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U.S. Department of Justice

Federal Bureau of Investigation
Washington, D.C. 20535

April 30, 2014

[REDACTED]

FOIPA Request No. [REDACTED]
Subject: KOTT, IRVING

[REDACTED]

Records responsive to your request were previously processed under the provisions of the Freedom of Information Act. Enclosed is one CD containing 243 pages of previously-processed documents and a copy of the Explanation of Exemptions. This release is being provided to you at no charge.

Additional records potentially responsive to your subject may exist. Please submit a new FOIA request if you would like the FBI to conduct a search of the indices to our Central Records System.

Submit requests by mail or fax to – Initial Processing, 170 Marcel Drive, Winchester, VA 22602, fax number (540) 868-4997.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. § 552(c) (2006 & Supp. IV (2010)). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

You may file an appeal by writing to the Director, Office of Information Policy (OIP), U.S. Department of Justice, 1425 New York Ave., NW, Suite 11050, Washington, D.C. 20530-0001, or you may submit an appeal through OIP's eFOIA portal at <http://www.justice.gov/oip/efoia-portal.html>. Your appeal must be received by OIP within sixty (60) days from the date of this letter in order to be considered timely. The envelope and the letter should be clearly marked "Freedom of Information Appeal." Please cite the FOIPA Request Number assigned to your request so that it may be identified easily.

Sincerely yours,

David M. Hardy
Section Chief,
Record/Information
Dissemination Section
Records Management Division

Enclosure(s)

EXPLANATION OF EXEMPTIONS

SUBSECTIONS OF TITLE 5, UNITED STATES CODE, SECTION 552

- (b)(1) (A) specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy and (B) are in fact properly classified to such Executive order;
- (b)(2) related solely to the internal personnel rules and practices of an agency;
- (b)(3) specifically exempted from disclosure by statute (other than section 552b of this title), provided that such statute (A) requires that the matters be withheld from the public in such a manner as to leave no discretion on issue, or (B) establishes particular criteria for withholding or refers to particular types of matters to be withheld;
- (b)(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;
- (b)(5) inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency;
- (b)(6) personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;
- (b)(7) records or information compiled for law enforcement purposes, but only to the extent that the production of such law enforcement records or information (A) could reasonably be expected to interfere with enforcement proceedings, (B) would deprive a person of a right to a fair trial or an impartial adjudication, (C) could reasonably be expected to constitute an unwarranted invasion of personal privacy, (D) could reasonably be expected to disclose the identity of confidential source, including a State, local, or foreign agency or authority or any private institution which furnished information on a confidential basis, and, in the case of record or information compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, information furnished by a confidential source, (E) would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law, or (F) could reasonably be expected to endanger the life or physical safety of any individual;
- (b)(8) contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions; or
- (b)(9) geological and geophysical information and data, including maps, concerning wells.

SUBSECTIONS OF TITLE 5, UNITED STATES CODE, SECTION 552a

- (d)(5) information compiled in reasonable anticipation of a civil action proceeding;
- (j)(2) material reporting investigative efforts pertaining to the enforcement of criminal law including efforts to prevent, control, or reduce crime or apprehend criminals;
- (k)(1) information which is currently and properly classified pursuant to an Executive order in the interest of the national defense or foreign policy, for example, information involving intelligence sources or methods;
- (k)(2) investigatory material compiled for law enforcement purposes, other than criminal, which did not result in loss of a right, benefit or privilege under Federal programs, or which would identify a source who furnished information pursuant to a promise that his/her identity would be held in confidence;
- (k)(3) material maintained in connection with providing protective services to the President of the United States or any other individual pursuant to the authority of Title 18, United States Code, Section 3056;
- (k)(4) required by statute to be maintained and used solely as statistical records;
- (k)(5) investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment or for access to classified information, the disclosure of which would reveal the identity of the person who furnished information pursuant to a promise that his/her identity would be held in confidence;
- (k)(6) testing or examination material used to determine individual qualifications for appointment or promotion in Federal Government service the release of which would compromise the testing or examination process;
- (k)(7) material used to determine potential for promotion in the armed services, the disclosure of which would reveal the identity of the person who furnished the material pursuant to a promise that his/her identity would be held in confidence.

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# [REDACTED]

Total Deleted Page(s) = 18
Page 27 ~ Referral/Consult;
Page 28 ~ Referral/Consult;
Page 39 ~ Referral/Consult;
Page 40 ~ Referral/Consult;
Page 41 ~ Referral/Consult;
Page 49 ~ Referral/Consult;
Page 50 ~ Referral/Consult;
Page 56 ~ Referral/Consult;
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Page 78 ~ b6; b7C; b7D;
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Page 82 ~ b6; b7C; b7D;
Page 87 ~ b6; b7C; b7D;
Page 88 ~ b6; b7C; b7D;
Page 89 ~ b6; b7C; b7D;

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Memorandum

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-15-2011 BY 60324 UC BAW/STP/STW



To : LEGAT BRUSSELS (163-BL-NEW) Date 9/21/94
ATTN: ALAT [redacted]
From : SAVANNAH INFORMATION TECHNOLOGY CENTER (SITC)
INVESTIGATIVE INFORMATION SERVICES (IIS)
Subject: ~~CTMM~~, INC. (# 34936)

Analyst: TIS [redacted]

Attached are printouts re results of queries conducted by SITC-IIS. Also attached are two copies of a reply form. It is requested that you record the SITC-IIS accomplishments on these forms, return one copy to SITC-IIS, and keep one copy with the printouts as a serial in your case file.

FBIHQ indices query disclosed 1 record. Albany indices were negative.

Corporate queries disclosed the following:

- 1) an SEC filing/abstract,
- 2) 2 international company profiles, and
- 3) a business information report (update in progress, will forward when received by SITC).

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New York property records query re 145 Jordan Rd, Troy, NY, disclosed a record with owner as Klersy Bldg Corp.

Info contained

LEO FROMM
Title: IRVING Kott, Unsubs;
Fraudulent Manipulation
of Purchase of Computer
Integrated Modular Manufacturing
(CTMM), Inc Stock; FPC-CEM;
FBW - International
oo: BL

① Brussels
1- ALAT [redacted] (Fax)
1- SITC [redacted]
CJZ
(3)
LEAD ASSIGNED [redacted]

TICKLER SET

163A-BL-1657-1

SEARCHED	INDEXED
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SEP 27 1994	
LEGAT - BRUSSELS	
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FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☒ UNCLAS E F T O
☐ UNCLAS

Date 1/12/95

FM LEGAT BRUSSELS (163A-BL-657) (P)

TO DIRECTOR FBI/PRIORITY/

FBI ALBANY/PRIORITY/

FBI LOS ANGELES/PRIORITY/

FBI MIAMI/PRIORITY/

FBI NEW YORK/PRIORITY/

LEGAT OTTAWA/PRIORITY/

BT

UNCLAS E F T O

CITE: //5220:BL515.012 12 JAN 95//

PASS: FBIHQ: EADU, IRD, ECU, FCS, AND IRU1, IRB, CID.

SUBJECT: IRVING KOTT; UNSUB(S); FRAUDULENT

PURCHASE OF COMPUTER INTEGRATED MODULAR MANUFACTURING (CIMM),

INCORPORATED STOCK; FPC - GCM; FBW - INTERNATIONAL; OO:

BRUSSELS.

163A-BL-657-3

INDEXED
 SERIALIZED
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Approved: Original filename: BRU 515 W. 012Time Received: Telprep filename: BRU 515 S1. 012MRI/JULIAN DATE: 012ISN: BRU 515 S2. 012FOX DATE & TIME OF ACCEPTANCE:

JRS/awm

^PAGE 2 BL 163A-BL-657 UNCLAS E F T O

REQUEST OF BUREAU: EADU, IRD REQUESTED TO REVIEW BUFILE 163-62115 RE CIMM, INC AND FURNISH RESULTS TO BRUSSELS AND ALBANY.

THE LUXEMBOURG JUDICIAL POLICE (LJP) ADVISED THEY ARE CONDUCTING INVESTIGATION OF CAPTIONED SUBJECTS CONCERNING PURCHASE OF CIMM STOCK IN ORDER TO DETERMINE THE LEGALITY OF THEIR ACTIVITIES. LJP ADVISED THAT CAPTIONED COMPANY IDENTIFIED AS CIMM, INC., WAS QUOTED IN THE NASDAQ IN 1988 - 1990 AS BEING LOCATED AT 145 JORDAN ROAD, TROY, NEW YORK 12180. LJP SOUGHT ALL AVAILABLE INFORMATION, ESPECIALLY THAT AVAILABLE THROUGH THE US SECURITIES AND EXCHANGE COMMISSION (SEC). LJP ADVISED THAT KOTT, IDENTIFIED AS A WELL KNOWN, INTERNATIONAL FRAUD ARTIST ORIGINALLY FROM CANADA, WANTED TO BUY CIMM STOCK WITH A LOAN OF DUBIOUS ORIGIN BUT NOT MORE SPECIFICALLY DESCRIBED. KOTT AND SUBJECT [REDACTED] (NOT FURTHER IDENTIFIED) USED A LUXEMBOURG STOCK BROKAGE CALLED PETRUSS SECURITIES, INCORPORATED (PSI) WHICH, UNDER THEIR DIRECTION, TRIED TO GET INVESTORS TO PURCHASE THE STOCK. LJP BELIEVES THAT, IN FACT, THE MONEY WAS NOT TO BE USED TO PURCHASE THE STOCK, BUT WAS TO BE A LOAN TO CIMM, INC.

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^PAGE 3 BL 163A-BL-657 UNCLAS E F T O

LEGAT BRUSSELS MADE TELEPHONIC CONTACT WITH SEC, NEW YORK, ATTORNEY [REDACTED] WHO ADVISED THE FOLLOWING INFORMATION REGARDING CIMM, INC.:

NAME: CIMM, INC., ADDRESS: 120 ERIE BOULEVARD, SCHENECTADY, NEW YORK 12035, TELEPHONE NUMBER: 518-393-4597, TAX IDENTIFICATION NUMBER: 141686911. [REDACTED] ADVISED CIMM WAS INCORPORATED IN NEW YORK STATE AND MADE ITS FIRST FILING WITH THE SEC 9/23/87, TO BE EFFECTIVE FEBRUARY 19, 1988, THEREBY MAKING IT POSSIBLE FOR IT TO HAVE BEEN TRADED IN 1988 - 1990 AS INDICATED BY LJP. SEC ADVISED PREFERENTIAL STOCK HOLDERS LISTED AS [REDACTED] AND THE AUDITORS LISTED AS [REDACTED] ALSO NOTED THAT A COMPANY CALLED "FNIC, SA" WAS LISTED AS A BENEFICIAL HOLDER. OFFICERS OF CIMM LISTED AS [REDACTED] [REDACTED] ADVISED THAT FILES RELEVANT TO EACH CORPORATION LISTED WITH THE SEC ARE THE SAME IN ALL REGIONAL OFFICES.

LJP ADVISED THAT IRVING KOTT WAS A WELL KNOWN CANADIAN INTERNATIONAL FRAUD ARTIST. WHILE HE WAS NOT FURTHER DESCRIBED, BRUSSELS INDICES CONTAIN REFERENCE TO AN IRVING

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^PAGE 4 BL 163A-BL-657 UNCLAS E F T O

KOTT INVOLVED IN GEMSTONE FRAUDS, REPORTED UNDER 196-BL-329. BRUSSELS QUERIED OTTAWA'S INDICES, WHICH INDICATE THE FOLLOWING THREE REFERENCES: 281A-LA-146285, 281A-MM-54888 AND 196A-NY-18970. INDICES NEGATIVE OF RE [REDACTED] AND LJP FURNISHED NO ADDITIONAL INFORMATION, EXCEPT THAT [REDACTED] MAY BE FROM ISRAEL AND THAT HE ^{Formerly} ~~FORMALLY~~ TRIED TO BUY TRIANGLE CORPORATION, A SUBSIDIARY OF "AMERICANCAN", AND THAT HE IS KNOWN FOR CONDUCTING INSIDER TRADING AND OPERATES PETRUSS SECURITIES, INCORPORATED.

