16, 1948. The remaining \$23,000.00 was received from U. S. P. C. on January 21, 1948. Therefore, for the period January 9, 1948 to January 21, 1948, the U. S. P. C. account at SSY was in debit position.

AUGENTHALER stated that there may have been times when an account and the group of accounts as a whole may have had a debit balance due to a payment made by SSY for their account. He stated, however, that this situation would only have occurred when SSY knew that the funds to cover such disbursements were en route to them.

AUGENTHALER further stated that SSY never had any security against the accounts of the U. S. P. C. or the foreign groups, stating that he never considered any such security to be necessary. He stated that if he ever considered security to be necessary, he would consider available credit balances in accounts within the group as such security, plus the possibility of obtaining maritime liens against the operating revenue of vessels owned by the group.

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DEPARTMENT ITEM NUMBER 14

This item deals with bare boat charter of the vessel ARICKAREE to the Socony-Vacuum Oil Company, Inc., and the assigning of the charter hire in connection therewith to the Chase National Bank to retire a \$1,400,000 loan on this vessel.

The following investigation was conducted by SAA [REDACTED]

(b7c)

[REDACTED]

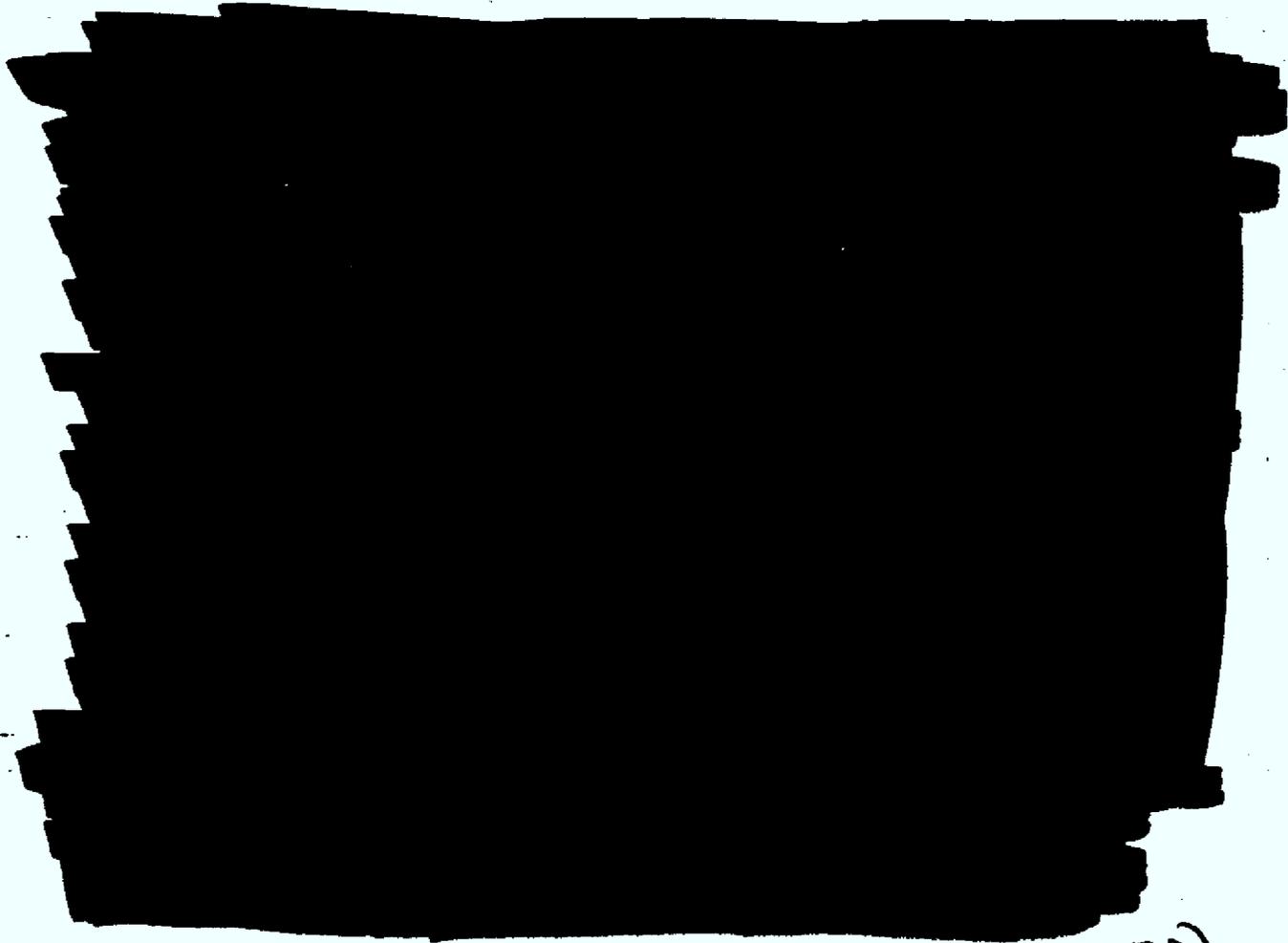
(b7d)

[REDACTED]

(b7d)

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(b7D)

b7c

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The records of USPC reflect that the tanker ARICKAREE was bareboat chartered in January, 1948, for a period of 12 years to Petroleum Carriers of Panama, Inc., and subsequently bare boat chartered to Socony-Vacuum Oil Company until March, 1953. These records also reflect that a portion of the hires received on this charter from Socony-Vacuum Oil Company under the latter charter have been set up as a liability to Petroleum Carriers of Panama.

Mr. H. O. BECKER, Treasurer and Secretary of USPC, advised that the charters and sub-charters on the ARICKAREE were effective April 2, 1948, when this vessel was delivered to Socony-Vacuum Oil Company, as further discussed under Department Item Number 15.

[REDACTED]

Marine Transportation Division, Socony-Vacuum Oil Company, advised SAA [REDACTED] that their records reflect that the chartered owner of the ARICKAREE is USPC and that all charter hires on this vessel were assigned to the Chase National Bank of the City of New York. He further advised that their records contained no information on the ARICKAREE'S being chartered by USPC to Petroleum Carriers of Panama, although they have a photostatic copy of a telegram dated April 22, 1948, from the United States Maritime Commission to USPC approving a bare boat charter on the ARICKAREE to Petroleum Carriers of Panama for a period of 12 years.

(b7c)

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DEPARTMENT ITEM NUMBER 15

This item requests that it be ascertained if the charter hire from the Aristophanes, Ariston and Calliroy was actually paid to the National City Bank in retirement of the \$3,750,000.00 loan made on February 25, 1948 or was the charter hire on the Camas Meadows, Fort Bridger and Lake George substituted for the original three foreign vessels. It further requests that the dates of the charters on the Camas Meadows, Fort Bridger, Lake George and Arickarce be ascertained.

The following investigation was conducted by SAS [REDACTED] and [REDACTED]

(b7c)

[REDACTED]

(b7d)

[REDACTED]

(b7d)

The following investigation was conducted by SA [REDACTED]

(b7c)

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HAROLD O. BECKER, treasurer, USPC, advised that the \$3,750,000.00 loan made on February 25, 1948 by the National City Bank was retired by direct payments by USPC to the National City Bank. The loan account and cash disbursement records of USPC reflects this loan was repaid by USPC from a special account at the National City Bank, New York, and that the loan was fully paid on September 19, 1949. He stated that the effective dates of the charters of USPC to Petroleum Carriers of Panama and sub-charters by Petroleum Carriers of Panama would be the same date, that being the date of delivery to Sacony-Vacuum Oil Company and commencing of the first voyage as follows:

- Camas Meadows, March 19, 1948, 12:30 p.m.
- Lake George, March 18, 1948, 4:30 p.m.
- Fort Bridger, February 26, 1948, 5:05 p.m.
- Arickaree, April 2, 1948, 1:05 p.m.

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DEPARTMENT ITEM NUMBER 16

This item requests that when the ARICKAREE, FT. BRIDGER, and LAKE GEORGE were chartered to Socony Vacuum Oil Company, were these new charters or were these vessels assigned to previous charters entered into by the Socony Vacuum and the ONASSIS-KONIALIDIS Group, with respect to the foreign vessels ARISTOPHANES, ARISTON and CALIROY.

The following investigation was conducted by SA(A) [REDACTED]

[REDACTED] (b7c)
Marine Transport Division, Socony Vacuum Oil Company, 26 Broadway, New York City, advised that the SS ARICKAREE was a bareboat chartered by Socony on March 23, 1948, retroactive to February 20, 1948, from USPC for a period of five years at a rate of \$2 per dead weight ton per month.

On February 20, 1948 the charter hire on this vessel was assigned to the Chase National Bank and all payments of charter hire have been made to this bank. This charter was a new charter and not a substitution and it is still in effect.

[REDACTED] (b7d)
[REDACTED] Socony Vacuum advised that the FT. BRIDGER was chartered by PETCAP to Socony on January 13, 1948 for eleven consecutive voyages, commencing (b7c)

b7c

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on or about March 1, 1948, at a rate of United States Maritime Commission Rate Order 438 plus 145%. Addendum number 1 to this charter reflects that Socony must perform one or more coastwise voyages up to April 15, 1948 before commencing with the tanker charter dated January 13, 1948, which was subject to the approval of the United States Maritime Commission. The first three coastwise voyages were to be at a flat United States Maritime Commission rate. By assignment dated February 25, 1948, all charter hire on the vessel was to be paid to the National City Bank. This charter was terminated at the completion of the voyages.

