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UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI

DATE: December 24, 1959

FROM : SAC, MIAMI (137-1594 Sub Section)

ATTENTION: LIAISON SECTION

SUBJECT: U. S. CUSTOMS SERVICE
ALLEGED IRREGULARITY
MIAMI, FLORIDA

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED #211,306
DATE 1/9/85 BY SP6BJA/GEL

On the evening of December 22, 1959, MM 660-C telephonically contacted Special Agent C. GRAHAM HURST and stated he had some information that he had failed to furnish in the past because he feared for his life as a result of passing it on. He said he still feared for his life, but he realized this was something big and wanted to call it to the attention of the FBI in order that the proper agency, United States Customs, could be advised of what is happening to the extent that information is leaking from the files of Miami U. S. Customs Office. Confidential Informant (CI) said there is no question in his mind that he will be killed if the information is disseminated exactly as he relates, inasmuch as he can only determine that three persons other than himself have the information available, which persons will be identified in the following narrative. CI said sometime between noon and 3:00 p.m. on December 15, 1959, he was in the restaurant of the Biltmore Terrace Hotel, Miami Beach, with NORMAN ROTHMAN, FBI No. 152585B. A man came up to their table who CI described as a white male, age 29, 6' 1", black hair, 160 pounds, nice looking, slender build. CI said no names were mentioned, but he feels he has seen this unknown individual before, and believes he can identify a photograph of him if he sees it.

This individual turned over to ROTHMAN carbon copies of what ROTHMAN told the CI were U. S. Customs reports. CI said apparently ROTHMAN was sorry that CI was there when this man came up and displayed the alleged copies of the reports

- 3 - Bureau (1 - 137-4314) (AMSD) (RM)
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and ROTHMAN swore CI to secrecy that he would not reveal to anyone under any circumstances that these reports had been in ROTHMAN's possession. CI stated he knows this is hard to believe; however, as proof he saw something, he said the communication was dated December 7, 1959, and had what appeared to be File Number 23-801. CI said as best he ^{FLA} can recall, the file related how MARTIN KATZ, Miami bondsman who is son of Miami Top Jewel Thief ABE KATZ, had gone to CHARLES HORMEL, much publicized Miami adventurer and pilot who has been involved in gun-running to Cuba in the past, to get HORMEL to get an airplane for him. It set forth that HORMEL was working with U. S. Customs on this matter, as was a man named HOGAN, who is with Liberty Aviation at Miami International Airport. Also set forth was that the airplane in question somehow was thought to contain jewelry from a \$35,000.00 jewel theft on 163rd Street, Miami, and an FBI Agent named STADTMILLER was mentioned.

It then related how the plane was stopped and Cubans were found aboard with dynamite bombs. CI was exhaustively questioned about any further specific details, but said this is all he can recall. CI said he cannot specifically say what happened to the above-referred-to papers, except that apparently the man who brought them to the Biltmore Terrace Hotel had to return them to some place or person. CI said on a later date, he had an opportunity to say something to ROTHMAN about the man who CI saw bring the papers to ROTHMAN, and ROTHMAN indicated the man who brought the papers was a waiter who is an undercover man for Customs and who gets the papers from someone else. CI said he had hopes he would hear from several sources about ROTHMAN's having access to U. S. Customs reports, and then he would not have been so apprehensive about passing on this information, but it has not been a subject of conversation anywhere and CI feels he has been close enough to the situation and has enough sources of his own that if it were known, even among a close circle of people, he would have heard it. ^{FLA}

CI said the only inference that has been made by anyone is that ~~MAX~~ LURIE, who is attorney for ROTHMAN, and also represents SAMMY MANNARINO, well-known Pittsburgh hoodlum, and several of Miami Top Jewel Thieves, made a ^{PA}

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casual remark to CI about CHARLES HORMEL being a stool pigeon for Customs and it was no wonder HORMEL recently received only a 30-day sentence in connection with a federal case against him in Miami. CI pointed out that the information given him by ROTHMAN about the man who brought the papers being a waiter and an undercover agent for Customs could be a lie, as there is no question in his mind that in the past on occasion ROTHMAN has lied to him.