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LJP REQUESTED ANY AVAILABLE INFORMATION REGARDING CIMM AND SUBJECTS.

BRUSSELS MADE A QUERY OF SAVANNAH INFORMATION TECHNOLOGY CENTER (SITC) WHICH DISCLOSED THAT CIMM, INCORPORATED, IS REFERRED TO IN BU FILE 163-62115, A 1990 REFERENCE REGARDING THE SUBJECT [REDACTED] NO FURTHER INDICES REFERENCES NOTED. ALBANY INDICES NEGATIVE RE FROMM, KOTT AND CIMM. SITC DID DISCLOSE THAT AN SEC FILING, DATED 4/2/90 REGARDING GENRAD, INCORPORATED, 300 BAKER AVENUE, CONCORD, MASSACHUSETTS 01742, TELEPHONE NUMBER 508-369-4400. GENRAD, INC., IDENTIFIED AS PUBLICLY TRADED STOCK COMPANY WHOSE ANNUAL

^PAGE 5 BL 163A-BL-657 UNCLAS E F T O

REPORT CONTAINED REFERENCE TO CIMM, INC., TEXT OF WHICH SAYS THAT GENRAD ESTABLISHED RELATIONS WITH COMPANIES TO PROVIDED DESIGN AND TEST TOOLS INTEGRATED WITH GENRAD SYSTEMS FOR MAXIMUM BENEFIT TO CUSTOMERS, FIRST SUCH RELATIONSHIP ESTABLISHED WITH COMPUTER INTEGRATED MODULAR MANUFACTURING, INC., (CIMM) FOR THE COOPERATIVE DRAWING AND MARKETING OF AUTOMATIC INTERFACES BETWEEN GENRAD BOARD TEST SYSTEMS AND CIMM'S AUTOMATION.

SITC FURTHER INDICATED THAT CIMM, INCORPORATED WAS THE RECIPIENT OF THE FIRST EUROPEAN ORDER FOR ELECTRICAL EQUIPMENT PLACED BY KRONE, AG, A GERMAN CORPORATION LOCATED AT BEESKOWDAMM 3-11, D-1000 BERLIN 37 GERMANY, TELEPHONE NUMBER 03088530, TELFAX 03088531703, CIMM SYSTEM WAS AWARDED THIS IN AUGUST 1988, THE ENTRY DATE FOR THE LEXIS/NEXIS CHECK WAS 9/16/94.

SITC FURTHER ADVISED THAT LEXIS/NEXIS CHECK INDICATED ENTRY DATED 1/14/93 FOR CIMM, INC., LOCATED 145 JORDAN ROAD, TROY, NEW YORK 12180 AS NOTED BY LJP. CORRESPONDENCE PHONE LISTED AS 518-283-7600, INDUSTRY DESCRIBED AS VARIOUS SERVICES CONSUMER GOODS, REPORT SHOWS THAT CIMM, INCORPORATED, TRADED

^PAGE 6 BL 163A-BL-657 UNCLAS E F T O

ON NASDAX AS INDICATED BY LJP. GROSS SALES AS OF 1990 LISTED
AS 1.52 MILLION DOLLARS. MAJOR SHAREHOLDERS LISTED AS
FOLLOWS:

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[REDACTED]
[REDACTED] MANAGEMENT LIMITED; AND
JERART FINANCIAL SERVICE, INC.

MANAGEMENT IDENTIFIED AS FOLLOWS:

[REDACTED]
[REDACTED]
OF INTEREST IN LEXIS/NEXIS CHECK IN (CFA R-BASE), CIMM,
INC., INDICATES 1990 OPERATING PROFIT MARGIN OF MINUS 10039.44
MILLION US DOLLARS. OPERATING INCOME LISTED AS MINUS 2.13
MILLION DOLLARS, TOTAL DEBT AS A PERCENTAGE OF TOTAL ASSETS
LISTED AS 112.33 PERCENT, SUBSTANTIAL FOREIGN GROWTH ASSETS
AND 35 MILLION DOLLARS WORTH OF CURRENT ASSETS, TOTAL GROSS
PROFIT MARGIN LISTED AS 26.51 MILLION DOLLARS.

SITC ALSO NOTED RESULTS OF DUN & BRADSTREET (D&B), WHO
ACKNOWLEDGED NOT UPDATING REPORTS SINCE 7/27/93, D&B INDICATES
ERIE BOULEVARD, SCHENECTADY ADDRESS SET FORTH ABOVE, WHICH IS

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PRESUMABLY OUT OF DATE. HOWEVER, THAT D&B REPORT SHOWS A NUMBER OF JUDGEMENTS ENTERED AS LATE AS DECEMBER 1993, AGAINST CIMM, BY [REDACTED] AND CORPORATIONS WHICH APPEAR TO BE CREDITORS THEREOF. PROMINENTLY INCLUDED IN AMONG THOSE ARE TWO DIFFERENT DOCKET JUDGEMENTS BY THE NEW YORK STATE TAX COMMISSION, DOCKET NUMBERS 752 FROM APRIL 1991 AND 14, \$51,988 DOLLARS AND ONE BY THE INTERNAL REVENUE SERVICE (IRS) FOR \$81,095 DOLLARS. THE LIEN BY IRS IS REPORTED AS FILED WITH SECRETARY OF STATE, UCC DIVISION, ALBANY.

SITC FURTHER REPORTS AS OF JULY 1993, CIMM HAD ONE SUBSIDIARY, IDENTIFIED AS CIMM GMBH, AMBERG, WEST GERMANY, A ONE HUNDRED PER CENT WHOLLY OWNED SUBSIDIARY CHARTED MAY 1987, THIS SUBSIDIARY OPERATES AS A MARKETER OF A COMPANY'S PRODUCTS IN EUROPE.

SITC ALSO FURNISHED REPORT OF PROPERTY RECORD ALBANY COUNTY, NEW YORK, FOR 145 JORDAN BOULEVARD, WHICH INDICATES THAT AS OF 3/1/93, THAT ADDRESS WAS RESIDENTIAL VACANT LAND.

AS NOTED ABOVE, IRVING KOTT IDENTIFIED AS OF CANADIAN ORIGIN. WITH CONCURRENCE OF LJP, BRUSSELS HAS CONTACTED

[REDACTED]

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REPRESENTATIVE FOR THE BENELUX COUNTRIES, AS LEGAT BRUSSELS IS. HAS ADVISED KOTT IS SUBJECT OF ON GOING MAJOR FRAUD INVESTIGATION, WHICH MAY DOVETAIL INTO CAPTIONED MATTER; ABOVE INFORMATION HAS BEEN FURNISHED TO CLO WHO WILL PROVIDE ADDITIONAL DETAILS TO BRUSSELS AND LJP WHEN AVAILABLE.

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ALBANY AT ALBANY, NEW YORK. CONTACT NEW YORK STATE, SECRETARY OF STATE, AND OBTAIN AVAILABLE UP-TO-DATE DETAILS REGARDING CIMM, INCORPORATED;

2) CONDUCT APPROPRIATE INVESTIGATION TO ITS ACTUAL LOCATION.

3) CONTACT LOGICAL SOURCES AND LAW ENFORCEMENT AGENCIES RE ACTIVITIES OF CIMM.

LOS ANGELES AT LOS ANGELES, CALIFORNIA. REVIEW 281A-LA-146285 FOR INFORMATION REGARDING IRVING KOTT, BOTH PHYSICAL DESCRIPTION AND ACTIVITIES WHICH MAY BE RELEVANT TO CAPTIONED MATTER.

MIAMI AT MIAMI, FLORIDA. REVIEW 281A-MM-54888 FOR PHYSICAL DESCRIPTION AND ACTIVITIES OF KOTT, WHICH MAY BE RELEVANT TO CAPTIONED MATTER.

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NEW YORK AT NEW YORK, NEW YORK. (1) REVIEW 196A-NY-18970
FOR PHYSICAL DESCRIPTION OF KOTT AND ACTIVITIES WHICH MAY BE
RELEVANT TO CAPTIONED MATTER. (2) CONTACT [REDACTED] SEC
NEW YORK, TELEPHONE [REDACTED] FOR AVAILABLE SEC REPORTS ON
CIMM, INCORPORATED. (3) FURNISH SEC INFORMATION TO BRUSSELS
FOR PASSAGE TO LJP.

[REDACTED] THE NETHERLANDS. OBTAIN
DETAILS OF [REDACTED]

LEGAT BRUSSELS AT LUXEMBOURG VILLE, LUXEMBOURG. MAINTAIN
CONTACT WITH LJP.

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FM FBI ALBANY (163A-BL-657) (P)

TO DIRECTOR FBI/PRIORITY/

LEGAT BRUSSELS (163A-BL-657)/PRIORITY/

FBI LOS ANGELES/PRIORITY/

FBI MIAMI/PRIORITY/

FBI NEW YORK/PRIORITY/

LEGAT OTTAWA/PRIORITY/

BT

UNCLAS E F T O

CITE: //3010//

PASS: HQ- CID, FOREIGN LIAISON UNIT, OLIA.

SUBJECT: ERVING KOTT; UNSUBS; FRAUDULENT PURCHASE
OF COMPUTER INTEGRATED MODULAR MANUFACTURING (CIMM),
INCORPORATED STOCK; FPC-GCM; FBW-INTERNATIONAL; OO: BRUSSELS.

REFERENCE LEGAT BRUSSELS TELETYPE TO DIRECTOR DATED

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-15-2011 BY 60324 UC BAW/STP/STW

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SEARCHED <i>g</i>	INDEXED <i>g</i>
SERIALIZED <i>g</i>	FILED <i>g</i>
JAN 17 1995	
LEGAT - BRUSSELS	

Smith

PAGE TWO DE FBIAL 0001 UNCLAS E F T O

JANUARY 12, 1995.

INVESTIGATION AT ALBANY, NEW YORK CONDUCTED IN EFFORT TO DETERMINE LOCATION OF COMPUTER INTEGRATED MODULAR MANUFACTURING INC. AS STATED IN REFERENCED TELETYPE, THE ALBANY COUNTY PROPERTY RECORDS REFLECTED THE 145 JORDAN BOULEVARD WAS RESIDENTIAL VACANT LAND. HOWEVER, IT IS NOTED THAT THE JORDAN ROAD ADDRESS GIVEN FOR CIMM WAS FOR TROY, NEW YORK, WHICH IS IN RENSSELAER COUNTY, NOT ALBANY COUNTY. INQUIRY AT 145 JORDAN BOULEVARD, TROY, NEW YORK, ON JANUARY 12, 1995 DETERMINED THAT THERE IS NO LONGER ANY BUSINESS KNOWN AT THAT ADDRESS BY THE NAME CIMM OR BY THE NAME COMPUTER INTEGRATED MODULAR MANUFACTURING, INCORPORATED. THE 145 JORDAN ROAD ADDRESS IS LOCATED WITHIN THE RENSSELAER TECHNOLOGY PARK WHICH IS LOCATED IN SOUTH TROY, NEW YORK JUST OFF ROUTE 4. RENSSELAER TECHNOLOGY PARK IS A PROJECT OF RENSSELAER POLYTECHNIC INSTITUTE, A RENOWNED SCHOOL LOCATED IN TROY, NEW YORK WITH EMPHASIS ON SCIENCE TECHNOLOGY AND ENGINEERING STUDIES.

ON JANUARY 12, 1995, [REDACTED] RENSSELAER TECHNOLOGY PARK WAS INTERVIEWED AT HIS OFFICE LOCATED AT 100 JORDAN ROAD, TROY, NEW YORK 12180. [REDACTED]

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PAGE THREE DE FBIAL 0001 UNCLAS E F T O

ADVISED THAT CIMM WAS FORMERLY LOCATED IN OFFICES AT 145 JORDAN BOULEVARD. HE BELIEVES THAT IT WAS [REDACTED] WHO WAS THE PRINCIPLE ORGANIZER AND THE DRIVING FORCE BEHIND CIMM, WHO OPERATED THE OFFICES AT THE TECHNOLOGY PARK LOCATION.