The ARISTOPHANES, a Norwegian flag vessel, was time chartered on October 24, 1947 by Socony for a period of five years from Sociedad Maritima Miraflores at a rate of \$4.20 per dead weight ton per month. On November 30, 1951 the SS FT. BRIDGER, the charter owner being PETCAP, was substituted for the ARISTOPHANES at the same rate. By agreement dated November 23, 1951, the charter hire on the FT. BRIDGER was assigned to the National City Bank. Instant charter is still in effect.

[REDACTED] advised that Socony, on March 11, 1948, signed a charter agreement with USPC, whereby the SS LAKE GEORGE was chartered to them on a consecutive voyage basis for three years beginning with the date of the vessel reporting for its first loading. The charter hire was to be at United States Maritime Commission rate plus 95% for the first year and at a flat United States Maritime Commission rate for the second and third years. The charter hire on the vessel was assigned by USPC on March 11, 1948 to the National City Bank. (b7c)

On April 21, 1948 the United States Maritime Commission approved the application of USPC to time charter the LAKE GEORGE to PETCAP for ten years commencing on or about March 30, 1948. USPC then requested Socony to cancel the consecutive voyage charter dated March 11, 1948 and

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sign a new charter with PETCAP. USPC also canceled their assignment of charter hire to the National City Bank.

On May 12, 1948, retroactive to April 30, 1948, Socony signed a consecutive voyage charter for a period of three years with PETCAP at United States Maritime Commission rate plus 95% for the first year and a flat United States Maritime Commission rate for the second and third years. On May 28, 1948 PETCAP assigned all the charter hire due them on the LAKE GEORGE to the National City Bank, retroactive to April 30, 1948. This charter terminated on April 30, 1951. This was an original charter and did not involve a substitution of a United States flag vessel for a foreign flag vessel.

Sometime between the dates of August 25, 1951 and September 25, 1951, the SS LAKE GEORGE and the SS WILLIAM A.M. BURDEN, both T-2 tankers, were to be substituted for the OLYMPIC TORCH, a 28,000 ton tanker owned by Olympic Oil Lines of Panama, which tanker was under charter to Socony. Therefore, the charter on the OLYMPIC TORCH was canceled and a new consecutive voyage charter was made between USPC and Socony for the vessel LAKE GEORGE on June 10, 1951. This charter was to terminate on June 30, 1956. The charter hire rate was to be United States Maritime Commission rate minus 20%. By assignment dated September 12, 1951, all charter hire on this vessel was paid to the National City Bank of New York. The charter period for the SS WILLIAM A.M. BURDEN was the same as for the SS LAKE GEORGE; however, the parties to the charter were Socony Vacuum Oil Company and Western Tankers, Inc. Subsequently USPC was substituted as charter owner of the vessel. The charter hire, which was at United States Maritime Commission rate minus 20%, was assigned by USPC to the National City Bank.

[REDACTED] related that the vessel CALLIROY (67c) was not on charter to Socony at the present time; however,

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they did have it on a single voyage charter on November 19, 1947 from its charter owner ARIONA.

On October 24, 1947 the SS ARISTON was time chartered by Socony for a period of five years at a rate of \$4.10 per dead weight ton per month. The vessel was delivered to Socony on November 17, 1948. Due to Socony's not being satisfied with the performance of the ARISTON, the vessel SS HERMAN F. WHITON was substituted on August 14, 1949. However, as CNASSIS wanted to convert the WHITON to a whaler, the vessel SS CAMAS MEADOWS was substituted on November 5, 1949. The charter hire, which remained the same as for the SS ARISTON, was assigned to the National City Bank.

DEPARTMENT ITEM NUMBER 17

This item requests that it be determined what preliminary arrangements had been made prior to September 27, 1947 to borrow the funds needed to pay for ten tankers, and with what financial institutions were these arrangements made.

Full details in reference to the arrangements for the financing of the ten tankers and what foreign citizens or corporations would be used to guarantee any loans or to post collateral, is set forth in detail in the last section of this report in the interview with BERENSON.

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DEPARTMENT ITEM NUMBER 18

This item requests the amount of cash on deposit by USPC on January 6, 1948, and the amount deposited to the credit of USPC on January 7, 1948, in connection with the sale of stock to Ariona or by cash advances.

The following investigation was conducted by SAA [REDACTED] (b7c)

The books and records of USPC reflected a total amount of \$1,200 on deposit with the Riggs National Bank, Washington, D. C., as of January 6, 1948.

In connection with the sale of 400 shares of common stock to Ariona, the records reflected the receipt of \$100,000 in connection therewith on January 15, 1948. This amount was deposited in the regular checking account of USPC maintained at the National City Bank of New York.

Reference is here made to Department Item Number 1, as previously set forth, which contains a schedule showing the date, amount, and source of funds of all deposits made to the USPC regular account at the National City Bank from January 9, 1948, to January 20, 1948.

From an examination of the Minute Book of USPC, it was reflected that the sale of 400 shares of stock to Ariona was made on January 7, 1948. However, as set forth previously in this item, the receipt of \$100,000 for the sale of this stock was not deposited to the bank account until January 15, 1948.

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DEPARTMENT ITEM NUMBER 19

This item requests that the amount of money on deposit by USPC as of February 25, 1948, be ascertained. It further requests that information be obtained concerning the loan agreement with the National City Bank as of this date, namely February 25, 1948.

The following investigation was conducted by SAA [REDACTED] b7c

From an examination of the General Ledger, Cash Receipts Journal and Cash Disbursements Journal of USPC, the following bank balance was determined as of February 25, 1948:

Account Number 1

Cash - National City Bank
of New York -
Regular Account \$ 21,596.72

Account Number 11

Cash - Riggs National Bank,
Washington, D. C. - 1,200.00

Account Number 12

Petty Cash Fund 500.00
Total \$ 23,296.72

The following investigation was conducted by SAA [REDACTED] SAA [REDACTED] b7c

[REDACTED] b7d

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[REDACTED]

(b7d)

[REDACTED]

(b7d)

Further information in this respect is contained in the interview with ROBERT L. BERENSON which is set out at the end of this report.

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DEPARTMENT ITEM NUMBER 20

This item requests that it be ascertained what official of the National City Bank represented the bank in negotiating the loan agreement of February 25, 1948, and further, to examine the bank's memoranda relating thereto.

The following investigation was conducted by SAs's

[REDACTED]

[REDACTED]

(b7c)

(b7d)

(b7c)

(b7c)

[REDACTED]

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DEPARTMENT ITEM NUMBER 21

This item requests that it be ascertained whether any payments were made at the Chase National Bank by USPC on the \$1,875,000.00 note and, if so, how much was paid and was any interest paid.

The following investigation was conducted by SA [REDACTED]

(b7c)

[REDACTED]

[REDACTED]

(b7D)

It is to be noted, in connection with this item, the Department refers to exhibit number 20 of the United States Maritime Commission report, dated May 24, 1951. This exhibit is a carbon copy of a promissory note dated March 24, 1948, in which USPC promises to pay to the order of Ariona the sum of \$1,875,000.00 at the office of the Chase National Bank of the City of New York. The installment dates and amounts are set forth and the interest rate is stated as three percent per annum.

HAROLD O. BECKER, Treasurer and Assistant Secretary of USPC, was questioned concerning the foregoing promissory note. BECKER reviewed the records of USPC and produced a photostatic copy of the promissory note in question and such photostat is being submitted with this report as enclosure number 1.

It is to be noted, in connection with the promissory note produced by BECKER, that it is dated March 29, 1948 and states that USPC promises to pay to the order of Ariona the sum of \$1,875,000.00 and such payments are to be made at the office of the company in the City of New York. BECKER also produced a photostatic copy of a letter dated January 26, 1949, from Ariona, to USPC. A photostatic copy of this letter is being submitted with this report as enclosure number 2. This letter makes refer-

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ence to promissory notes held by Ariona, totaling \$2,130,000.00 consisting of a note in the amount of \$1,875,000.00 dated March 29, 1948, a note in the amount of \$165,000.00 dated July 15, 1948 and a note in the amount of \$90,000.00 dated July 30, 1948. This letter sets forth the method of payment in connection with these notes and states that the interest rate shall continue at two percent from the original dates thereof.

Mr. BECKER also produced photostatic copies of the notes mentioned in this letter, namely the \$165,000.00 note dated July 15, 1948 and the \$90,000.00 note dated July 30, 1948. Photostatic copies of these notes are being submitted with this report as enclosure numbers 3 and 4.

BECKER also produced a photostatic copy of a letter dated April 29, 1949 addressed to ARIONA and signed by ROBERT L. BERENSON, President of USPC. A photostatic copy of this letter is being submitted with this report as enclosure number 5. This letter sets forth that the previous three notes mentioned in the letter agreement of January 26, 1948 is hereby cancelled, and in lieu thereof USPC agrees to pay Ariona the sum of \$2,130,000.00 by the maturity date of January 1, 1958. The interest rate is set forth as two percent per annum, and the method of payment is set forth.

From an examination of the books and records of USPC, it was ascertained that the balance in the loan account with Ariona remained at \$2,130,000.00 until September 10, 1951, at which time check number 3796 dated September 10, 1951 in the amount of \$1,400,000.00 was issued to Ariona. The present balance in the loan account with Ariona is \$730,000.00. The records further reflected that interest was paid by USPC to Ariona on the foregoing notes.

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DEPARTMENT ITEM NUMBER 22

This item requests information as to what agreement SSY had with ONASSIS or ARIONA for the transfer or advance of funds for the account of USPC including the original amount of \$1,875,000.00, the amounts advanced, the understanding as to repayment, the amount repaid and the source of funds used for repayment.