Special Agent HURST pointed out to CI that it would be necessary to pass on the above information to U. S. Customs. CI said when he called to furnish this information, he knew that it would have to be furnished to U. S. Customs, and he desired that this be done, as he felt that more and more people's lives would be endangered if and when more reports are obtained by ROTHMAN from Customs if he can obtain them as he claims he can. CI said that anyone, such as HORMEL, from the underworld, who furnishes information, will more than likely be killed, and ROTHMAN, in his position with KELLY and SAMMY MANNARINO, members of "The Outfit" in Pittsburgh, is in a position to furnish information to the "right people" who could cause people to be "rubbed out."

CI further stated that he would never furnish information to Customs, as Customs Agents are too indiscreet. CI said he has been interviewed by Customs Agents in Miami and there was little doubt in CI's mind when the interview was terminated as to where Customs obtained their information. CI said that if he obtains any further information regarding the identity of the person furnishing the information, he will advise. CI stated he has the reputation of being a "blabber mouth" and talking too much, which he said he probably does, and at present, he feels he is in a precarious position, and for this reason, hopes that every effort will be made to protect him as the source of this information.

As a matter of information, Miami Office is not aware of what appears in Customs File 23-801, but the following did occur, of which Miami has knowledge, which appears to verify the information furnished by MM 660-C. On November 28, 1959,

WALLACE D. SHANLEY, U. S. Customs, Miami, contacted the Miami Office and advised he had received information from a Confidential Source that MARTIN KATZ, son of Miami Top Jewel Thief, ABE KATZ, was attempting to rent a plane for a short, quick flight out of Miami that afternoon. The purpose of the trip was not explained to the informant of Customs. SHANLEY furnished the information for whatever value it might have and said he was going to follow the matter to see if any Customs violation resulted.

Since MARTIN KATZ is the son of Miami Top Jewel Thief ABE KATZ, and since a \$35,000.00 jewel theft had recently occurred of Center Jewelry Store, Miami, in view of possibility the plane was going to be used to transport this jewelry, Special Agents JAMES E. HASTINGS and GEORGE STADTMILLER interviewed Miami PCI CHARLES HORMEL for any information he might have regarding instant flight referred to above, as HORMEL has in past been involved in flying matters in the Miami area of questionable nature. HORMEL then advised he had been approached by MARTIN KATZ on the morning of November 28, 1959, and been requested to get a plane for a three-hour trip. HORMEL was to select a landing place near Miami, and he was to land there and pick up several suitcases. PCI had selected a landing strip near Homestead, Florida, and the trip was being postponed to 11:00 p.m., November 29, 1959. HORMEL was under impression flight entailed a smuggling operation into Cuba, and, therefore, this information was furnished to SHANLEY of Customs on November 28, 1959, for whatever action deemed necessary.

On November 29, 1959, SHANLEY advised the Miami Office he had determined above-mentioned flight had as its purpose shipping arms and ammunition to Cuba and, therefore, no further action was taken by the Miami Office in connection with this proposed flight.

On November 30, 1959, SHANLEY advised the Miami Office five Cubans had been arrested by U. S. Customs at a

Custom
REVIEWED BY FBI/MIAMI TAXES FORCE
ON 11/25/96 DAB/CB
 RELEASE IN FULL
 RELEASE IN PART
 TOTAL DENIAL

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small airport near Florida City, Florida, on November 29, 1959, while in the process of loading three packages of dynamite aboard a Cessna twin aircraft belonging to Liberty Aircraft. SHANLEY advised that in the plane at the time of the arrest were CHARLES HORMEL and GEORGE F. HOGAN, who had flown the airplane to that site. SHANLEY confidentially advised that the information leading to the arrest had been confidentially furnished by HORMEL and, therefore, HORMEL and HOGAN were not arrested. SHANLEY did not say on what charges the above men were arrested.

It is noted that on December 3, 1959, HORMEL was interviewed by Special Agent JAMES E. HASTINGS concerning HORMEL's furnishing information to U. S. Customs. HORMEL said he is presently under sentence in a Customs case and they have two more cases pending against him. HORMEL said as a result of this, he had been furnishing Customs with information in hopes it would do him some good in future trials involving his past activities. At this time, HORMEL was advised that since he was furnishing information to organizations other than the FBI, that the FBI was not going to contact him in the future. As a result of this, the 137-case on HORMEL was closed in the Miami Office.