[REDACTED] DESCRIBED [REDACTED] AS A VERY RESPECTED INDIVIDUAL WHO HAS WORKED IN THE PAST FOR GENERAL ELECTRIC AS AN INNOVATOR AND PIONEER IN RESEARCH AND DEVELOPMENT OF VARIOUS PRODUCTS. [REDACTED] ADVISED THAT [REDACTED] IS ABOUT 70 YEARS OF AGE AND IS NOW WORKING IN THE SCHENECTADY, NEW YORK AREA. [REDACTED] ADVISED THAT THE CIMM ENTERPRISE WAS A FINANCIAL FAILURE AND BECAUSE OF THEIR LACK OF SUCCESS, THEY HAD TO LEAVE THE OFFICES WHICH THEY HAD BEEN OCCUPYING IN THE RENSSELAER TECHNOLOGY PARK [REDACTED] SAID HE HAD A GREAT DEAL OF RESPECT FOR [REDACTED] AND THOUGHT IT WAS UNFORTUNATE THAT IN THE COURSE OF HIS EFFORTS TO DEVELOP PRODUCTS UNDER CIMM THAT [REDACTED] LOST CONSIDERABLE MONIES AND WAS NOT ABLE TO MAKE THE VENTURE SUCCESSFUL.

[REDACTED] ADVISED, THAT SUBSEQUENT TO LEAVING THE RENSSELAER TECHNOLOGY PARK, [REDACTED] BUSINESS WAS MOVED TO 120 ERIE BOULEVARD, SCOTIA, NEW YORK 12305, A TOWN IMMEDIATELY

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PAGE FOUR DE FBIAL 0001 UNCLAS E F T O

ADJACENT TO SCHENECTADY, NEW YORK. [] ADVISED THAT [] WAS SPONSORED BY THE FIRST NATIONAL BANK LOCATED ON ERIE BOULEVARD IN SCOTIA. HOWEVER, [] ADVISED THAT RECENTLY MATERIAL SENT FROM RENSSELAER TECHNOLOGY PARK TO THE 120 ERIE BOULEVARD ADDRESS HAD BEEN RETURNED TO HIM UNDELIVERED.

[] ADVISED THAT [] HAS A HOME ADDRESS OF []
[] HIS HOME TELEPHONE
NUMBER IS []

IN VIEW OF THE INFORMATION PROVIDED BY [] IT IS CONSIDERED THAT [] WOULD BE ABLE TO PROVIDE SUBSTANTIAL INFORMATION OF VALUE CONCERNING INSTANT INVESTIGATION. HOWEVER, ALBANY WILL HOLD IN ABEYANCE CONTACT WITH [] UNTIL APPROVAL FOR THAT DIRECT CONTACT IS RECEIVED FROM OFFICE OF ORIGIN.

ALBANY INDICES NEGATIVE FOR CIMM, [], KOTT AND []

INVESTIGATION AT ALBANY TO LOCATE STATE RECORDS AND OTHER LEADS STILL BEING PURSUED. THIS MATTER REMAINS PENDING. THE ABOVE INFORMATION IS PROVIDED TO RECEIVING OFFICES FOR THEIR INFORMATION.

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PAGE FIVE DE FBIAL 0001 UNCLAS E F T O

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FM FBI LOS ANGELES (163A-BL-657) (RUC)

TO DIRECTOR FBI/PRIORITY/

FBI ALBANY/PRIORITY/

FBI MIAMI/PRIORITY/

FBI NEW YORK/PRIORITY/

LEGAT BRUSSELS (163A-BL-657)/PRIORITY/

LEGAT OTTAWA/PRIORITY/

BT

UNCLAS E F T O

CITE: //3410:CE-6//

PASS: FBIHQ: CID, FOREIGN LIAISON UNIT, OLIA.

SUBJECT: IRVING KOTT; UNSUB(S); FRAUDULENT
PURCHASE OF COMPUTER INTEGRATED MODULAR MANUFACTURING (CIMM),
INCORPORATED STOCK; FPC - GCM; FBW - INTERNATIONAL; OO:
BRUSSELS.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-15-2011 BY 60324 UC BAW/STP/STW

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*Not per -
Not
disseminated
X*

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163A-BL-657-8

[Signature]

JAN 27 1995

[Signature] *[Signature]*

PAGE TWO DE FBILA 0019 UNCLAS E F T O

REFERENCE LEGAT BRUSSELS TELETYPE TO THE DIRECTOR DATED JANUARY 12, 1995 AND ALBANY TELETYPE TO THE DIRECTOR AND RECEIVING OFFICES DATED JANUARY 13, 1995.

FOR THE INFORMATION OF THE BUREAU AND RECEIVING OFFICES, A REVIEW OF LOS ANGELES FILE 281A-LA-146285 ENTITLED MARKET MAKER; OO: LOS ANGELES, REVEALED THAT IRVING KOTT WAS NAMED AS A SUBJECT IN A GROUP I OPERATION CONDUCTED AT LOS ANGELES IN CONNECTION WITH THE MARKET MAKER CASE. THE SOURCES UTILIZED IN THE MARKET MAKER OPERATION DESCRIBED KOTT AS A INTERNATIONAL STOCK MANIPULATOR LOCATED IN TORONTO, CANADA. SOURCES ALSO INDICATED THAT KOTT HAD INTERNATIONAL BANKERS AND MONEY LAUNDERERS WORKING WITH HIM IN EUROPE AND UTILIZED AN INDIVIDUAL BY THE NAME OF [REDACTED] IN SWITZERLAND TO CONDUCT HIS ILLEGAL ACTIVITIES.

NO CONTACT WAS MADE DURING THE GROUP I OPERATION WITH IRVING KOTT BY THE SOURCES UTILIZED IN THE MARKET MAKER INVESTIGATION.

A REVIEW OF THE MARKET MAKER FILE AT LOS ANGELES REVEALED NO INFORMATION CONCERNING [REDACTED] OR INFORMATION CONCERNING COMPUTER INTEGRATED MODULAR MANUFACTURING (CIMM).

BT

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b7c

PAGE THREE DE FBILA 0019 UNCLAS E F T O

#0019

NNNN

0003 MRI 01537

PP RUCNFB BRU

DE FBIMM #0022 0302226

ZNR UUUUU

P 302207Z JAN 95

FM FBI MIAMI (163A-BL-657) (A-1) (RUC)

TO DIRECTOR FBI/PRIORITY/

LEGAT BRUSSELS/PRIORITY/

BT

UNCLAS

CITE: //3460//

PASS: FBIHQ, EADU, IRD, ECU, FCS AND IRUI, IRB CID.

SUBJECT: IRVING KOTT; UNSUB(S); FRAUDULENT
PURCHASE OF COMPUTER INTEGRATED MODULAR MANUFACTURING (CIMM),
INCORPORATED STOCK; FPC-GCM; FBW-INTERNATIONAL; OO: BRUSSELS.

RE LEGAT BRUSSELS TELETYPE TO MIAMI, DATED JANUARY 12,
1995.

A REVIEW OF MIAMI FILE 281A-MM-54888, REFLECTS A LETTER
FROM THE
ONTARIO, DATED DECEMBER 16, 1992. THIS LETTER WAS A RESPONSE

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-15-2011 BY 60324 UC BAW/STP/STW

b6
b7C
b7D

163A-BL-657-9
to
JAN 19 1995
Smith

PAGE TWO DE FBIMM 0022 UNCLAS

FROM FBI, MIAMI REQUEST FOR ANY INFORMATION THAT [] HAD REGARDING GENOVESE LCN FAMILY MEMBER, CHARLES JAMES DELMONICO AND HIS ASSOCIATES.

THE [] PROVIDED THE FOLLOWING INFORMATION REGARDING IRVING KOTT:

IRVING DAVID KOTT WAS BORN OCTOBER 12, 1930, AT MONTREAL, QUEBEC. HE IS 6'2" TALL. HAS BLUE EYES AND IN 1979 WEIGHED 200 LBS. HIS [] INCLUDES A FINE OF \$500,000 IN 1976 AT TORONTO FOR CONSPIRACY TO DEFRAUD. BOTH HE AND HIS

b6
b7C
b7D

[] WERE INTERVIEWED BY MEMBERS OF THE MONTREAL COMMERCIAL CRIME SECTION IN NOVEMBER OF 1992 AT MONTREAL.

IRVING KOTT IS BELIEVED TO RESIDE AT 3875 DE RAMEZAY, MONTREAL, QUEBEC. THE TELEPHONE NUMBER THERE IS (514) 937-4696 AND IS LISTED TO HIS [] THE INDICES OF THE [] INDICATES THAT IRVING KOTT IS A "TOP CANADIAN WHITE COLLAR CRIMINAL" PRIMARILY INVOLVED IN SECURITIES FRAUDS.

INASMUCH AS MIAMI HAS NO FURTHER OUTSTANDING LEADS, THIS CASE IS CONSIDERED RUC.

BT

#0022

NNNN

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 1/27/95

b6
b7C

ALL INFORMATION CONTAINED

HEREIN IS UNCLASSIFIED

DATE 08-15-2011 BY 60324 UC BAW/STP/STW

TO : LEGAT, BRUSSELS (163A-BL-657)
 FROM : ADIC, NEW YORK (BQ) (163A-BL-R-657) (P) (C-20)
 SUBJECT : IRVING KOTT;
 UNSUB(S); FRAUDULENT
 PURCHASE OF COMPUTER INTEGRATED
 MODULAR MANUFACTURING (CIMM),
 INCORPORATED STOCK
 FPC - GCM; FBW - INTERNATIONAL
 (OO: BRUSSELS)

Re Legat, Brussels teletype to Director; etal,
 dated 1/12/95.

Re Albany teletypes to Director; etal, dated
 1/13 and 20/95.

Enclosed for Legat, Brussels are copies of SEC
 reports on CIMM, Incorporated, which were provided by
 Attorney, SEC, 7 World Trade Center, NYC, to
 IA on 1/24/95.

LEAD

Will provide Legat, Brussels, results of review of
 New York file 196A-NY-189703, requested in referenced Brussels
 communication.

2-Legat, Brussels (163A-BL-657) (Encl. 1)
 1-New York (BQ) (163A-BL-R-657)

MFW:slf
 (4)

*enclosures sent
 to Put 2 2/7/95
 no copies kept
 by BL*

163A-BL-657-11

SEARCHED ☒ INDEXED ☒
 SERIALIZED ☒ FILED ☒
 FEB 06 1995
 FBI - BRUSSELS
 Smith

Approved: WAG/

Transmitted

(Number)

(Time)

Per

0016 MRI 01498

PP RUCNFB BRU

DE FBINY #0024 0462346

ZNR UUUUU

P 151945Z FEB 95

FM FBI NEW YORK (163A-BL-R-657) (RUC) (C-20)

TO DIRECTOR FBI (163A-BL-657)/PRIORITY/

LEGAT BRUSSELS (163A-BL-657)/PRIORITY/

BT

UNCLAS

CITE: //3540:3613//

PASS: HQ FOR CID, FOREIGN LIAISON UNIT, OLIA.

SUBJECT: IRVING KOTT; UNSUB(S) FRAUDULENT;
PURCHASE OF COMPUTER INTEGRATED MODULAR MANUFACTURING (CIMM),
INCORPORATED STOCK; FPC-GCM; FBW-INTERNATIONAL; OO:BRUSSELS.