CHARLES AUGENTHALER, Partner, SSY stated that SSY had no agreement, written or oral, with ONASSIS or ARIONA for the transfer or advance of funds for the account of USPC. He stated that SSY made whatever payments ONASSIS or ARIONA directed them to make, but that each such payment would be upon separate instructions, and would be charged against credit balances on SSY'S books available to the company requesting such payment.

AUGENTHALER stated that individual companies within the ONASSIS-KONIALIDIS group might, at times, have had debit balances in their accounts, but that the entire foreign group of companies plus the USPC group was looked upon as a "package" to determine whether a sufficient credit balance existed to cover a requested payment. He stated that it was SSY'S policy that no payments would be made unless a sufficient credit balance did exist. Their policy has been discussed previously under Department Item Number 13.

AUGENTHALER said that SSY never advanced its own funds for the account of USPC and therefore had no understanding with respect to repayment and had received no repayments.

In reference to the transfer of the \$1,875,000.00 by SSY to USPC at the instructions of ARIONA, this matter is discussed in detail under Department Item Number 21.

[REDACTED]

b7c

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DEPARTMENT ITEM NUMBER 23

This item requests that it be ascertained who negotiated with the Metropolitan Life Insurance Company for the note of \$1,400,000 on the ARICKAREE, and further if there was any security on this loan other than the mortgage.

The following investigation was conducted by SAA [REDACTED]

(b7c)

[REDACTED]

(b7D)

[REDACTED]

(b7D)

[REDACTED]

b7c

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[REDACTED]

(b7d)

[REDACTED]

(b7d)

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DEPARTMENT ITEM NUMBER 24

This item deals with the negotiations at the Socony Vacuum Oil Company in regard to the charters on the FT. BRIDGER, LAKE GEORGE and ARICKAREE with PETCAP. It is also in reference to the part ONASSIS took in the negotiations of the charters and in reference to the charter rate and to whom Socony Vacuum Oil Company paid the charter.

[REDACTED]
Marine Transport Division, Socony Vacuum Oil Company, 26 Broadway, advised SA (A) [REDACTED] that he recalled that in about December, 1948 ROBERT L. BERENSON came to see Mr. F. R. PRATT, General Manager of the Marine Transport Division, regarding the chartering of the ARICKAREE. At that time Mr. PRATT called [REDACTED] into his office concerning the matter [REDACTED]

(b7d)
(b7c)

[REDACTED] No agreement was reached at that time. In subsequent meetings Mr. BERENSON was accompanied by Mr. A. S. ONASSIS and an oral agreement was reached on February 20, 1948, although the charter was not signed until March 23, 1948. This charter was concluded with USPC.

[REDACTED] records reflect that USPC is the chartered owner of the ARICKAREE and that the charter hire is paid to the Chase National Bank for the account of USPC under assignment agreement dated February 20, 1948. [REDACTED] stated that during these negotiations he received the impression that BERENSON had little experience in the tanker chartering field while ONASSIS was acquainted with all matters regarding this type of enterprise.

(b7d)

With reference to the FT. BRIDGER, [REDACTED] stated that this ship was substituted for the ARISTOPHANES because Socony was not satisfied with the performance of the ARISTOPHANES as its performance was below that claimed in the charter agreement. The substitution of the FT. BRIDGER, the chartered owner of which was PETCAP, was handled by Mr. SCHAEFFER of USPC.

(b7d)

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[REDACTED] negotiations with
PETCAP in reference to the consecutive voyage charters of
the FT. BRIDGER and LAKE GEORGE to Socony, which are now
terminated, were handled by A. S. OKASSIS.

(b7d)

Correspondence in enclosure number 6, concerning
the vessel LAKE GEORGE, confirmed the statement of [REDACTED]

Information pertaining to the charter hire and the
charter rates on the ARICKAREL, FT. BRIDGER and LAKE GEORGE is
contained in Department Item Number 16 and Department Item
Number 25.

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DEPARTMENT ITEM NUMBER 25

This item is in reference to the payment of the charter hire by Socony Vacuum Oil Company to the National City Bank in retiring the mortgages on the FT. BRIDGER and the LAKE GEORGE. It also deals with the accounting made with respect to the total charter hire payments in excess of the mortgage and to whom these funds were disbursed.

According to the records of Socony Vacuum Oil Company, which were made available by [REDACTED] Marine Transport Division, to S. (A) [REDACTED] the charter hire on the FT. BRIDGER and LAKE GEORGE were paid to the National City Bank under assignment agreement with PETCAP, until December 7, 1949, at which time the National City Bank advised Socony Vacuum Oil Company that they no longer had any interest in the charter hire moneys. By assignment dated September 12, 1951 the charter hire on the LAKE GEORGE was again paid by Socony to the National City Bank; and by assignment dated November 23, 1951 the charter hire on the FT. BRIDGER was also again paid by Socony to National City Bank.

(b7d)

[REDACTED]

(b7d)

[REDACTED]

(b7d)

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DEPARTMENT ITEM NUMBER 26

This item requests that it be ascertained the manner in which charter hire was paid on the vessel ARICKAREE.

As previously set forth in Department Item Number 16 the charter hire on the vessel ARICKAREE was paid by Socony-Vacuum Oil Company to the Chase National Bank.

The following investigation was conducted by SA(A) [REDACTED]

(b7c)
(b7d)

[REDACTED]

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DEPARTMENT ITEM NUMBER 27

This item requests that information be obtained relative to the sub-chartering of the vessel CAMAS MEADOWS to a French firm by the name of Groupement d'Achat Carburants and to whom this company paid such sub-charter hire.

The following investigation was conducted by SAA [REDACTED]

(b7c)
(b7d)

[REDACTED]
French Oil Industry Agency, 50 Broadway, New York City, advised that the firm Groupement d'Achat Carburants of Paris had been given a monopoly on all imports of oil into France by the French Government. This monopoly was dissolved in April or May of 1950, and the firm Groupement d'Achat Carburants is in the process of liquidation. The records of this firm, however, are still in the possession of the French Oil Industry Agency.

The French Oil Industry Agency at the present time consists of a group of individuals who have been delegated powers of attorney by the majority of French oil importers for the purpose of handling and the transfer of funds in the United States. The agency does not hold any charters for any vessels.

Photostatic copies of the voyage charter, dated February 12, 1948, between USPC and Groupement and related papers were made available and are being submitted with this report as Enclosure Number 7. This voyage charter reflects that the tanker CAMAS MEADOWS was to be used to fulfill the charter; however, the owner held an option to substitute any other similar United States flag vessel.

The period of the charter was that it was to remain in force for as many consecutive voyages as the owner could perform over a fourteen-month period, commencing from the date the vessel was presented for loading for its first voyage.

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The freight rate as amended was to be in accordance with United States Maritime Commission Rate Order 438, plus 165% for the first two voyages and plus 160% for all other voyages.

A letter dated May 17, 1948, from USPC to [REDACTED] of Bryant and Vining Company, Inc., Agents of USPC, reflects that the United States Maritime Commission on April 22, 1948, had approved a ten-year time charter of the CAMAS MEADOWS to Petcap and that the CAMAS MEADOWS' voyage charters would be performed by Petcap, the chartering owner. This letter also indicated that Lambert Brothers, Ltd., London, England, were the general agents of Petcap. b7c

A schedule of the payment of charter hire and demurrage is as follows:

(Note: Payment on Voyage #1 was made to the National City Bank under assignment made by USPC. All other payments to National City Bank were under assignment made by Petcap and all other payments were made to Petcap direct, with the exception of Voyage #7 which was paid to Lambert Bros., Ltd. as agents of Petcap and Voyage #8 which was paid to Petcap c/o [REDACTED])

(b7c)

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<u>Voyage Number</u>	<u>Date of Payment</u>	<u>Freight or Demurrage</u>	<u>Paid To</u>	<u>Amount</u>
1	4/28/48	Freight	National City Bank	\$ 544,485.70
1	5/4/48	Freight	National City Bank	21,104.09
2	7/19/48	Freight	National City Bank	416,569.80
2	10/28/48	Demurrage	Petcap	22,520.00
2	11/4/48	Demurrage	Petcap	85,952.00
3	8/9/48	Freight	National City Bank	374,978.92
3	8/31/48	Freight	National City Bank	16,392.50
4	10/8/48	Freight	Petcap	378,817.97
4	1/7/49	Demurrage	Petcap	23,860.00
5	11/3/48	Freight	Petcap	453,716.57
6	1/10/49	Freight	Petcap	378,597.70
7	2/14/49	Freight	Lambert Bros., Ltd., as agents of Petcap	380,018.55
8	3/29/49	Freight	Petcap, [REDACTED]	456,898.26
9	5/10/49	Freight	Petcap	376,952.87
10	6/6/49	Freight	Petcap	447,516.94
			Total	<u>\$4,378,381.89</u>

67c

b7c

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[REDACTED] informed that the tanker CAMAS MEADOWS was not rechartered at the completion of the charter dated February 1, 1948; however, he related that on December 1, 1948, the Socony-Vacuum Oil Company and Compagnie Francaise De Raffinage entered into a voyage charter for four consecutive voyages, which was later amended to eight additional voyages. No particular ship was identified to perform the voyages but Socony was to supply one ship per month between the first and 15th day of the month, beginning with January, 1949, but the vessel was to be nominated four weeks prior to loading.

b7d

[REDACTED] advised that Addendum Number 16 reflects that the vessel CAMAS MEADOWS was substituted for the vessel HERMAN F. WHITON. Payment of the charter hires on the vessel were made to Socony-Vacuum Oil Company.

b7d

The following investigation was conducted by SAA [REDACTED]

b7c

b7d

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DEPARTMENT ITEM NUMBER 28

This item is in reference to the details of the agreements with Socony Vacuum Oil Company for the substitution of the FT. BRIDGER and the LAKE GEORGE on time charters of foreign flag vessels. The identity of the foreign flag vessels which were originally chartered to Socony Vacuum and the charters involving these arrangements were to be set forth.