It does not appear to the Miami Office that with the above facts this constitutes a violation over which the Bureau has jurisdiction. In order to further protect the informant, and since the alleged "leak" apparently is in the Miami Office of U. S. Customs, it is recommended that the above information be furnished by the Bureau in Washington to the Headquarters of U. S. Customs through established liaison channels. It is recognized that information might be received from time to time by any organization that there is a "leak" which information might be treated lightly, as it might be attributed to the bragging of a hoodlum. It is felt that in order to convince U. S. Customs that there is a leak, it will be necessary to relate to them the entire facts set forth above, including their file number, name of

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persons who have information in their file, but it should be pointed out to Customs that it is felt if all of the information is set down in anything other than a confidential file maintained on a national level, then the life of the informant is in great danger. It is noted that this informant was formerly carried as a Top Jewel Thief of the Miami Office and in connection with investigation of Jewel Theft Matters, was developed by Special Agent HURST, to whom this information was furnished, as a result of almost daily contact by Special Agent HURST. During this investigative period, the identity of Special Agent HURST became known to many of CI's criminal associates, who know there has been a close association between the CI and Special Agent HURST. It is felt that CI can be developed to furnish information of great significance and for this reason, it would be better if no one at U. S. Customs, except on a national level, know that this information came from the FBI, as that factor alone could jeopardize informant.

As a ~~matter~~ ^{Miami} of background information, the ~~Biltmore~~ ^{MIAMI} Terrace Hotel, although to all outward appearances a first-class hotel, is frequented by a number of Cubans who are anti-FIDEL CASTRO and the hotel has the reputation of being a "hot bed" for Cuban revolutionary activities. The hotel is allegedly owned by ex-associates of BATISTA and NORMAN ROTHMAN, according to informants, runs the hotel, but does not publicly admit this. ROTHMAN was arrested by Bureau Agents in Miami, Florida, on July 2, 1959, and is presently out on bond.

This arrest was in case entitled, "BERNARD J. EZHAYA; ET AL, IITSP - MT," Office of Origin, New York, Miami File 87-8756, Bureau File 87-41245. In this case, WILLIAM W. RABIN was indicted in Chicago on four counts of pledging stolen Canadian Government bonds in the amount of \$138,000.00. These bonds were part of loot from burglary committed on May 3-4, 1958, of Brockville Trust and Savings Company of Brockville, Ontario, Canada, which has been described as the world's largest theft, involving a loss of approximately twelve

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million dollars worth of bonds, jewelry, and cash. ROTHMAN was indicted for aiding and abetting RABIN. Also arrested and out on bond on same charge of aiding and abetting RABIN was aforementioned SAMMY MANNARINO of Pittsburgh. SAMMY is brother of GABRIEL "KELLY" MANNARINO. GABRIEL was allegedly present at Apalachin meeting in November, 1957. Both MANNARINO brothers were called before Senate Rackets Committee and invoked Fifth Amendment. A trial has not yet been had in the above arrest of ROTHMAN. ROTHMAN was also arrested on March 27, 1959, and is awaiting trial as a conspirator in a Pittsburgh seven-count Grand Jury indictment growing out of the interstate transportation of guns from a Ohio National Guard Armory, which the indictment charged were implements of war being exported to Cuba. The latter-mentioned arrest of ROTHMAN occurred in case entitled, "STUART SUTOR; ET AL, TGP; ITSP; FFA; NM," Office of Origin, Cleveland, Miami File 52-3290, Bureau File 52-72398.

It is recognized this Bureau is not in a position to tell U. S. Customs how to conduct their investigation, but it is felt above information should be furnished orally to U. S. Customs in order that it can be emphatically pointed out to Customs it is felt if any specific details of the above information are known on other than a national level in U. S. Customs, this CI will be compromised, and will be killed. More specifically, if known on other than national level that: (1) information came from FBI; (2) ROTHMAN or LURIE had access to information; (3) Biltmore Terrace Hotel is involved; (4) the specific file number and date alleged file was seen at Biltmore Terrace Hotel.

UACB, Miami is conducting no investigation in this matter; however, MM 660-C has been requested to be alert for any further information; if obtained, the Bureau will be promptly advised in order that the information may be similarly disseminated to U. S. Customs.