RE LEGAT, BRUSSELS TELETYPE TO DIRECTOR; ET AL, DATED
JANUARY 12, 1995; NEW YORK (BQ) AIRTEL TO LEGAT, BRUSSELS,
DATED JANUARY 27, 1995, ENCLOSING COPIES OF SEC REPORTS ON
CIMM, INCORPORATED; LOS ANGELES TELETYPE TO DIRECTOR; ET AL,
DATED JANUARY 26, 1995.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-15-2011 BY 60324 UC BAW/STP/STW

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b7c

163A-BL-657-13

SEARCHED <i>[initials]</i>	INDEXED <i>[initials]</i>
SERIALIZED <i>[initials]</i>	FILED <i>[initials]</i>
FEB 16 1995	
LEGAT — BRUSSELS	

[initials]

PAGE TWO DE FBINY 0024 UNCLAS

FOR INFORMATION OF LEGAT, BRUSSELS, A REVIEW OF NEW YORK
FILE 196B-NY-189703, PENDING INVESTIGATION ENTITLED, [REDACTED]
[REDACTED] ROBYNS CAPITAL CORP.; FBW," REVEALED THAT ACCORDING
TO INFORMATION PROVIDED BY THE CANADIAN AUTHORITIES, IRVING
KOTT WAS BORN ON OCTOBER 12, 1930, IN MONTREAL, QUEBEC,
CANADA. HIS [REDACTED] IN
1989, INFORMATION WAS RECEIVED THAT KOTT WAS TRYING TO ARRANGE
FINANCING FOR CIMM, INC., OF TROY, NEW YORK, THROUGH JERART
FINANCIAL SERVICES, INC. IN QUEBEC. PRINCIPALS OF CIMM WERE
[REDACTED]

NEW YORK OFFICE (NYO) COMPUTERIZED INDICES WERE NEGATIVE
REGARDING THE NAME, [REDACTED]

AS THERE REMAINS NO FURTHER INVESTIGATION TO BE CONDUCTED
IN THIS MATTER, NEW YORK (BQ) IS PLACING CASE IN A RUC STATUS.

BT

#0024

NNNN

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b7C

0001 MRI 02875

PP BRU FBIAL

DE RUCNFB #0137 0560311

ZNY EEEEE

P 242129Z FEB 95

FM DIRECTOR FBI (163A-HQ-62115)

TO LEGAT BRUSSELS (163A-BL-657)/PRIORITY/

FBI ALBANY/PRIORITY/

BT

UNCLAS E F T O

CITE: //0436//

SUBJECT: [REDACTED] IRVING KOTT; UNSUB(S); FRAUDULENT PURCHASE
OF COMPUTER INTEGRATED MODULAR MANUFACTURING (CIMM), INCORPORATED
STOCK; FPC - GCM; FBW - INTERNATIONAL; OO: BRUSSELS.

REURTEL JANUARY 12, 1995.

BUFILE 163A-HQ-62115 LISTED IN URTEL, IS CAPTIONED [REDACTED]

[REDACTED] FPC - GCM (CONSPIRACY)." A
MEMORANDUM DATED SEPTEMBER 11, 1990, IS BEING FAXED TO YOUR
OFFICE FOR YOUR REVIEW.

ADMINISTRATIVE SECTION:

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-15-2011 BY 60324 UC BAW/STP/STW

b6
b7c

163A-BL-657-14

SEARCHED	INDEXED
SERIALIZED	FILED
FEB 27 1995	
LEGAT - BRUSSELS	

Smith

PAGE TWO DE RUCNFB 0137 UNCLAS E F T O

b7D

FOR YOUR INFORMATION ONLY, 163A-HQ-62115 WAS INITIATED UPON
A LETTER RECEIVED FROM THE
A COPY OF THIS LETTER DATED MAY 24, 1990, IS BEING FAXED TO YOUR
OFFICE WHICH CONTAINS INFORMATION REGARDING CIMM AND OTHER
INDIVIDUALS MENTIONED IN URTEL.

BT

#0137

NNNN



FBI FACSIMILE COVERSHEET

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-15-2011 BY 60324 UC BAW/STP/STW

PRECEDENCE

- ☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION

- ☐ Top Secret
☐ Secret
☐ Confidential
☐ Sensitive
☒ Unclassified

Time Transmitted: 8:25

Sender's Initials: Py

Number of Pages: 22
(Including Cover Page)

b6
b7C

To: LEGAT BRUSSEL (163A-BL-657)
(Name of Office)

Date: 2/27/95

Facsimile Number: 011-32-2-512-9941
9941

Attn: _____
(Name Room Telephone)

From: FBIHQ/Executive Agencies Subunit
(Name of Office)

Subject: Irving Kott; Unsub(s);

reurtel 1/12/95 & butel 2/27/95

Special Handling Instructions: _____

Originator's Name: RM 4105

Telephone: X4892

Originator's Facsimile Number: 202-324-9890

163A-BL-657-15

Approved: Py

SEARCHED	INDEXED
SERIALIZED	FILED
FEB 27 1995	
LEGAT - BRUSSELS	

Smith

FBI/DO

Objective: Growth for the Years Ahead.

Fidelity Capital Appreciation Fund.

Investors with long-term growth objectives should consider Fidelity Capital Appreciation Fund as part of a diversified investment plan. Capital Appreciation Fund is aggressively managed to identify those stocks with high potential for growth in the years ahead—stocks of large and small companies in markets both here and abroad.

Investment Period	Capital Appreciation Fund	SP-500
1970-1971	17.1%	12.3%
1972-1973	21.1%	14.3%
1974-1975	21.1%	14.3%
1976-1977	21.1%	14.3%
1978-1979	21.1%	14.3%
1980-1981	21.1%	14.3%
1982-1983	21.1%	14.3%
1984-1985	21.1%	14.3%
1986-1987	21.1%	14.3%
1988-1989	21.1%	14.3%
1990-1991	21.1%	14.3%
1992-1993	21.1%	14.3%
1994-1995	21.1%	14.3%

Fidelity Capital Appreciation Fund has achieved a total return of 19.3% since the fund began on 11/26/86 vs. 8.7% for the S&P 500. The fund's share price and returns will vary, and you may have a gain or loss when you sell your shares.

These total returns are historical and include changes in share price, reinvestment of dividends and capital gains, and the effect of a 1% sales charge and 1% redemption fee. Average annual total returns for more than 1 year cannot be a smooth representation of returns and are not the best way to measure results, which must be viewed over the periods shown. Figures for the S&P 500 are reported under the heading of Standard & Poor's Composite Index. Figures for the S&P 500 are reported under the heading of Standard & Poor's Composite Index. Figures for the S&P 500 are reported under the heading of Standard & Poor's Composite Index.

Fidelity Capital Appreciation Fund, for a free fact sheet including more complete information on management fees and expenses, please call or write for a free prospectus. Please read carefully before you invest or send money. Fidelity Distributors Corporation (General Distribution Agent), P.O. Box 66060, Dallas, TX 75266-0603. Fidelity Investments

CODE BAR-CAP-000000

Your personal trading advantage...

The Super Personal Ticker™ from TRANS-LUX



Serious investors realize watching the tape is an important technique for spotting accumulations of specific stocks before they become apparent to the general market. Trans-Lux's Super Personal Ticker™ automates the process. It's a selective, it prints only trades of stocks you select - from 1 to 70 issues - and is also programmable by block size. It has instant recall. Symbol keying brings you the last trade in any of your stocks. It's easy. Add, delete or revise any issue on your watch list any time by entering the appropriate stock symbols. It's a hard copy. Permanent printed records are provided. It's real time. A genuine advantage over systems that run 15 minutes behind the market. It's full time and wireless. The Super Personal Ticker constantly watches and records the tape without noise or rest breaks. It's cost efficient. Especially when compared with interrogation devices. Call toll-free now for details. 1-800-243-5544 (in CT, 203-253-4327) or use coupon.

Please send me information on the Super Personal Ticker

Name _____ Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Phone _____

Mail to: Trans-Lux Corporation
Attention: Sales and Marketing
115 Park Ave. North
New York, NY 10018

TRANS-LUX

1972

1970

1971

Who's Riding This Horse? A Shady Tout Backs an OTC Number

By DIANA HENRIQUES

LOS ANGELES—No doubt about it: Ray D'Onofrio is back in business.

Ray's name is not exactly a household word like, say, "Boesky" or "Vesco," so this news may not strike a chord of alarm with the investing public. And that's a pity—indeed, perhaps a danger. For in the past 18 years, Ray D'Onofrio has assembled a criminal record at least as colorful as that infamous pair, and rather more extensive.

He has pleaded guilty to criminal charges of securities and bankruptcy fraud and served a short stint in prison in the mid-Seventies. His past co-defendants have included Wall Street notables and foreign financiers, some of whom he ultimately helped convict as the price of his own plea bargain with the government. His sprawling grounds stretch from Long Island, where he helped look a major dairy in the late 'Sixties, to Salt Lake City, where his stock deals again drew the attention of the Securities and Exchange Commission as recently as 1992. The one common thread in D'Onofrio's varied and perilous career is this: When the dust settles, lots of small investors were left holding the bag—usually a bag of dearly won money over-the-counter stock.

That it should be of more than passing interest to learn that D'Onofrio, his son Mark, and a man identified as his anonymous brother, John Harper, are now in the business of advising small publicly held companies through an outfit called United Atlantic Investments, founded by one of its clients as "investment bankers"

and by one of its associates as "a loose-knit group that does deals."

No matter of those deals is available, unfortunately, and neither D'Onofrio nor anyone at United Atlantic was willing to chat about their business. But Ferron's has located at least one of United Atlantic's current investment-banking clients—a little Oregon company called Kinetics.

Fueled by exaggerated claims about the company's products and potential, stock in Kinetics soared from early 1987 levels of around \$10 a share to well past \$20 a share in January—only to collapse in February. With somewhere around 14 million shares outstanding, according to Kinetics, the company's market capitalization of nearly \$140 million stands in stark contrast to its sparse assets and limited track record. And throughout this roller-coaster ride, details of the company's financial affairs have been almost impossible to come by.

Camel as its corporate structure seems to be, United Atlantic Investments sports an impressive address: Suite 640, 1901 Avenue of the Stars, Century City, Los Angeles. But that lofty home office turns out to be a front-office arrangement that the company shares with at least two dozen other small corporations with names like "Beverly Hills Consulting Corp." and "Fortune Care USA." Two cherry raspberries field called for one and all. Phones jangle in the back rooms, which are backlit by the smoky sunlight of Southern California.

It's a far piece from here to the Long Island Sound where

D'Onofrio's first notable encounter with the criminal justice system occurred.

On Feb. 9, 1971, in a federal indictment announced by Attorney General John Mitchell, the government charged that D'Onofrio conspired with co-defendant Joseph P. Pfleger, at the time state Supreme Court justice, New York, to take control of the W.M. Evans Dairy Co., the Evans Amityville Dairy. The defendants, the prosecution alleged, then sold off the dairy assets and pocketed the cash, forcing the dairy to file bankruptcy. D'Onofrio is pleaded guilty to bankruptcy fraud in federal court in New York and testified against a judge who was convicted April 1971. D'Onofrio was fined \$10,000 and given a three-year suspended sentence with 1 year's probation.

Before his probationary period was over, however, D'Onofrio had other problems. In November 1971, the SEC filed a massive civil complaint in federal court in New York against D'Onofrio and 43 other individual and corporate defendants, alleging securities fraud and stock manipulation.

A second civil complaint was filed in the same court August 1972, charging that D'Onofrio was "the architect of a scheme to sell the put the unregistered shares of company called Galeo Lease Systems Inc. at artificially inflated prices." At the same time D'Onofrio was again indicted by a federal grand jury in Manhattan, this time on criminal charges of bribery and stock manipulation. The code-



Los Angeles, California 90024
Federal Bureau of Investigation

ALL INFORMATION CONTAINED

HEREIN IS UNCLASSIFIED

DATE 08-15-2011 BY 60324 UC BAW/STP/STW

In Reply, Please Refer to
File No

September 11, 1990



The Los Angeles and Newark Divisions of the FBI have been working an extensive stock fraud cases involving organized crime figures in the United States. The cases involve brokers in the United States, Canada, and Europe who promote and manipulate the price of penny stocks to artificially high levels and subsequently sell them in the open market on unsuspecting investors. Los Angeles has developed information from a sensitive confidential source that indicates there is extensive LCN involvement in the stock fraud schemes; however, the monies that they derive from these schemes are unknown at this time.

[redacted] is a stock promoter in Los Angeles who has direct contact with HARRY DAVID LEONARD, true name SALVATORE GIGLIO, a BONANNO LCN Family Member currently living in Santa Monica, California. [redacted] also has direct contact with FRANK COPPA, a BONANNO LCN Member living in New York City who conducts his business through two brokers in Newark, New Jersey, named [redacted] GIGLIO has direct contacts with [redacted] the brother of [redacted] both New York La Cosa Nostra (LCN) associates. Through investigation, Los Angeles has determined that [redacted] reports directly to HARRY LEONARD and discusses his stock activities and pending financial gains with LEONARD.