Details concerning the substitution of the FT. BRIDGER for the ARISTOPHANES owned by Sociedad Maritima Miraflores is contained in Department Item Number 16 and Department Item Number 24.

Information pertaining to the LAKE GEORGE as a substitution for the OLYMPIC TORCH, owned by the Olympic Oil Lines of Panama, is contained in Department Item Number 16 and as follows:

 Marine Transport Division, Socony Vacuum Oil Company, 26 Broadway, advised SA (A)  that the OLYMPIC GAMES owned by the Olympic Oil Lines was chartered to Socony on a five year time charter basis. Subsequently Mr. PRATT and Mr. ONASSIS made an agreement whereby the OLYMPIC TORCH would be substituted for the OLYMPIC GAMES. This was satisfactory to Socony as the OLYMPIC TORCH was of equivalent tonnage but a faster ship and, therefore, Socony stood to make a substantial saving on the substitution. The OLYMPIC GAMES went off charter on July 26, 1950 and the OLYMPIC TORCH was delivered on August 12, 1949. b7d
b7c

The reason for the ONASSIS substitution was that ONASSIS wanted to make a whaler out of the T-2 tanker, SS HERMAN F. WHITON, and to transfer it to a foreign flag. As it was necessary to get the approval of the United States Maritime Commission, ONASSIS was prepared to tender the OLYMPIC GAMES, a foreign flag vessel, for United States registry in exchange for the WHITON'S release from United States registry.

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In July, 1951 Mr. PRATT and Mr. ONASSIS made another agreement whereby Socony would receive two T-2 tankers as a substitution for the OLYMPIC TORCH. It was necessary that ONASSIS obtain the OLYMPIC TORCH, a foreign flag vessel, to fulfil an agreement he had made with the Anglo-Saxon Oil Company. Socony was satisfied with the substitution as it added greater flexibility to their fleet and as the market for a 28,000 ton vessel was very poor. Socony did not benefit from a rate standpoint on this substitution.

As previously reported the OLYMPIC TORCH time charter was canceled and the vessel was re-delivered on August 3, 1951. The T-2 tankers, LAKE GEORGE and WILLIAM A. M. BURDEN, were the substituted vessels.

The charters and related papers of the vessels chartered by Socony from the ONASSIS-KONIALIDIS group are being incorporated as Enclosure number 6.

DEPARTMENT ITEM NUMBER 29

This item requests the identity of the individuals that negotiated the sale by USPC on May 10, 1948 of its stock in Petroleum Carriers of Panama to Miraflores for \$2,600.00 and the purpose of this sale.

Information regarding the above question is set forth in detail in the last section of this report that reports the INTERVIEW OF ROBERT L. BERENSON.

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DEPARTMENT ITEM NUMBER 30

This item requests information regarding the inception, background and operation of the collateral loan account of USPC at National City Bank.

The following investigation was conducted by SAA's

(b7c)

[REDACTED]

(b7d)

[REDACTED]

(b7d)

[REDACTED]

(b7d)

As a result of this position taken by National City Bank, the Department Questions Nos. 5, 17, 19, 20, 52, 62, 63 and 68, as to when negotiations began and who participated in them concerning the various loans secured by USPC at National City Bank, cannot be ascertained. However, the facts pertaining to who participated in these negotiations and when they occurred are contained in the interview of ROBERT L. BERENSON set forth at the end of this report.

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In this respect, it is noted that Exhibit 21 of the U. S. Maritime Commission report dated May 24, 1951, a letter from ROBERT L. BERENSON, President, USPC, to ARIONA, dated June 22, 1948, indicates that ARIONA will furnish to USPC the funds necessary to make payments on the mortgages of the FORT BRIDGER, LAKE GEORGE and CAJAS MEADOWS.

Exhibit 23 of this same Maritime report, a letter from R. L. BERENSON, President, USPC, to ARIONA, dated August 16, 1948, states as follows:

"We have now made arrangements with the National City Bank of New York and it will not be necessary for you, in the future, to place us in funds, but only to furnish the bank with collateral to guarantee our loans.

"We shall, accordingly, as of the next due date, August 26, 1948, discontinue the arrangements set down in our letter of June 22. In the future, will you kindly arrange the guarantee of our loan at the National City Bank of New York by placing collateral with them as amounts fall due under our mortgage loans in accordance with the schedule of due dates which we have sent you.

"Will you please confirm your arrangement with the above procedure and also confirm that the collateral which you will deposit with the National City Bank of New York will be left with them to cover any renewals of the loans from the bank which we may require for a period up to ten (10) years."

(b7d)

b7c

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(b7D)



(b7D)

Source of Funds Used Under Collateral Loan Arrangement to Repay National City Bank

The cash disbursements, voucher and general ledger records of USPC, which were examined by SAA [redacted] reflect that USPC made the following payments to National City Bank on this collateral loan account;

(b7c)

<u>Date</u>	<u>Amount</u>	<u>Check No. or Other Method of Payment</u>
9-12-51	\$5,550,000	Check No. 3795
5-2-51	250,000	Check No. 3359
4-16-51	1,200,000	Check No. 3299
5-23-50	100,000	Paid by transferring same to secured loan account which was paid by debit memorandum from funds on deposit in their National City Bank regular account - per

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Date Amount Check No. or Other Method of Payment

USPC letter to National City Bank, February 28, 1950. Debit memorandum was dated March 1, 1950. This was paid in connection with writing of a new note reducing the collateral loans from \$4,500,000 to \$4,400,000.

12-15-49 \$ 485,000

Check No. 1664

5-31-49 1,500,000

Paid by transferring same to mortgage loan account and issuance mortgage loan dated March 8, 1949 in the amount of \$1,500,000, which loan was paid as follows:

<u>Date</u>	<u>Amount</u>
6-8-49	\$ 83,333.33
6-27-49	166,666.66
7-8-49	83,333.33
8-8-49	83,333.33
9-8-49	83,333.33
10-10-49	83,333.33
11-9-49	83,333.33
12-7-49	833,333.36

The balance in USPC's regular checking account at the National City Bank on September 12, 1951, according to the cash receipts and disbursement records of USPC, was \$39,392.23. These records reflect that the only other receipt of September 12, 1951 was \$10,022,222.22, which was received from Metropolitan Life Insurance Company, of which ten million dollars represented the proceeds of a bond issue sold by USPC to the Metropolitan Life Insurance Company under Preferred Ship Mortgage and Indenture dated September 1, 1951. These records reflect that on September 12, 1951, the National City Bank collateral loan was fully paid by USPC Check No. 3795 in the amount of \$5,550,000. It therefore follows that the source of the funds to make this payment was proceeds of the bond issue sold to Metropolitan Life Insurance Company.

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The balance in USPC's regular checking account at the National City Bank on May 1, 1951, according to the records of USPC, was \$82,923.46, and on May 1-2, 1951, there was a receipt of \$378,296, of which \$377,955.58 represented proceeds from the sale of Pacific Tankers, Inc. capital stock by USPC to Victory Carriers, Inc. on July 19, 1950. These records reflect regular disbursements on May 1-2, 1951 of \$77,691. The records reflect that a payment was made on May 2, 1951 to the National City Bank by USPC Check No. 3359 in the amount of \$250,000, drawn on the regular account. It therefore follows that the source of the funds for the major portion of this payment was the proceeds of the sale of Pacific Tankers capital stock to Victory Carriers, Inc. on July 19, 1950. It is noted that this account was carried in the Accounts Receivable of USPC until May 2, 1951.

The balance in USPC's regular checking account at the National City Bank on April 15, 1951 was \$233,612.15, according to the records of USPC. The total receipts in this account on April 16, 1951 was \$1,200,000, which was received from Pacific Tankers, Inc. and represents a loan to USPC which was carried by that concern as an Account Payable of Pacific Tankers, Inc. These records reflect that the only disbursement from this account on April 16, 1951 was USPC's Check No. 3299 in the amount of \$1,200,000 paid to National City Bank in partial retirement of the collateral loan account. It therefore follows that the source of the major portion of these funds was a loan on "open" account from Pacific Tankers, Inc.

The source of the funds of the May 23, 1950 payment on the National City Bank collateral loan in the amount of \$100,000 came from funds of the company's normal operation and was paid as previously set out by debit memorandum to their regular account at that bank.

The balance in USPC's regular checking account at the National City Bank on December 1, 1949 was \$7,156.85, and there was subsequent receipts of \$143,085.06 and disbursements of \$109,906.22 between December 1 and December 15, 1949, in addition to the following:

Large Deposits and Disbursements

<u>Deposit</u>	December 7, 1949, received from Pacific Tankers, Inc., \$1,822,800 (representing proceeds of a loan to Pacific Tankers, Inc. dated August 12, 1949, in amount of \$1,800,000 and accrued interest thereon of \$22,800).
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Disbursement December 7, 1949, paid to Pacific Tankers, Inc. by Check No. 1578, \$1,800,000 (representing a mortgage loan to Pacific Tankers, Inc. dated December 7, 1949).

Deposit December 7, 1949, received from Marine Trading, Inc., \$5,200,000 (representing proceeds of a mortgage loan given by USPC to Marine Trading, Inc. on December 7, 1949, which funds were received by Marine Trading, Inc. from Metropolitan Life Insurance Company as proceeds of a Marine Trading, Inc. bond issue sold to Metropolitan on the same date).

Disbursements December 7, 1949, paid to the National City Bank of New York by Check No. 1577, \$4,579,679.36 (representing payments on mortgage notes dated as follows:

5-27-49	\$2,236,937.50
3-8-49	833,333.36
8-12-49	1,500,000.00

of which \$9,408.50 was charged against accrued interest account).

December 15, 1949, paid National City Bank by Check No. 1664, \$485,000.

The balance in the account as of the close of business December 15, 1949 was \$198,456.33. It therefore follows that the major source of the funds of the December 15, 1949 payment on the National City Bank collateral loan in the amount of \$485,000 was the Marine Trading, Inc. mortgage loan dated December 7, 1949.

The only other payment to the National City Bank on the collateral loan was May 31, 1949 in the amount of \$1,500,000, which was paid, as previously set out, by the issuance of a mortgage loan dated March 8, 1949 in the amount of \$1,500,000. The payment of this mortgage loan was from normal business operations except the payment of \$833,333.36 on December 7, 1949, which was paid as set out in the December 1949 schedule above. It therefore follows that the major source of the funds to repay this \$833,333.36 to National City Bank was also the Marine Trading, Inc. mortgage loan dated December 7, 1949, set out in that schedule.

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[REDACTED]

(b7d)

[REDACTED]

(b7d)

[REDACTED]

(b7d)

b7c

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DEPARTMENT ITEM NUMBER 31

The following investigation was conducted by SA(A)

The operating results of USPC for the years 1948 through 1951, as reflected from the company books and records, were analyzed to determine the profits made by USPC from the operation of the vessels CAMAS MEADOWS, FORT BRIDGER, LAKE GEORGE and ARICKAREE.

From this analysis, the results of the operation of USPC are summarized as follows:

	<u>Total Operations</u>	<u>Operation of CAMAS MEADOWS FORT BRIDGER LAKE GEORGE and ARICKAREE</u>	<u>Operation of STONY POINT CAMP NAMANU and BATTLE ROCK</u>	<u>Other Activities</u>
Profit or Loss before Federal Income Tax				
1948	\$ (17,054.04)	\$ 182.05	\$ --	\$ (17,236.09)
1949	293,612.30	8,524.49	443,828.46	(158,740.65)
1950	469,726.53	72,865.14	632,350.82	(235,489.43)
1951	<u>652,040.63</u>	<u>139,640.22</u>	<u>662,917.14</u>	<u>(150,516.73)</u>
Total				
1948-1951	\$1,398,325.42	\$221,211.90	\$1,739,096.42	\$(561,982.90)

Details of operations for the four-year period, 1948 through 1951, are included in Exhibit E attached to this report. Details of operations for each of the four years are included in agent's work papers.

In reference to the division of operations reflected in the above schedule, the following is to be noted:

The operation of the CAMAS MEADOWS, FORT BRIDGER, LAKE GEORGE and the ARICKAREE consisted of time charters of the first three tankers and a bareboat charter of the latter tanker to the Petroleum Carriers of Panama during the four years.

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In addition, Sociedad Maritima Miraflores Ltd. entered into a guaranty with USPC that, under the three time charters, the net of charter hire and vessel operation expenses would be at least equivalent to the revenue that would accrue to USPC under bareboat charters at the rate of \$1.00 per dead weight ton per month.

In each year Sociedad Maritima Miraflores was required to remit to USPC under the guaranty relative to each of the three time charters. Since the ARICKARRE bareboat charter was at the rate of \$1.00 to Petroleum Carrier of Panama, the operation of all four vessels over the four years was in effect at a monthly rate of \$1.00 per dead weight ton.

The operation of the vessels STONY POINT, CAMP NAMANU and BATTLE ROCK was under bareboat charters to the Socony-Vacuum Oil Company. The results of operation shown in the foregoing schedule are for the period from March 3, 1949, the date of merger of the American Marine Corporation and the USPC, to December 31, 1951.

Operations of the three tankers by American Marine Corporation during 1948 and until March 3, 1949 resulted in a net profit of \$225,270.73, which was the adjusted American Marine Corporation earned surplus credited to USPC's surplus account upon merger. Over the full four years, then, these three tankers were operated at a net profit, before taxes, of \$1,964,367.15, while the four original USPC tankers chartered to Petroleum Carriers of Panama were operating at a net profit, before taxes, of \$221,211.90.

In the schedule set forth previously and in Exhibit E attached to this report, items classified under "Other Activities" consisted primarily of interest expense, interest income and amortization applicable to investments in and loans to affiliate companies by USPC. In addition, expenses relative to the Coast Guard Cutter ALGONQUIN were set forth under this column.

The matter of applying the revenue and expenses of USPC to the individual vessels operated was discussed with HAROLD O. BECKER, Treasurer and Assistant Director of USPC. It was determined that vessel revenue, vessel operating expenses

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and depreciation could be ascertained by vessel from USPC's books. BECKER advised that USPC's financing consisted of a series of loans, some of which were retired from the proceeds of subsequent loans. He stated that the installments on the original mortgage loans of USPC's initial four tankers were retired through subsequent borrowing.

BECKER maintained that it would be an extensive project to attempt to determine the exact interest expense applicable to the purchase of each of USPC's seven tankers. BECKER also stated that the extensive investments in and advances to affiliates by USPC were accomplished through borrowing funds.

It was suggested to Mr. BECKER that the interest expense applicable to advances to and investments in affiliates by USPC during 1948 through 1951 be computed at 4%, the rate under mortgage loans by USPC, and that the remaining interest expense be considered applicable to the operation of USPC's seven tankers.

BECKER agreed that this method would present a fair allocation of interest expense. The foregoing method of allocating interest expense was therefore used. Interest relative to the tankers was divided equally. Interest income from affiliates was applied against the interest expense computed as pertaining to affiliate financing.

In reference to general overhead; that is, administrative and general expense and other miscellaneous expenses and income, BECKER expressed the opinion that a relatively small amount of such expenses were applicable to bareboat operation. He stated that little expense is incurred by the owner under bareboat charters, as the charterer has full responsibility for operating the boat and paying expenses.

BECKER suggested that a fixed overhead expense allocation of \$15,000.00 per bareboat charter per year would be a fair distribution of such expenses. In computing the operating results above such an allocation was made to the four bareboated tankers and the remaining administrative and general expense and other miscellaneous expenses and income were allocated to the

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three time charter vessels. Miscellaneous amortization, which consists of amortization of mortgage expenses and the excess cost of stock of affiliated companies over book value, was allocated directly to each of the three categories of operation where such was ascertainable. The balance of amortization of mortgage expenses was allocated in the ratio of interest expense.

The portion of this Departmental item relative to dividends has been discussed under Departmental item 12.

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DEPARTMENT ITEM NUMBER 32

This item is in reference to the existence of the Socony Vacuum Oil Company and Groupement D'Achat des Carburantes of Paris charters and the present employment of the vessels. It also deals with the commitment of the charter hire revenues to bank loans until the receipt of the charter hire as it becomes due by USPC.

[REDACTED] French Oil Industry Agency, 50 Broad Street, advised SA (A) [REDACTED] that the firm Groupement D'Achat des Carburantes of Paris, which is in the process of liquidation, does not have a charter on any vessels. (b7c)

[REDACTED] Marine Transport Division, Socony Vacuum Oil Company, 26 Broadway, advised SA (A) [REDACTED] that the following vessels are on charter to Socony and the charter hire is assigned to the banks as listed: (b7d) (b7c)

VESSELS

BANKS

ARICKAREE	Chase National Bank
FT. BRIDGER	National City Bank
LAKE GEORGE	National City Bank
CAMP NAMANU	Chase National Bank
BATTLE ROCK	Chase National Bank
STONY POINT	Chase National Bank
WILLIAM A. M. BURDEN	National City Bank
CAMAS MEADOWS	National City Bank

The charter hire is being paid by Socony as assigned. The details regarding this matter are set forth under Department Item Number 47.

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DEPARTMENT ITEM NUMBER 33

This item requests information as to the law firm that incorporated American Marine Corporation on October 17, 1947.

The following investigation was conducted by SA(A) [redacted] and SA [redacted]

(b7c)

[redacted]

b7d

the incorporators were PARKER, ROSENBAUM, of the firm Goodwin, Rosenbaum, and Meecham, Washington, D. C., and SUEL C. ARNOLD, of the firm of Dougherty, Arnold and Waters, Milwaukee, Wisconsin, and himself.

[redacted] the original stockholders were himself, ARNOLD, PARKER, and one other individual of whose identity he was not certain. To the best of his recollection there were a total of four stockholders each holding [redacted] shares of no par value stock, for which a total of [redacted] was paid into the company. He stated PARKER requested him to furnish [redacted] of this amount, representing [redacted] for the [redacted] shares of stock to be issued in PARKER's name and [redacted] for the [redacted] shares of stock to be issued in the name of [redacted]. He advised that this [redacted] was furnished to PARKER in the form of a check of O. F. Taylor and Company, [redacted] at the time these transactions took place in 1947. He said he was unable to state who furnished the remaining [redacted].

b7d

[redacted] that he was a stockholder in record only and never at any time owned or thought he owned 25% of American Marine Corporation. In fact, he never received a stock certificate for the stock listed in his name, all the stock certificates and other corporate records being maintained by PARKER and/or ROSENBAUM. He added that

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b7c

[REDACTED]

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100 shares of American Marine stock remained in his name until sometime in February, 1948 when the stock of American Marine was sold to U. S. Petroleum Carriers. [REDACTED] he had nothing to do with arranging the sale of the stock to USPC and first learned of the transaction when PARKER told him "they were going to sell the company." In this connection, [REDACTED] PARKER and DUDLEY handled the sale of the stock and all arrangements for the sale had been made prior to the time he [REDACTED] knew anything about it.