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The Los Angeles confidential source advised that in October, 1988, [] met with IRVING KOTT and []. The purpose of the meeting was to have DAVIS and ERIC WYNN take over a brokerage firm they controlled by the name of GREENTREE SECURITIES. [] are to run the firm; however, KOTT and [] will keep control of the company. Los Angeles does not have any information as to whether or not these two individuals did in fact take over the company for KOTT and [].

The address at 2265 Westwood Boulevard, Suite 837, Los Angeles, California, is a mail drop used by D'ONOFRIO and COMPANY. The mail drop was rented by [] and the Los Angeles Group has their correspondence directed to that address. In the course of the Los Angeles investigation, the company names of "WESTWOOD CAPITAL, INC., RONART CORPORATION, ROCCO'S AUTO SCHOOLS, FAIRGATE LTD., and EURAMPLEX CAPITAL CORPORATION, are all names used by these individuals as companies holding stock in their various deals.

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b7C

The Los Angeles source reveals that HARRY LEONARD's [] was in Europe selling stock for [] and left Europe after [] was arrested by French authorities. The source advised that after [] arrest in France, [] contacted HARRY LEONARD and discussed [] situation and his possibility of making bail. A review of [] personal telephone book revealed that there were the names of nineteen (19) LCN members and associates listed in the book.

During the latter part of 1989, Los Angeles agents have had several occasions to talk with [] was involved with [] and after his arrest, immediately left Europe and came to the United States where he was subsequently arrested and has since been cooperating with U.S. authorities. [] advised that he used to handle all of the accounts for [] their family members and several other LCN members and associates in the New York area. These individuals would front the money for [] to start a stock promotional scheme and during the course of manipulating the price of the stocks, [] would sell their undisclosed interest and return their investment along with a substantial profit. [] is currently serving a two year sentence in Lompoc Federal Correctional Institution and is cooperating with U.S. authorities in Las Vegas, Nevada. His cooperation however is extremely limited pursuant to his plea agreement.

[redacted] is or as been in daily contact with his business associates to manipulate the various penny stocks that they are promoting. These known associates are [redacted]
[redacted]
[redacted]

[redacted] (a broker at MERRITT SECURITIES, Calgary, British Colombia, Canada), [redacted] (currently in jail for stock fraud in Spain), [redacted] (currently in jail in France).

A Los Angeles confidential source revealed that [redacted] is the individual in charge of the group in Los Angeles and [redacted] is the individual responsible for the group in Newark, New Jersey. [redacted] has dealings with [redacted] and [redacted] in connection with the promotion of SHABU GOLD MINES or CANADIAN EAGLE STOCK. [redacted] claims he controls [redacted] and investigation has determined that [redacted] has placed substantial sums of money into the CANADIAN EAGLE CO. Investigation further reveals that when [redacted] was arrested by Federal authorities in the United States, [redacted] posted \$100,000 for his bond.

HARRY LEONARD is the godfather for [redacted] son and [redacted] repeatedly boasts that he has "wise guy" connections. Through source information and investigation, Los Angeles has determined that [redacted] has used his LCN connections to produce a movie made in Vancouver, Canada, entitled "Flesh Gordon Meets The Cosmic Cheerleaders." [redacted] obtained a Nevada shell company and subsequently changed its name to FILM VEST INTERNATIONAL. A review of the stock transfer records indicates that [redacted] owned 100 percent of the shares of the company before it started trading.

b6
b7C

Memorandum



To : File (163A-BL-376)

Date 3/27/95

From :
LEGAL ATTACHE

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-15-2011 BY 60324 UC BAW/STP/STW

Subject: UNSUBS; DBA UNICORN
DEVELOPMENT CORPORATION;
FPC-GCM
OO: BRUSSELS

On 3/24/95, Brussels was contact by Los Angeles SA
 who advised that he was the case agent in Los Angeles in this matter.

He acknowledged the mishandling in LA of instant matter and that it had been reopened as a 272 matter and that he would be submitting a teletype shortly.

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b7C

He indicated that Canadian National IRVING KOTT (163A-BL-657) was the individual who was behind UNICORN and that KOTT had a "boiler room" operation in The Netherlands which was run by one also a Canadian national, born indicated that KOTT had similar boiler room operations in other European cities and that they had all been raided recently, all except the one located in The Netherlands.

These boiler room operations were affiliated with a firm called MERRIT INVESTMENTS.

advised that he had never received the following communications which were submitted by BRUSSELS. Tel dated 10/3/94, airtel dated 6/20/94, and BU letter with enclosure dated 8/23/94.

These documents are to be located and submitted to in Los Angeles.

On receipt of teletype, a review of both the KOTT and UNICORN files is to be conducted in order to formulate a plan for further investigative activity in the BENELUX.

② - Brussels

(1 - 163A-BL-376)

① - 163A-BL-657)

ROL:tjh

(2) *KS*

163A-BL-657-17

INDEXED *Raw*
SERIALIZED *KS*
FILED *KS*

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ X AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 4/5/95

ALL INFORMATION CONTAINED

HEREIN IS UNCLASSIFIED

DATE 08-25-2011 BY 60324 UC BAW/STP/STW

TO : DIRECTOR FBI
 ATTN: CID, WCCS

FROM : LEGAT, BRUSSELS (163A-BL-376) (C)

SUBJECT : UNSUBS;
 DBA UNICORN DEVELOPMENT CORPORATION;
 FPC - GCM;
 OO: BL

b6
 b7C
 b7D

Re BL tel 2/6/95 and LA tel call 3/24/95 and LA tel 3/27/95, all captioned as above; and BL tel dated 1/12/95 captioned, [REDACTED] IRVING KOTT; UNSUB (S); FRAUDULENT PURCHASE OF COMPUTER INTEGRATED MODULAR MANUFACTURING (CIMM) INCORPORATE STOCK; FPC - GCM; FBW - INTERNATIONAL; OO: BRUSSELS" (163A-BL-657) (copy to Los Angeles).

Enclosed for Los Angeles are copies of Brussels tel 10/3/94, airtel 6/20/94 and BU let (with enclosure) dated 8/23/94.

Also enclosed is a copy of BU airtel dated 2/15/95 with enclosure.

Enclosed also is a copy of an [REDACTED] document dated 3/6/95 regarding IRVING KOTT. This document was obtained from the [REDACTED] liaison officer at the [REDACTED] and relates to Brussels file, [REDACTED] IRVING KOTT etc., mentioned above.

7 - Bureau
 (2 - CID, WCCS)
 (1 - CID, IRB, IRU 1)
 (2 - Legat Ottawa (Info) - IN ATTACHED SEALED ENVELOPE
 (2 - Albany (Info) - IN ATTACHED SEALED ENVELOPE
 2 - Los Angeles (Encs. 5) - direct via DHL
 2 - Brussels (1 - 163A-BL-376) (1 - 163A-BL-657)
 ROL:pmw (11)

Approved: _____ Transmitted _____ (Number) (Time) Per _____

163A-BL-657-18
 62
 15

BL 163A-BL-376

These materials are being submitted to Los Angeles to provide LA with all of the relevant materials available here on the history of captioned company and the ubiquitous IRVING KOTT, the latter who appears to be involved in captioned company.

Brussels is closing 163A-BL-376 case in this matter and reopening under Los Angeles' file 272B-LA-181527.

It is requested that Brussels be kept advised of any pertinent developments in captioned case.

163A-BL-657-19

SEARCHED	INDEXED
SERIALIZED	FILED

APR 24 1995

LEGAT — BRUSSELS

6

PAGE TWO DE FBIAL 0001 UNCLAS E F T O

BT

#0001

NNNN

**UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION**

MEMORANDUM

DATE: 1/26/90

ALL FBI INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-15-2011 BY 60324 UC BAW/STP/STW

TO : ADIC, NEW YORK (196B-NY-185068)

FROM : SA JAMES T. WALSH (C-21) (NRRA)

SUBJECT: IRVING KOTT;
ET AL;
MISCELLANEOUS INFORMATION
CONCERNING

On 1/9/89, STU [] Investigator, SECURITIES AND EXCHANGE COMMISSION (SEC), Enforcement Division, Washington, D.C., telephone [] recontacted the writer and provided the following information obtained from investigation and other sources.

[] advised that a company known as CONVOY CAPITAL, INC. (or possibly CONVOY CAPITAL, LTD.) (hereafter referred to as CONVOY) currently trades on the Vancouver B.C. Stock Exchange. CONVOY was formally known as WESTERN ALLENBEE OIL AND GAS. CONVOY recently acquired a company known as COMMUNICATIONS CORP. OF AMERICA (CA) which is engaged in the business of setting up a telephone credit card system that could be sold by charities. [] has heard that people associated with IRVING KOTT, the well known Canadian convicted stock swindler, are associated with CONVOY CAPITAL. [] noted that CONVOY also put money into a company known as SIMM, INC. located in Troy, New York. SIMM, INC. was previously an Initial Public Offering (IPO) of stock out of GREENTREE SECURITIES, New York, New York (which KOTT was known to be associated with through his []). [] advised that an affiliated company, SIMM U.K., LTD. prepared a draft for an underwriting in the United Kingdom. The document reflected that a merchant's bank in Amsterdam would be a market maker for the stock once it started trading. (Because of his ties to Amsterdam, [] believes that KOTT may be involved in SIMM U.K., LTD.)

JTW/vgl
(1)

16-311-1361-657-20

SEARCHED	INDEXED
SERIALIZED	FILED
APR - 4 1995	
LEGAT - BRUSSELS	

5/14/95
12:00pm
STW/etx

196B-NY-185068

[] also heard that IRVING KOTT controls a brokerage firm in Luxembourg, known as PETRUSSE SECURITIES. This firm is run by LEO ARI FROM, listed as an Israeli citizen. FROM has a prior criminal conviction in Germany. [] an associate of IRVING KOTT also works out of PETRUSSE SECURITIES. [] received information from one source that over the Christmas, 1989 holidays there was a major meeting of con-men in Israel, attended by IRVING KOTT, and []

[] also pointed out that [] believed to have ties to IRVING KOTT, has been the President of CONVOY since 2/27/89. In December, 1988, [] had a company in Randen, Quebec, Canada, known as NEALMAC FINANCIAL. Prior to that, [] worked for twenty years for TORONTO DOMINION BANK. NEALMAC FINANCIAL borrowed \$2,000,000 from the AMRO BANK in Luxembourg for six years at the rate of prime + 3/4. The proceeds were used to buy debentures in CONVOY, which can be converted to stock. [] advised that some of the proceeds of the loan eventually went to SIMM, INC. and CCA).

[] advised that it is well known that IRVING KOTT did business with the AMRO BANK. [] had a source who heard that someone employed by the AMRO BANK had gotten fired because of his dealings with IRVING KOTT. That individual (not identified) subsequently went to work for PETRUSSE SECURITIES in Luxembourg.

[] advised that IRVING KOTT has two prior convictions in Canada for Securities Fraud. He reportedly has close ties to Organized Crime and the "CATRONI" Organized Crime family in Montreal.

[] has also received information to the effect that a (First Name Unknown (FNU)) [] is currently under investigation by the "Serious Fraud Squad" in the United Kingdom in connection with an investigation of an entity known as EAGLE TRUST. [] advised that as a result of a merger, (FNU) [] recently took control of IRIQUOIS INDUSTRIES, a company whose stock is traded on the New York Stock Exchange (NYSE).

1968-NY-185068

[redacted] has reportedly been taking a substantial amount of money out of IRIQUOIS INDUSTRIES. [redacted] has information that [redacted] will exchange his shares of IRIQUOIS INDUSTRIES for shares of VERIT INDUSTRIES, a company whose stock is thinly traded on the American Stock Exchange (AMEX). [redacted] advised that [redacted] is a major shareholder of VERIT INDUSTRIES. [redacted] is considered the right-hand man of IRVING KOTT. [redacted] reportedly has homes in Florida, Malaga, Spain, and New York, New York.

[redacted] believes that IRVING KOTT may be involved in this deal also.