[REDACTED]

b7c

b7c

[REDACTED]

[REDACTED] he went to Washington, D. C., the exact date he does not recall, [REDACTED]

[REDACTED]

b7c

[REDACTED] stated that he believes he also met a Mr. DUDLEY from ROSENBAUM's office on this occasion but he could not be definite about DUDLEY being there. He stated [REDACTED]

b7d

[REDACTED] that ROSENBAUM had told [REDACTED] there was an opportunity to purchase surplus tankers, and possibly liberty ships, from the U. S. Maritime Commission and, if the financing could be arranged, it would be possible to purchase some of these vessels and "go into the shipping business." [REDACTED] stated that, from further discussion [REDACTED] at this same meeting, he learned the idea was to make arrangements to

b7c

[REDACTED]

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charter these vessels on a bareboat basis to one or more of the first group oil companies and pay off the mortgage on the vessels with charter hire over a five year period. [REDACTED] was to be the accountant and PARKER was to handle certain legal matters and, although he did not know it at this time, DUDLEY was supposed to be an expert on organization of foreign corporations.

b7d

[REDACTED] he returned to New York City and discussed this matter with the other partners of O. F. Taylor and Company, [REDACTED]

[REDACTED]

(b7d)
(b7d)

the other partners told him to go ahead and, although he does not specifically recall doing so, he believes he must have [REDACTED] advised him of their approval. [REDACTED] while discussing the matter at the meeting [REDACTED]

he had [REDACTED] that, if O. F. Taylor and Company did agree to act as accountants for American Marine, they would do so on a contingent fee basis with the understanding that, in the event the business venture proved unsuccessful, O. F. Taylor would not render a bill to American Marine and, in the event the venture proved successful, O. F. Taylor and Company would bill American Marine at approximately twice the fee which they charged regular clients for comparable services.

[REDACTED] was made Secretary-Treasurer of the corporation in that it was convenient to have a representative and official located in New York City and further in that such arrangement made it possible for PARKER [REDACTED] to use the office of O. F. Taylor and Company from which to make telephone calls and handle miscellaneous matters while in New York City.

b7d

He advised PARKER [REDACTED] made a number of visits and he had discussions with them on many occasions, separately and together, in New York City between October, 1947 and February, 1948 relative to chartering the vessels and financing the purchase of the vessels. In this connection, [REDACTED] it was almost imperative that the agreement to charter the vessels and the agreement to finance the vessels take place simultaneously as the company or syndicate which financed the ships was reluctant to do so unless the identity of the charterer and financial background thereof was known.

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b7d

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He advised it appeared for some time prior to February, 1948 that the New York Life Insurance Company would finance the purchase of the three vessels allotted to American Marine Corporation by the U. S. Maritime Commission. He advised, however, that negotiations with New York Life Insurance Company did not materialize and he did not think O. F. Taylor and Company would receive any fee whatsoever; in fact, he said the company was considering writing off certain disbursements to profit and loss when either PARKER or [redacted] informed him that they had found someone who could obtain a charterer for the vessels. b7c

He advised it was about this time the stock of American Marine was sold to U. S. Petroleum Carriers and exhibited a letter dated February 5, 1948 addressed to American Marine Corporation, 1025 Connecticut Avenue N.W., Washington, D. C., in which he submitted his resignation as Director and Secretary-Treasurer effective when accepted by the corporation. It is to be noted that the address of the American Marine Corporation on this letter is the same as that of the office of E. COURTLAND PARKER. [redacted] b7c b7d

[redacted] does not recall when he severed all connections with the company but that after February 5, 1948 his only connection with American Marine was to sign papers as Secretary-Treasurer of the company.

[redacted] attending a meeting in Hoboken, New Jersey attended by officials of both American Marine Corporation and U. S. Petroleum Carriers, at which meeting he signed a number of papers as Secretary-Treasurer of American Marine. He said he could not recall if it was at this meeting that the sale of stock took place or if the meeting was held for some other purpose. b7d

[redacted] that he and the other partners of O. F. Taylor and Company were pleasantly surprised upon learning arrangements had been made to sell the company and that they would receive a fee for accounting services rendered American Marine because he had given up hope of obtaining any remuneration after the New York Life Insurance Company financing failed to materialize. He advised that at regular rates he figured he had performed services amounting to approximately \$4,000.00 for American Marine and, on this basis, O. F. Taylor and Company received approximately b7d

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\$8,000.00 (twice the regular fee), which money was received from ROSENBAUM in installments over a period of about five years, the last payment in the approximate amount of \$1,200.00 being made very recently.

[redacted] that he personally received 25% of the proceeds obtained in connection with this matter. [redacted] these proceeds were paid to him personally by ROSENBAUM's firm in the form of checks, which checks were turned over to O. F. Taylor and Company and deposited in a bank account, the proceeds being subsequently divided equally among the four partners.

[redacted] that in connection with the last payment that he received from ROSENBAUM, there was also enclosed a release which was drawn up by ROSENBAUM. [redacted] did not like the wording of this release inasmuch as it appeared to him that he was affording to ROSENBAUM complete protection against any legal action in connection with American Marine Corporation. He stated that he, accordingly, got in touch with [redacted] forwarded to him a copy of a release [redacted] had given to ROSENBAUM.

[redacted] that this was a simple release and he had a copy prepared for himself which he signed and transmitted to ROSENBAUM together with the unsigned release which ROSENBAUM had forwarded to him with the final payment. He added that, while he had never met ROSENBAUM in New York City, he had had many discussions with him in Washington, D. C. in connection with matters pertaining to the American Marine Corporation.

[redacted] O. F. Taylor and Company was a small accounting firm and he felt that by accepting this business from the American Marine Corporation and being associated with ROSENBAUM he might be able to open up some new avenues of revenue and clients for the O. F. Taylor and Company. In retrospect, he stated had he known ROSENBAUM and DUDLEY as well then as he does now he probably would not have accepted the business. In this regard he added that he was referring to the publicity which ROSENBAUM and DUDLEY had received in the newspapers of late.

[redacted] he did not know ONASSIS nor did he know who paid the expenses relating to the incorporation of this company.

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DEPARTMENT ITEM NUMBER 34

This item requests that it be determined what bank has been contacted by officials of American Marine Corporation to finance the purchase of vessels.

The following investigation was conducted by SA(A) (b7c)

[REDACTED] (b7d)

[REDACTED] (b7d)

[REDACTED] (b7d)

[REDACTED] (b7d)

[REDACTED] (b7d)

NICOLAS COKKINIS, ROBERT BERENSON, and ARISTOTLE ONASSIS.

Full details in regard to the financing by the Metropolitan Life Insurance Company and the contacts made by the above-mentioned individuals are discussed under Department Item Number 41.

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SA [REDACTED] SA(A) [REDACTED] and [REDACTED] that he did not know of any banks, insurance companies, etc., which had been contacted prior to the date of incorporation by officials of American Marine Corporation to finance the purchase of the vessels. He added that subsequent to the date of incorporation, the only negotiations of which he had knowledge were with the New York Life Insurance Company, as set forth under Department Item Number 33. b7d
b7c

DEPARTMENT ITEM NUMBER 35

This item requests that it be determined if Messrs. PARKER, [REDACTED] had any previous shipping experience. b7c

[REDACTED] advised [REDACTED] to the best of his knowledge, PARKER had no previous shipping experience. [REDACTED] b7c
b7d

DEPARTMENT ITEM NUMBER 36

This item requests that the discussions and negotiations for the charter or operations of the vessels prior to the submission of American Marine's application on October 20, 1947, be identified.

[REDACTED] had no discussions or connections with any negotiations relative to the charter or operation of the vessels subsequent to February 5, 1948, the day he submitted his resignation. He said he had a number of discussions prior to that date with PARKER, [REDACTED] officials of the New York Life Insurance Company, relative to the financing of the purchase by that insurance company. b7c
b7d

It is noted, as set forth under Department Item Number 33, that the negotiations with the New York Life Insurance Company did not materialize.

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DEPARTMENT ITEM NUMBER 37

This item requests the names of the individuals who participated in the negotiations leading up to the sale of all the stock of American Marine Corporation to USPC on February 3, 1948. It also requested it be determined if ONASSIS played any part in these negotiations.

[REDACTED]

[REDACTED] that to the best of his knowledge, PARKER and DUDLEY handled the sale of American Marine stock to the USPC but is not familiar with any of the details of the negotiations leading up to the sale. He pointed out that his knowledge in this regard was hearsay and what he knew was told him by PARKER and [REDACTED], was not present at any of the negotiations.

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[REDACTED] that he had never met an individual by the name of ONASSIS and, therefore, would not know if ONASSIS played any part in the negotiations leading up to this sale.

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DEPARTMENT ITEM NUMBER 38

The following investigation was conducted by SAA [REDACTED]

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This items requests that it be ascertained if there is any relationship between the agreed amount set forth in exhibit 29 of US Maritime Commission report dated May 24, 1951 and the \$50,000. advanced on February 3, 1948 by ARIONA through SSY.

In accordance with the terms of the agreement \$41,600. was paid to GOODWYN, ROSENBAUM and MEACHAM during 1948 as set forth below:

<u>Date</u>	<u>Amount</u>
2/5/48	11,600.00
3/30/48	20,000.00
4/21/48	<u>10,000.00</u>
	* 41,600.00

The \$1,600.00 of total amount of \$41,600.00 is payment for the initial capital investment of American Marine Corporation.

When the check in amount of \$11,600 was drawn on February 5, 1948, the balance in the USPC bank account was \$38,683.91, which was the remaining balance of funds received from ARIONA.

It was not possible to determine the exact source of the funds used to make the payments on March 30, 1948 and April 21, 1948 since the funds available at that time were generally corporate funds.

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DEPARTMENT ITEM NUMBER 39

This item requests that it be ascertained who negotiated with the Chase National Bank for the financing of the three tankers (BATTLE ROCK, CAMP NAMANU, and STONY POINT) allocated to American Marine Corporation, and what were the negotiations leading up to the loan agreement of March 23, 1948, in the amount of \$4,320,000.

The following investigation was conducted by
SA [REDACTED]

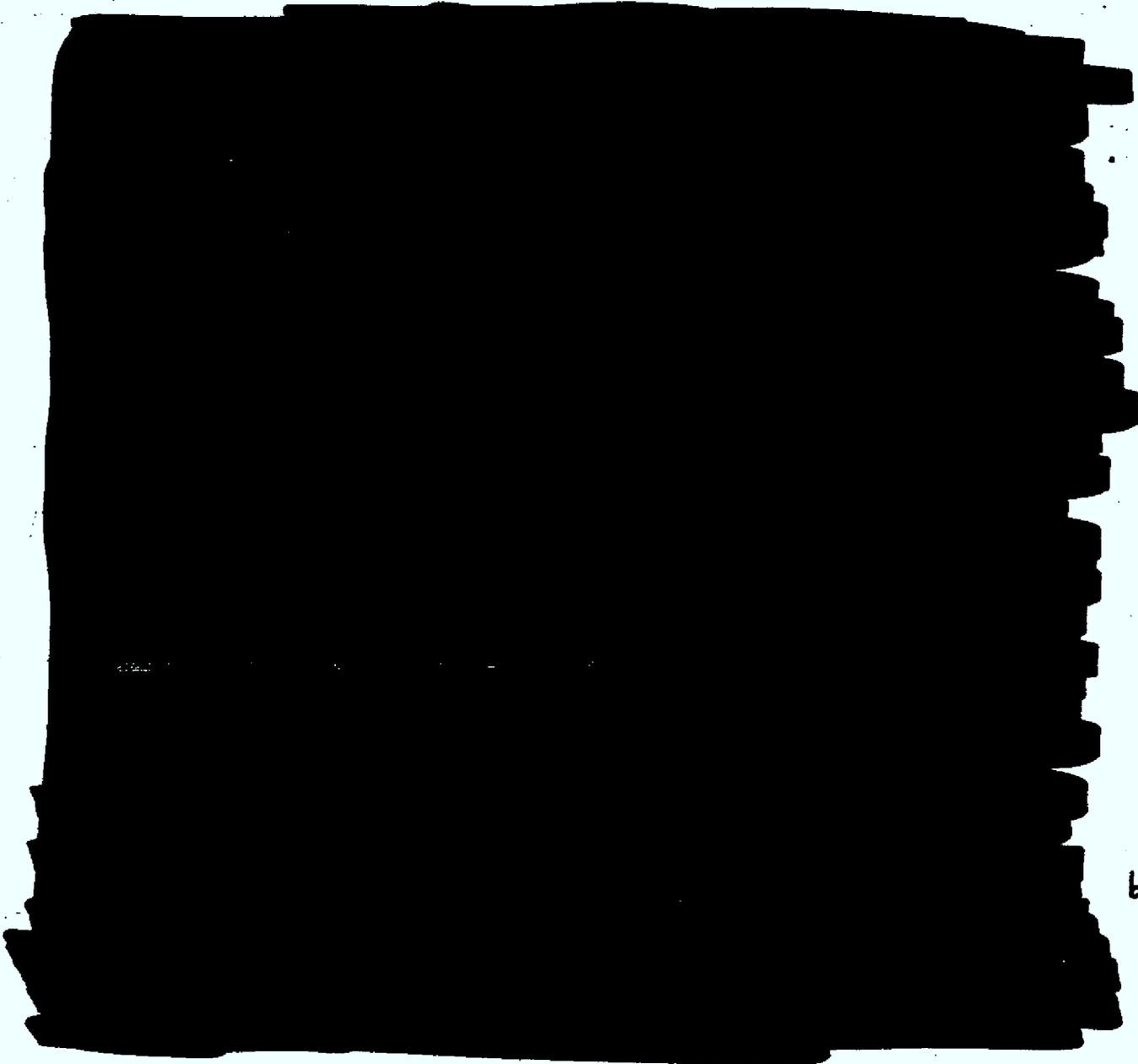
b7c

[REDACTED]

b7d

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DEPARTMENT ITEM NUMBER 40

This item requests that it be ascertained why the Chase National Bank required ONASSIS to guarantee the loan of \$4,320,000, as mentioned in Department Item Number 39.

The following investigation was conducted by SAA [redacted] and SAA [redacted] b7c

[Large redacted block of text]

b7d

DEPARTMENT ITEM NUMBER 41

This item requests that it be ascertained who participated in the negotiations leading up to the re-financing of the vessels BATTLE ROCK, CAMP NAMANU, and STONY POINT through the Metropolitan Life Insurance Company.

The following investigation was conducted by SAA [redacted]

[Large redacted block of text]

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[REDACTED]

b7d

[REDACTED]

b7d

[REDACTED]

b7d

b7c

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DEPARTMENT ITEM NUMBER 42

The following investigation was conducted by SA(A)

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In regard to what portion of the funds secured under the refinancing of the American Marine Corporation tankers BATTLE ROCK, CAMP NAMANU, and STONY POINT, was used by USPC to retire the debt to ARIONA, the following facts have been developed from the books and records of USPC and American Marine Corporation:

On January 19, 1949, American Marine Corporation used approximately \$300,000 of the funds secured under the refinancing as a partial payment to ARIONA and also paid USPC approximately \$375,000 on January 7, 1949, from those funds.

It is noted that the foregoing figures are shown as approximate amounts because American Marine Corporation had on deposit \$138,174.99 in the bank account when the American Marine Corporation bond receipts were recorded at the time of the sale.

The records of USPC reflects that they had a balance in their National City Bank regular account on January 6, 1949, of \$552,951.67 and paid ARIONA \$690,793.81 on January 6, 1949. These records also reflect that \$375,000 was received from American Marine Corporation and deposited to this account on January 7, 1949; therefore, a portion of the \$375,000 received from the refinancing by American Marine Corporation would have gone to ARIONA through USPC.

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DEPARTMENT ITEM NUMBER 43

This item deals with the date negotiations commenced and the persons who participated for the bareboat charters of the SS STONY POINT, the SS CAMP NAMANU and the SS BATTLE ROCK to Socony Vacuum Oil Company for five years. It is also in reference to the part that ONASSIS took regarding these negotiations.

[redacted] Marine Transport Division, Socony Vacuum Oil Company, 26 Broadway, advised SA (A) [redacted] and SA (A) [redacted] that [redacted] A. L. Burbank and Company, 17 Battery Place, whose principal business is dry cargo ship operation, was introduced to him by one of the members of the Board of Directors of Socony in early February, 1948. During that meeting and subsequent meetings a general discussion was had concerning the chartering of vessels of the tanker type.

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About the middle of February, 1948, [redacted] advised [redacted] that he was acquiring three tankers which would be available for charter to Socony and, after some discussion, orally agreed to bareboat charter these ships at a rate of \$2.05 per dead weight ton per month. [redacted] then called [redacted] of the Marine Transport Division, and advised him to accept [redacted] offer subject to his ability to obtain the vessels.

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[redacted] this oral agreement must have been made about February 20, 1948 as the first correspondence in the file concerning the SS BATTLE ROCK and the SS CAMP NAMANU bears instant date. Correspondence tending to confirm this period is being enclosed as Enclosure number 9.

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About a week later Mr. ONASSIS and Mr. BERENSON came to see [redacted] and advised him they were going to purchase the vessels providing Socony would honor [redacted] oral agreement of bareboat charters at \$2.05. [redacted] then called him [redacted] and advised him of the substitution.

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[redacted] was informed to accept the offer subject to the recognition of [redacted]; however, [redacted] was then able to obtain a charter rate of \$2.00 from ONASSIS as an agreement had been reached with him the prior week to bareboat charter the ARICKAREE at \$2.00. This agreement was concluded the same day.

[redacted] he does not know what agreements were made between [redacted] and ONASSIS but he believes everything was done in a legal and ethical manner as [redacted] is a reputable individual and he has heard nothing to the contrary concerning Mr. ONASSIS. Furthermore, [redacted] stated, [redacted] was recognized as the broker in this matter, and he believed [redacted] received a fee from USPC.

With regard to the SS CAMP NAMANU, SS STONY POINT and the SS BATTLE ROCK, [redacted] advised SA (A) [redacted] that in about February, 1948 he received a call from [redacted] of the Marine Transport Division, advising him that he had completed negotiations with [redacted] to bareboat three T-2 tankers for five years at a rate of \$2.05 per dead weight ton per month. [redacted] advised him to accept this rate and that the charters were conditioned on [redacted] ability to obtain the ships.