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FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1260588-0

Total Deleted Page(s) = 51

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Airtel

Unclas

10/5/84

Director, FBI

ADIC, New York

DE VOE - HOLBEIN INTERNATIONAL INC., N.V.
FBW; MF;
FOREIGN POLICE COOPERATION
OO: NY

Enclosed for New York is a letter dated 9/28/84 from the [redacted] Washington, D.C. and its enclosures. This letter sets out the suspicions of the [redacted] that caption corporation and some or all of the associates of this company are involved in a major stock swindle, which is, in part, being conducted in the United States.

A search of FBIHQ indices is being conducted and will be forwarded to New York as soon as available.

It is noted that the Securities and Exchange Commission has also been apprised of this information. It is, therefore, recommended that liaison be established with them prior to undertaking any significant investigation. New York is requested to conduct any investigation which it deems appropriate. Any investigation conducted should be reported by LHM in accordance with MIOG, Part II, Section 163-6 and sent to the attention of the Fugitive/General Government Crimes Unit, for dissemination to interested foreign governments.

b6
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b7D

MAILED 4
OCT 11 1984
FBI - Mr.
FBI - EOE

RHW:hsc (5)

DE-112

163-54507-2

16 OCT 10 1984

- Exec AD Adm. _____
- Exec AD Inv. _____
- Exec AD LES _____
- Asst. Dir.:
 - Adm. Servs. _____
 - Crim. Inv. _____
 - Ident. _____
 - Insp. _____
 - Intell. _____
 - Lab. _____
 - Legal Coun. _____
 - Off. Cong. & Public Affs. _____
 - Rec. Mgnt. _____
 - Tech. Servs. _____
 - Training _____

Telephone Rm.
Director's Sec'y

MAIL ROOM

1985

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

AIRTEL

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-15-2011 BY 60324 UC BAW/STP/STW

TO : DIRECTOR, FBI
(ATTN: THE FUGITIVE/GENERAL GOVERNMENT CRIMES UNIT)

FROM: ADIC, NEW YORK (163A-7226) (C) (C-1)

SUBJECT: DE VOE-HOLBEIN INTERNATIONAL INC., N. V.;
FBW;
MAIL FRAUD;
FOREIGN POLICE COOPERATION
(OO:NY)

ReBuairtel to NY, dated 10/5/84.

Enclosed for the Bureau is the original and three copies of an LHM regarding the NYO handling of captioned matter. Enclosed for Salt Lake City is a copy of referenced airtel along with enclosures as well as a copy of above mentioned LHM.

A search of the NY indices revealed that the main subject in the captioned matter was a subject of a Salt Lake City fraud by wire and bank fraud and embezzlement investigation.

At this time the NYO is conducting no further investigation and is considering this matter closed.

LEAD

SALT LAKE CITY

AT SALT LAKE CITY, UTAH. Search indices for names of subjects listed in the referenced airtel and conduct any investigation, which is deemed appropriate. Any investigation conducted should be reported by LHM in accordance with MIOG, Part II, Section 163-6, and sent to the attention of the FUGITIVE/GENERAL GOVERNMENT CRIMES UNIT, for dissemination to interested foreign governments.

1cc4/encl-5064

②-Bureau (Encls. 4)
2-Salt Lake City (29-1410) (Encls
1-New York

JJR:baw
(5)

13 JAN 24 1985
3/6

CC TO
RR 3/10/89

APPROVE attached LHM for
dissemination to RCMP

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

New York, New York

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-15-2011 BY 60324 UC BAW/STP/STW

NOV 27 1984

DE VOE-HOLBEIN
INTERNATIONAL INCORPORATED
(Fraud By Wire;
Mail Fraud;
Foreign Police Cooperation)

b6
b7C
b7D

This investigation was initiated upon receipt of a letter dated September 28, 1984, from the [redacted] Liason Office in Washington, D.C., which outlined their suspicions of how DE VOE-HOLBEIN INTERNATIONAL, INCORPORATED (DVHII), and its associates were involved in a major stock swindle.

Investigation by the New York Office of the FEDERAL BUREAU OF INVESTIGATION (FBI) has determined that one of the main subjects, IRVING KOTT, was also a cosubject in a similar investigation that was handled by the Salt Lake City Division of the FBI.

On November 15, 1984, [redacted] of the UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC), Washington, D.C., advised that the SEC has been informed of the RCMP's investigation concerning the captioned matter and that his office has determined that there are few, if any, victims located within the United States. Therefore, the SEC has no immediate plans of investigating any further the activities of DVHII or KOTT.

In light of the above, the New York Office of the FBI is conducting no further investigation into this matter and is therefore considering this case closed.

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

163-54507-3

Airtel

Unclas

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-01-2011 BY 60324 UC BAW/STP/STW
11/14/84

Director, FBI

ADIC, New York

DEVOR - HOLBEIN INTERNATIONAL, INC., N.V.

FBW; MF; FPC

OO: NY

Referenced Buairtel dated 10/5/84 captioned as above.

All names in referenced communication were searched through the general indices at FBIHQ, with the following results:

Bufile 196-1459 is New York case captioned, Irving Kott, Vancouver, B.C., et al; FBW; OO: SU, New York file 29-16057.

Bufile 62-0-79729 is a memo from C. W. Bates dated 2/3/72 which indicates that Mr. Bates was contacted by a friend from Ernst and Ernst, Cleveland, Ohio. Apparently, Ernst and Ernst was entering into a business relationship with Belgium Standard Ltd., of Canada which was chaired by Irving Kott. Ernst and Ernst was requesting public source documents about Kott or the company and they were informed to inquiry in Canada as that is where Kott apparently did business.

Bufile 163-22309 is a FPC matter handled by New York under NY 163-2487 captioned Irving Kott; Stock Fraud-FPC.

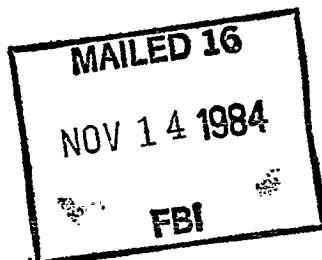
Bufile 163-38045 is a FPC matter handled by New York under NY 163-4890 captioned Onyx Investments, Ltd.; Irving Kott; FPC; OO: NY.

Bufile 87-133642 is an ITSP matter investigated by New York under NY 87-74043 captioned Irving Kott; et al; ITSP; OO: NY.

Bufile 87-144362 captioned Continental Financial Services, Inc., Coral Gables, Florida; ITSP; OO: DL, Dallas file 87-20636, does not appear to be related to current investigation.

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. & Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

1 - Mr. []
1 - FOF
RHW:MSC (5)



7 NOV 13 1984

Airtel to SAC, New York

Re: DEVOE - HOLBEIN INTERNATIONAL, INC., N.V.

Bufile 87-154742 is captioned [REDACTED]
aka; dba Continental Financial Services, Ypsilanti, Michigan;
ITSP; OO: Newark, NK file 87-26799. This does appear to relate
to current investigation.

Bufile 87-144354 is captioned [REDACTED]
dba Continental Financial Services, Inc., Witchita, Kansas;
ITSP; OO: Kansas City, KC file number 87-31047. This does not
appear to relate to current investigation.

Bufile 87-146604 is captioned [REDACTED], et al;
FBW; OO: Atlanta, AT file 196-81. This investigation mentions an
unspecified Continental Financial Service but does not appear to
relate to current investigation.

Because of the non-specific identification on many of
the other subjects it could not be determined if there were any
references; however, all other names were negative in investigations
relating to financial crimes matters.

Leads are being left to the discretion of New York.

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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ XX AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 1/21/85

TO: DIRECTOR, FBI
 (ATTN: FUGITIVE/GENERAL GOVERNMENT CRIMES UNIT)

FROM: SAC, SALT LAKE CITY (29A-1410) (C)

DE ~~VOE-HOLBEIN INTERNATIONAL, INC., N.V.;~~

FBW; MF; FOREIGN POLICE COOPERATION
 (00:NY)

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED
 DATE 09-01-2011 BY 60324 UC BAW/STP/STW

ReNYairtel to FBIHQ, dated 11/27/84.

Enclosed for FBIHQ is the original and five copies of an LHM regarding the Salt Lake City Division's handling of a previous matter captioned as follows:

[redacted] - Calgary, Alberta, Canada;
 IRVING KOTT, Vancouver, British Columbia, Canada; [redacted]
 Vancouver, British Columbia, Canada, dba FARRAH RESOURCES
 LTD.; FUTURA ENERGY AND RESOURCES LTD.; LINK OIL AND GAS
 LTD.; [redacted] Salt Lake City, Utah; [redacted]
 Salt Lake City, Utah, dba BENGAL CHEMICAL AND RESEARCH
 CORPORATION; WREN BROTHERS; FARM LAND INC.; FBW; BF & E;
 (00: Salt Lake City). "

REQUEST OF FBIHQ

FBIHQ is requested to furnish two copies of the enclosed LHM to Legat Ottawa.

For information of FBIHQ, the above-captioned matter was investigated by the Salt Lake City Division

- ③ - Bureau (Enc. 6) ENCLOSURE
 (1 - Liaison Unit, Intelligence Division)

1 - SU

RSH:clc

(4) ICCAT, LHM SOG

3cc LHM by 0-14 to [redacted]

APPROVE attached LHM for
 dissemination to RCMP

FUG. SUP.

Approved: _____

Transmitted: _____

Per _____

GC TO [redacted]
 RR 3/16/85

(Number)

(Time)

Jun 02 1997

ANS BY [redacted]

MAY 17 1985

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 b7C
 b7D

SU 29A-1410

in 1980, in the liaison capacity, with the [redacted]
[redacted] Search warrants were executed by the Salt
Lake City Division, and the seized evidence was held for
evidentiary purposes. Local prosecution was deferred to
[redacted] Since prosecution was never
initiated by the Canadians, the seized evidence was returned
to the attorneys of the subject.

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The referenced New York City airtel, and the
[redacted] of information, appears to represent
a separate criminal scheme being employed by subject, IRVING
KOTT, and his accomplices. It does not appear to be an ~~on~~
~~all~~ going scheme as was investigated by the Salt Lake City
Division in 1980.

Information concerning the present scheme of
KOTT has been referred to the appropriate law enforcement
agencies, and to Agents of the FBI engaged in white collar
crime. If evidence of the scheme being perpetrated in
the Salt Lake City Division is revealed, the appropriate
investigation will be initiated.

However, in the absence of evidence of this scheme
being perpetrated in the Salt Lake City Division, this
matter is being placed in a closed status.



U.S. Department of Justice

Federal Bureau of Investigation

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED

DATE 09-15-2011 BY 60324 UC BAW/STP/STW

Salt Lake City, Utah

January 21, 1985

DE VOE-HOLBEIN INTERNATIONAL, INC., N.V.

On January 23, 1980, [redacted]
[redacted] Vancouver, British Columbia,
Canada, requested investigation by the Salt Lake City Office
of the FBI concerning possible illegal stock fraud schemes
being perpetrated upon the VANCOUVER STOCK EXCHANGE.

Additional possible violations of the same scheme
were contemplated as being perpetrated in Utah, Texas,
Colorado, and New York City.

On January 30, 1980, a conference was held in
Salt Lake City, Utah, between [redacted] Assistant
United States Attorney (AUSA) [redacted] and Agents
of the FBI.

It was revealed at this conference that since
May, 1979, the [redacted] has conducted a technical surveillance
centering around an alleged fraud involving the VANCOUVER
STOCK EXCHANGE. The investigation by the [redacted] uncovered
fraud, theft, false affidavits, secret commissions, and
false statements, which appeared to branch out into the
United States with particular concentration on the activities
of [redacted] of Salt Lake City, Utah.

The [redacted] were promoting an invention
known as the "sonic tool," representing that the tool could
extract oil from shell rock.

The [redacted] IRVING
KOTT, and [redacted] as responsible for filing a prospectus,
in the name of FUTURA ENERGY AND RESOURCES LTD., with the
VANCOUVER STOCK EXCHANGE claiming the proceeds of the underwriting
were to be used for research and development of the "sonic
tool."