About a week later Mr. ONASSIS and Mr. BERENSON came to [redacted] office, at which time they advised that they were going to purchase the aforementioned vessels provided Socony would honor the agreement made by [redacted]. Thereupon, [redacted], he informed them that he could not justify any bareboat charters at a rate of \$2.05 when he had completed the previous week an agreement with USPC at a rate of \$2.00. ONASSIS then stated that if he had to accept \$2.00, he would. [redacted] then informed him that that was his price and, therefore, the agreement was concluded subject to the approval of [redacted]. He then called [redacted] who advised him that the matter was final if it were first cleared through [redacted].

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[REDACTED] stated he was not certain of [REDACTED] exact position in these matters; however, he had subsequently heard through shipping circles that [REDACTED] had attempted to buy three vessels but was unable to finance them although he had been willing to invest \$800,000.00 of his own money.

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b7D

With regard to the charters, [REDACTED] informed that on March 23, 1948 Socony bareboat chartered the vessels SS STONY POINT, SS BATTLE ROCK and the SS CAMP NAMANU from the American Marine Corporation for a period of five years each from date of delivery at a rate of \$2.00 per dead weight ton per month. The SS STONY POINT was delivered on April 14, 1948. The SS CAMP NAMANU and the SS BATTLE ROCK were delivered on March 29, 1948.

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The charter hire on the SS CAMP NAMANU and the SS BATTLE ROCK was assigned by the American Marine Corporation on March 23, 1948 to the Chase National Bank. The charter hire on the SS STONY POINT was assigned by the American Marine Corporation on April 14, 1948 to the Chase National Bank. By addendum #1 dated March 3, 1949 to the charters on the above named vessels, Socony agreed to accept USPC as chartered owners due to the merger of American Marine Corporation with USPC, and also agreed to pay the charter hire to Chase National Bank as assigned by USPC.

DEPARTMENT ITEM NUMBER 44

The following investigation was conducted by SA(A)

[REDACTED]

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DEPARTMENT ITEM NUMBER 45

This item deals with the negotiations with Socony Vacuum Oil Company to substitute subcharters from PETCAP instead of direct bareboat charters from USPC. It also concerns the part ONASSIS played in these negotiations.

[REDACTED] and [REDACTED], Marine Transport Division, Socony Vacuum Oil Company, 26 Broadway, advised SA (A) [REDACTED] that they have no knowledge concerning the attempt of USPC to bareboat the SS STONY POINT, SS CAMP NAMANU and the SS BATTLE ROCK to PETCAP. They informed that their records reflect that USPC are the chartered owners of these vessels.

DEPARTMENT ITEM NUMBER 46

The following investigation was conducted by SAA [REDACTED]

This item requests that it be ascertained who participated in the negotiations which resulted in the merger of American Marine Corporation and USPC on March 3, 1949.

Information concerning this item is set forth under the INTERVIEW OF ROBERT L. BERENSON.

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DEPARTMENT ITEM NUMBER 47

This item requests that the amount of charter hire paid by Petroleum Carriers of Panama to USPC be ascertained.

From an examination of the books and records of USPC and, more particularly, the accounts set up thereon relating to Petroleum Carriers of Panama and Lambert Brothers, Agents for Petroleum Carriers of Panama, it was ascertained that the following amounts of charter hire were paid by Petroleum Carriers of Panama to USPC during the years 1948 through 1951:

1948	\$1,744,634.78
1949	2,167,226.85
1950	2,221,846.56
1951	<u>2,123,776.44</u>
Total	\$8,257,484.63

~~Complete details on the foregoing are being~~ submitted with this report as Exhibit F. This exhibit consists of four sheets, one for each of the years 1948, 1949, 1950 and 1951.

It will be found that the charges for charter hire as set up on the books and records appear on the left portion of each of these pages and the payments or reimbursement for charter hire as ascertained from the books and records are set forth on the right portion of each of these four pages.

It will be noted that the total of the payments or reimbursement for the years 1948 and 1949 exceeds the amount as set up as the charge for charter hire for those years. This excess is accounted for by the fact that included in the payments are amounts for expenses in addition to the charter hire which amounts could not be segregated from the payments as received. In other words, payments were made which included settlement for both charter hire and other operating expenses with no breakdown being shown.

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Further, in connection with the foregoing exhibit it is to be noted that the payments are reflected in some instances as coming from Barclay Bank, Ltd., Lambert Brothers, and Sociedad Maritima Maraflores. The first two organizations named act as agents for the Petroleum Carriers of Panama and the latter organization owns the controlling interest in Petroleum Carriers of Panama. The investigation relative to this item was conducted by SA (A) [REDACTED]

DEPARTMENT ITEM NUMBER 48

This item requests that it be ascertained what law firm incorporated Victory Carriers Inc.

HAROLD O. BECKER advised SAA [REDACTED] that he thought Victory Carriers Incorporated was incorporated by the law firm of Goodwin, Rosenbaum and Meacham. However, information concerning this matter will be set forth under the INTERVIEW OF ROBERT L. BERENSON.

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DEPARTMENT ITEM NUMBER 49

This item relates to the stock of Victory Carriers, Incorporated, and also the business transacted by this company from December 11, 1948, to February 26, 1949.



The following investigation was conducted by SA(A)

(b7c)

From an examination of the stock certificate book of Victory Carriers, Incorporated, it was ascertained that certificate number 1 for two thousand shares was issued to USPC on May 20, 1949. This is the only stock certificate that has been issued by Victory Carriers.

The records of Victory Carriers reflect that no financial transactions were conducted during the period from December 11, 1948, to February 26, 1949; however, the minutes of the company reflected that the Board of Directors did hold meetings during this period.

It is to be noted in this connection that the books of account of Victory Carriers were not opened until May 27, 1949, at which time a deposit was made at the National City Bank in the amount of \$854,000, representing a capital stock contribution of \$2,000 and a capital surplus contribution of \$852,000, such investment being made by USPC.

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DEPARTMENT ITEM NUMBER 50

This item requests that the cash position of USPC as of February 26, 1949, be ascertained.

The following investigation was conducted by SA(A) [REDACTED]

From an examination of the General Ledger, Cash Receipts Journal and Cash Disbursements Journal of USPC it was ascertained that as of February 26, 1949, the following cash balance was available:

Account No. 1 - National City Bank of New York, Regular Account	\$ 88,692.69
Account No. 7 - National City Bank of New York, Special Account	4,707.08
Account No. 9 - Chase National Bank, Trust Account	37,342.00
Account No. 15 - Petty Cash	<u>1,500.00</u>
Total	<u><u>\$132,241.77</u></u>

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DEPARTMENT ITEM NUMBER 51

This item requests that the cash position of Victory Carriers be ascertained as of May 25, 1949, which was the date of its contract with the United States Maritime Commission.

The following investigation was conducted by SA(A) [redacted] (b7c)

It was ascertained from the records of Victory Carriers that they had no cash position as of May 25, 1949. It was further noted that the general books of account were opened up as of May 27, 1949, with a cash deposit of \$854,000 with the National City Bank of New York, such deposit was credited to the account of USPC on the books of Victory Carriers. On the same date an entry was made charging the account of USPC and crediting the capital stock account in the amount of \$2,000 and the surplus account in the amount of \$852,000. The explanation for this entry read as follows: "Investment of US Petroleum Carriers, Capital Stock \$2,000, Surplus \$852,000." Also on the same date of May 27, 1949, the General Journal reflected a transfer of cash in the amount of \$852,000 to the account of SSY on the books of Victory Carriers. The explanation for this entry was to the effect that it was for payment made by SSY for our account to United States Maritime Commission.

Also on the same date of May 27, 1949, the General Journal reflected an entry in the deposit account for United States Maritime Commission was debited in the amount of \$852,000 and the account of SSY was credited in an amount of \$852,000. The explanation for this entry appeared as an amount deposited with United States Maritime Commission to cover initial payment of ten per cent on the purchase of eight victory-type AP3 vessels.

b7c

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DEPARTMENT ITEM NUMBER 52

This item requests that it be ascertained who participated in the negotiations with the National City Bank which resulted in the loan agreement of May 27, 1949 for \$2,800,000.

The following investigation was conducted by SA(A) [REDACTED] and SA(A) [REDACTED]

b7c

[REDACTED]

b7d

[REDACTED]

b7d

Further information in this respect is contained in the interview of ROBERT L. BERENSON set forth at the end of this report.

b7c

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DEPARTMENT ITEM NUMBER 53

This item requests that it be determined if the \$2,800,000 loan was connected in any way with the cash and collateral loan accounts established by ONASSIS or his foreign corporations at the National City Bank for the benefit of USPC.

The following investigation was conducted by SA(A)

[REDACTED]

b7c

[REDACTED]

b7d

[REDACTED]

b7d

Details concerning the Escrow arrangement handled by Schroder Trust Company are set out under Department Item Number 65.

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DEPARTMENT ITEM NUMBER 54

This item requested that it be determined what part of the security listed in the loan agreement of May 27, 1949, was actually committed when the loan was made.

The following investigation was conducted by SA(A) [redacted] and SA(a) [redacted]

b7c

[Large redacted block of text]

b7d

b7d

A review of Exhibit 38 of the United States Maritime report dated May 24, 1951, reflects that this agreement lists the following securities to be committed for instant loan.

b7d

[Redacted block of text]

[REDACTED]

b7c

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b7D

[REDACTED]

3

b7c

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[REDACTED]

b7D