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103-54507-5

103-54507-5

DE VOE-HOLBEIN INTERNATIONAL, INC., N.V.

The [REDACTED]
[REDACTED]

[REDACTED] It was alleged that the principals planned to purchase the underwriting at a deflated price manufactured by them, take the price to as high as \$4 per share, and sell stock and realize substantial profits. It was reported that the Canadian subjects had a nominee company known as NAPIER DEVELOPMENT, LTD., holding \$750,000 escrowed shares of FUTURA stock.

One [REDACTED], attorney from New York City, was the Canadians' contact for manipulating the price of FUTURA stock in Europe.

On March 6, 1980, four search warrants were executed in Utah based on an affidavit of the FBI, Salt Lake City Division, and evidence of fraud by wire was retrieved from the residence of [REDACTED] Provo, Utah; the residences of [REDACTED] and the office and business building of the [REDACTED] all in Salt Lake City.

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Simultaneously the [REDACTED] caused the execution of [REDACTED] to locate evidence of fraud.

The FBI in Salt Lake City, Utah, conducted subsequent investigation to the search warrant consisting of interviews of additional accomplices and witnesses.

The seized evidence was maintained by the Salt Lake City Division of the FBI until July 11, 1984, when it was returned to [REDACTED] Attorney-at-Law, representing the [REDACTED]

The evidence was returned pursuant to a letter received from [REDACTED]
[REDACTED]

[REDACTED] indicated in his letter that the evidence in possession of the FBI was no longer needed and could be returned to the appropriate

DE VOE-HOLBEIN INTERNATIONAL, INC. N.V.

owners. Since all investigation had been completed, the matter was placed on a closed status by the Salt Lake City Division of the FBI.

The [REDACTED], by letter dated September 28, 1984, referred to FBI and other law enforcement agencies, their suspicions concerning an additional fraud being perpetrated by IRVING KOTT and others involving DE VOE-HOLBEIN INTERNATIONAL, INC., N.W. This information has been disseminated to the appropriate law enforcement agencies in the state of Utah. To date, no evidence has been revealed indicating that this alleged fraud has been committed in Utah.

Upon receipt of evidence indicating the commission of a fraud, the appropriate investigation will be initiated by the FBI.

b7D

157-117

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-15-2011 BY 60324 UC BAW/STP/STW

July 1, 1993

BY LIAISON



RE: KOTT, IRVING (B: OCT. 12, 1930)
HARISTON CORPORATION "ET AL"
SECURITIES FRAUD
93WLO-1C-1126

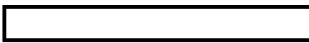
Dear Mr. 


b6
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b7D

Reference is made to your letter dated April 23, 1993,
concerning captioned matter.

A search of the FBIHQ Identification indices, NCIC and FBIHQ
Central Records revealed no arrest warrants valid for Irving Kott in
the United States.

Sincerely yours,


Inspector in Charge


By:  Unit Chief
Foreign Liaison I
Office of Liaison and
International Affairs

105-5401-7

Dep. Dir. _____
ADD Adm. _____
ADD Inv. _____
Asst. Dir.:
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Cong. Affs. Off. _____
Off. of EEO _____
Off. Liaison &
Int. Affs. _____
Off. of Public Affs. _____
Telephone Rm. _____
Director's Sec'y _____

1 - FPC
pg/pj (3)

origin

hand carried to 
Return to Room 9458

MAIL ROOM ☒

Memorandum



To : SAC, BOSTON (196A-B5-52629) (C)

Date 10/26/90

From : SA [REDACTED]

Subject : IRVING KOTT. AKA

[REDACTED]
FBW (B)
OO: BOSTON

b6
b7C

A review of captioned casefile reflects no further activity on the part of KOTT and no prosecutable case within the Boston Division.

It is requested this matter be closed administratively.

① - Boston (196A-B5-52629)
JJB/mmh/m
(1)

1*
10/26/90

196A-B5-52629-5

SEARCHED

SERIALIZED

INDEXED

FILED

J. B. [Signature]

File - Serial Charge Out
FD-5 (Rev. 6-17-70)

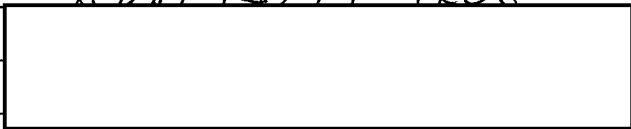
File 196A-B5-52629 Date _____
Class. Case No. Last Serial

☐ Pending

☐ Closed

Serial No. Description of Serial Date Charged

1 CHA Inning Graham Ltd
KH Kothara



4-175-1-20-70-7-259

b6
b7C



RECHARGE

Date _____

To _____ From _____

Initials of Clerk { _____

Date { _____

Date charged _____

Employee _____

Location _____

Memorandum



To : SAC, MIAMI (196B-3101) (P)

Date 8/5/88

From : SA [redacted] (WCC-2)

Subject : [redacted] ET AL;
AMERICAN CAPITAL CONSULTANTS, INC.;
AAA TRANSFER, INC.;
Deerfield Beach, FL
FBW(B)-SECURITIES FRAUD
OO:MM

EGGSHELL
FBW(A)-SECURITIES FRAUD
OO:MM (MM 196A-3193)

On 8/5/88, Staff Attorney [redacted] SEC, Denver, CO, FTS [redacted] was contacted with regard to his continuing investigation regarding HI PEAK, Inc. stock, principally by [redacted]. [redacted] stated his investigation has disclosed HI PEAK is now being traded in the pink sheets (OTC stock) as SSF (SPECIAL SERVICE FREIGHT, INC.). He has determined that [redacted] has recently arranged to have SSF stock provided to subscribers of "LOTTERY BUSTERS," operated by pennystock newsletter publisher [redacted] to receive shares of SSF providing they resubscribe. [redacted] firm, NEWSLETTER MANAGEMENT, INC. recently (7/12/88) received 1.25 million shares of SSF for distribution.

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[redacted] is currently operating as "SOUTHWEST CAPITAL & COMMERCIAL, INC., Box C-6000 No. 346, Scottsdale, AZ 85261, telephone [redacted] stated he also obtained [redacted] home number from Arizona Securities Division, as [redacted] (same tel#). [redacted] stated a recent phone call to that number was answered as "INFLEET." [redacted] stated [redacted] is a new "subsidiary" of HIPEAK/SSF and it is possible [redacted] is gearing up for yet another name change. [redacted] advised his investigation has revealed HUBERMAN, MARGARETTEN & STRAUSS, 1380 Miami Gardens Drive, North Miami Beach, FL (now renamed HUBERMAN SECURITIES CORPORATION) [redacted] had the following sales of HI PEAK stock on 8/10/87:

1. 3.9 million shares sold to SIGMA NEUCHATEL, LTD., Case Postale 180, 51 Rue De Molines, 2000 Neuchatel 4, SWITZ, and,

2. 1 million shares to INTERNATIONAL TRENDS INC. II, 2 Park Avenue, Suite 1600, NY, NY 10061 (212) 246-2164.

[redacted] was advised of [redacted] trips to Europe during 1987 to meet with notorious pennystock swindler [redacted] and possibly IRVING KOTT (undisclosed principal of GREENTREE SECURITIES). [redacted] advised SEC, Denver received information that [redacted] was among a total of 11 persons arrested in Paris, France; West Germany, and Switzerland by European authorities in the past week.

2 - MM (1 - 196B-3101)
KFP/ (1 - 196A-3193)

Mr. [] advised the the 4.9 million shares of HI PEAK sold by HUBERMAN, MARGARETTEN on 8/10/87 represented about 10% of the stock remaining to close the public offering (IPO). [] stated he has sought additional records to identify the principals of SIGMA and INT"L TRENDS II and believes they are linked to []

[] stated a review of transfer records (AAA TRANSFER) indicate [] presently owns 3.575 million shares of free SSF stock and 107,625,000 shares of restricted stock in SSF/HI PEAK. He stated he believes the restricted shares will be eligible to become free-trading stock in either 1/89 or 5/89.

[] stated he would share results of his HI PEAK/SSF investigation with SEC, Miami, in order that information of value to the pending OO:MM criminal investigation might be available.

b6
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FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date

8-5-88

W2

#3

FM FBI MIAMI (196B-3101) (P) (WCC-2 - KFP)

TO FBI NEWARK (196A-2675)/ROUTINE/

BT

UNCLAS

CITE: //3460//

PASS: SA [REDACTED]

SUBJECT: [REDACTED] ET AL DBA AMERICAN CAPITAL

CONSULTANTS, INC., HI PEAK, INC. FBW(B) - SECURITIES FRAUD.

OO MIAMI.

FOR INFORMATION OF NEWARK. SEC STAFF ATTORNEY [REDACTED]

DENVER, CO. [REDACTED], HAS MAINTAINED CONTACT WITH FBI,

MIAMI, IN REGARD TO PENDING OO-MM INVESTIGATION ENTITLED [REDACTED]

[REDACTED] ET AL DBA AMERICAN CAPITAL CONSULTANTS, INC.,

DEERFIELD BEACH, FLA., FBW(B) - SECURITIES FRAUD. [REDACTED] IS

PRESENTLY CONDUCTING SEC INVESTIGATION WITH REGARD TO HI PEAK.

16

17

18

① - 196B-3101
 1 - 196A-3193 (Info)

KFP:sl

(2)

21

INDEX/INITIALS

POTTER

Approved: Wew/NB

Transmitted

(Number)

0028

(Time)

530P

Per

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Searched _____
 Indexed _____
 Serialized _____
 Filed _____

U.S. GPO: 1987 - 181-486

196B-3101-97

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

^ PAGE TWO MM 196B-3101 UNCLAS

1 [] HAS ADVISED HI PEAK IS PRESENTLY SELLING IN THE PINK
2 SHEETS (OTC) AS SSF (SPECIAL SERVICE FREIGHT). [] HAS
3 ADVISED HIS INVESTIGATION HAS REVEALED [] IS PRESENTLY IN
4 POSSESSION OF 3.5 MILLION SHARES OF FREE TRADING STOCK, AND IN
5 EXCESS OF 107 MILLION SHARES OF RESTRICTED STOCK IN HI PEAK/SSF
6 NEAREN ESTIMATES [] 107 MILLION SHARES OF RESTRICTED
7 STOCK WILL BECOME ELIGIBLE FOR TRADING NO LATER THAN MAY, 1989.

8 [] ADVISED SEC INVESTIGATION DISCLOSES SOME FIVE MILLION IN
9 HI PEAK STOCK WAS SOLD THROUGH HUBERMAN, MARGARETTEN & STRAUS,
10 INC., NORTH MIAMI BEACH, FLA., ON AUGUST 10, 1987, WITH ALMOST
11 FOUR MILLION SHARES TO SIGMA NEUCHATEL, LTD., NEUCHATEL,
12 SWITZERLAND, AND ONE MILLION TO INTERNATIONAL TRENDS II, INC.,
13 NEW YORK, NEW YORK. [] SUSPECTS COLLUSION BETWEEN []
14 AND THE NORTH MIAMI BEACH BROKERAGE, NOW RENAMED HUBERMAN
15 SECURITIES CORPORATION.

16 NEAREN ADVISED [] PRESENTLY DOING BUSINESS AS
17 "SOUTHWEST CAPITAL & COMMERCIAL, INC., BOX C-6000, NO. 346,
18 SCOTTSDALE, AZ 85261," AND RESIDES (PROTECT INFORMATION) AT
19 []

20 []
21 TELEPHONE NUMBER. AT BOTH SWCC AND RESIDENCE WAS PROVIDED AS

Approved: _____ Transmitted _____ (Number) (Time) Per _____

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

^ PAGE THREE MM 196B-3101 UNCLAS

1 [REDACTED] ADVISED RECEPTIONIST AT THIS NUMBER
2 SOMETIMES ANSWERS AS "INFLEET." [REDACTED] STATED "INFLEET" IS
3 REPORTEDLY A "SUBSIDIARY" OF HI PEAK/SSF.
4 [REDACTED] ADVISED OF POSSIBLE CONNECTION BETWEEN [REDACTED] AND
5 [REDACTED] AND IRVING KOTT, WITH REGARD TO EUROPEAN TRAVEL BY
6 [REDACTED] DURING 1987. [REDACTED] ADVISED SEC HAS RECEIVED
7 INFORMATION INDICATING [REDACTED] (PH)
8 WERE ARRESTED WITHIN THE PAST WEEK IN PARIS. FRANCE, WITH A TOTAL
9 OF ELEVEN (11) ARRESTS HAVING BEEN EFFECTED BY EUROPEAN
10 AUTHORITIES CHARGING [REDACTED] AND OTHERS WITH STOCK FRAUDS.
11 INDICATIONS ARE THAT ARRESTS TOOK PLACE IN FRANCE, WEST GERMANY,
12 AND SWITZERLAND. NEWARK MIGHT CONSIDER DETERMINING EUROPEAN
13 (INTERPOL ?) AUTHORITIES INVOLVED FOR COORDINATION PURPOSES.
14 FOR INFORMATION OF NEWARK, USA, MIAMI, HAS PROVIDED TARGET
15 LETTER TO [REDACTED] THROUGH WEST PALM BEACH, FLA., ATTORNEY
16 (REPORTEDLY [REDACTED] WHO NOW REPRESENTS
17 [REDACTED] TARGET LETTER WAS WITH REGARD TO FBI INVESTIGATION OF
18 [REDACTED] DBA R.H. STEWART & CO., MIAMI, FLA.; HOWEVER, ATTORNEY
19 RECONTACTED USA, MIAMI, AND WAS ADVISED OF TARGET STATUS OF
20 [REDACTED] WITH REGARD TO CAPTIONED MIAMI MATTER AS WELL. IN

b6
b7c

Approved: _____ Transmitted _____ Per _____
(Number) (Time)

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

PAGE FOUR MM 196B-3101 UNCLAS

1
 ADDITION. REPORTS INDICATE JERRY JACOLOW. PARTNER OF [REDACTED] AT
 2
 AMERICAN CAPITAL CONSULTANTS, DEERFIELD BEACH, FLA., DIED OF
 3
 HEART ATTACK IN BOCA RATON. FLA., DURING JULY 1988. EFFORTS TO
 4
 CONTACT [REDACTED], PARTNER OF JACOLOW IN GLOBAL INVESTMENTS,
 5
 INC. BOCA RATON, DETERMINED OFFICE WAS SHUT DOWN DUE TO DEATH OF
 6
 JACOLOW. MIAMI ATTEMPTING TO VERIFY DEATH THROUGH DEATH
 7
 CERTIFICATE.

8
 NEWARK REQUESTED TO ADVISE MIAMI RE RECENT CONTACTS, IF ANY,
 9
 BY NEWARK COOPERATING WITNESS.

10
 BT
 11

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Approved: _____ Transmitted _____ (Number) _____ (Time) Per _____

b6
 b7C

CLTBOX.7 (2396)

TO: NK @ EMB

FROM: MM @ EMB

SUBJECT: 213/0023 ROUTINE

DATE: 5 AUG 68 21:38:46 GMT

CC:

TEXT:

VZCZCMM3023

RR NK

DE MM #0023 2182100

ZNR UUUUU

R 051640Z AUG 68

FM FBI MIAMI (196B-3101) (P) (WCC-2, KFF)

TO FBI NEWARK (196A-2675)/ROUTINE/

BT

UNCLAS

CITE: //3460//

PASS: SA [REDACTED]

SUBJECT: [REDACTED] ET AL; DBA AMERICAN CAPITAL
CONSULTANTS, INC., FT PEAKE, INC. FBW(B) - SECURITIES FRAUD,
OO:MIAMI.

FOR INFORMATION OF NEWARK, SEC STAFF ATTORNEY LHM [REDACTED]
DENVER, CO. [REDACTED] HAS MAINTAINED CONTACT WITH FBI,
MIAMI. IN REGARD TO PENDING DOJMM INVESTIGATION ENTITLED [REDACTED]
[REDACTED] ET AL; DBA AMERICAN CAPITAL CONSULTANTS, INC.,
DEERFIELD BEACH, FLA., FBW(B) - SECURITIES FRAUD [REDACTED] IS

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b7c

Searched _____
Indexed _____
Serialized _____
Filed _____
196B-3101-97

Epi

PAGE TWO DE KM 0028 UNCLAS

PRESENTLY CONDUCTING SEC INVESTIGATION WITH REGARD TO HI PEAK.

[] HAS ADVISED HI PEAK IS PRESENTLY SELLING IN THE PINK SHEETS (OTC) AS SSF (SPECIAL SERVICE FREIGHT). [] HAS ADVISED HIS INVESTIGATION HAS REVEALED [] IS PRESENTLY IN POSSESSION OF 3.5 MILLION SHARES OF FREE TRADING STOCK, AND IN EXCESS OF 107 MILLION SHARES OF RESTRICTED STOCK IN HI PEAK/SSF. NEAREN ESTIMATES [] 107 MILLION SHARES OF RESTRICTED STOCK WILL BECOME ELIGIBLE FOR TRADING NO LATER THAN MAY, 1989.

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[] PRESENTLY DOING BUSINESS AS "SOUTHWEST CAPITAL & COMMERCIAL, INC., BOX C-6000, NO. 346, SCOTTSDALE, AZ 85261," AND RESIDES (PROTECT INFORMATION) AT []

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b7c

PAGE THREE IE MM 0023 UNCLAS

TELEPHONE NUMBER, [REDACTED] AND RESIDENCE WAS PROVIDED AS

[REDACTED] ADVISED RECEPTIONIST AT THIS NUMBER

SOMETIMES ANSWERS AS "INFLEET." NEAREN STATED "INFLEET" IS
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[REDACTED] ADVISED OF POSSIBLE CONNECTION BETWEEN [REDACTED]

[REDACTED] AND IRVING KOTT, WITH REGARD TO EUROPEAN TRAVEL BY

[REDACTED] DURING 1987. [REDACTED] ADVISED SEC HAS RECEIVED

INFORMATION INDICATING [REDACTED] (P-)

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OF ELEVEN (11) ARRESTS HAVING BEEN EFFECTED BY EUROPEAN
AUTHORITIES CHARGING QUINN AND OTHERS WITH STOCK FRAUDS.

INDICATIONS ARE THAT ARRESTS TOOK PLACE IN FRANCE, WEST GERMANY,
AND SWITZERLAND. NEWARK MIGHT CONSIDER DETERMINING EUROPEAN
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FOR INFORMATION OF NEWARK, USA, MIAMI, HAS PROVIDED TARGET
LETTER TO [REDACTED] THROUGH WEST PALM BEACH, FLA., ATTORNEY
(REPORTEDLY [REDACTED] WHO NOW REPRESENTS

[REDACTED] TARGET LETTER WAS WITH REGARD TO FBI INVESTIGATION OF
DBA R.H. STEWART & CO., MIAMI, FLA.; HOWEVER, ATTORNEY
RECONTACTED USA, MIAMI, AND WAS ADVISED OF TARGET STATUS OF

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b7C

PAGE FOUR DE MM 0028 UNCLAS

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b7c

[REDACTED] WITH REGARD TO CAPTIONED MIAMI MATTER AS WELL. IN ADDITION, REPORTS INDICATE JERRY JACOBOW, PARTNER OF [REDACTED] AT AMERICAN CAPITAL CONSULTANTS, DEERFIELD BEACH, FLA., DIED OF HEART ATTACK IN BOCA RATON, FLA., DURING JULY 1988. EFFORTS TO CONTACT [REDACTED] PARTNER OF JACOBOW IN GLOBAL INVESTMENTS, INC., BOCA RATON, DETERMINED OFFICE WAS SHUT DOWN DUE TO DEATH OF JACOBOW. MIAMI ATTEMPTING TO VERIFY DEATH THROUGH DEATH CERTIFICATE.

NEWARK REQUESTED TO ADVISE MIAMI RE RECENT CONTACTS, IF ANY, BY NEWARK COOPERATING WITNESS.

BT

#0028

NNNN

-----END OF DOCUMENT-----

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/30/89

[redacted], was contacted at his residence, [redacted] telephone number [redacted] as previously arranged by telephone communication on March 27, 1989. Mr. [redacted] was advised of the identity of SA [redacted] and informed that, at the present time, the request to speak with him did not involve any warrants or subpoenas.

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Mr. [redacted] was informed that, despite his attorney status, the meeting would not require that he, [redacted] be advised of his rights inasmuch as SA [redacted] had no intention of asking him any questions whatsoever, but, rather to explain a pending FBI investigation involving pennystock fraud. Mr. [redacted] indicated his understanding and his desire to cooperate fully with the FBI investigation.

Mr. [redacted] was informed the FBI, working in cooperation with the Securities and Exchange Commission (SEC), had conducted extensive investigation over the past eighteen months into pennystock frauds and the name of [redacted] had arisen with regard not only to legal representation and filings with the SEC and appropriate regulatory agencies, but in regard to his involvement, of a conspiratorial nature, with broker-dealers, issuers, and promoters; as well as his orchestration, through the use of his [redacted] of his own networking in pennystock matters by virtue of [redacted] involvement in DUNHILL-LORD, KETTLER, GUARDIAN INTERNATIONAL, and other broker-dealer firms. Mr. [redacted] interjected at this point that he was not involved in his wife's operation of those named brokerage firms and, indeed, had stayed away from any management of securities businesses.

Mr. [redacted] was also apprised of the fact that the FBI was familiar with recent litigation by the SEC against him personally; to include the ELECTRONIC WAREHOUSE matter, in Boston, Massachusetts, and the recent "2E" hearing, held in an effort to prevent him from continuing his practice in securities law, which was held at the Courtroom at Nova University Law School, in Fort Lauderdale. Mr. [redacted] remarked that the "2E" ruling had not been disclosed yet.

Mr. [redacted] was advised the purpose of SA [redacted] visit, was to acquaint him with the fact that he, [redacted], and possibly [redacted], were subjects in the ever-widening FBI-SEC investigation. Mr. [redacted] was advised he could consider himself a "target" of the FBI

Investigation on 3/28/89 at Fort Lauderdale, FL File # MM 196A-3193

by SA [redacted] /kfp Date dictated 3/30/89

Continuation of FD-302 of _____, On 3/28/89, Page 2

investigation. He was informed that SA [] had requested the meeting to advise him of that fact, upon receiving information that Mr. [] had decided to leave the practice of law and relocate from the South Florida area to operate a business in the Southeastern United States. Mr. [] confirmed he was leaving South Florida, as evidenced by the fact he had closed his law office in the Paragon Building, Fort Lauderdale, and his residence, where this meeting was taking place, was marked with a realtor's "For Sale" sign. Mr. [] commented that he and his wife would run an Inn in North Carolina if the bid they had made was acceptable.

Mr. [] commented on the college ring, from The Citadel, worn by SA [] and noted he had also graduated from The Citadel, in 1968. He remarked he had attended his 20th graduation reunion and was reminded of the principles of truth, honesty, and friendliness, which exist at the school, and in the South, are unlike the atmosphere of fraud, deceit, and crime rampant in South Florida.

Mr. [] was then advised that the FBI investigation into pennystock frauds evolved from one small case, into a major fraud investigation, now consisting of numerous securities-related cases with RICO statute implications. He was informed his name had "come up" in a number of the pending cases and it was believed he could be of assistance to the FBI. Mr. [] was reminded of his "target" status. He reiterated his desire to cooperate with the FBI and his willingness to discuss persons, firms, places and things, in response to FBI questions. [] indicated he considered himself an honorable person, ever law-abiding. He stated any cooperation and assistance on his part would necessarily be limited by attorney-client privilege in some instances. He assured SA [] he had not knowingly involved himself in illegal schemes or activities. It was pointed out to Mr. [] that initiation of cooperation on his part might best be begun by a proffer; however, he was reminded that SA POTTER was not empowered or intending to conduct any sort of plea negotiations. He was informed that he should discuss the FBI visit with his attorney and have that attorney contact SA [] or Assistant United States Attorney [] in Miami, who was the prosecutor involved.

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Continuation of FD-302 of _____, Attorney _____, On 3/28/89, Page 3

Mr. _____ was advised that he, _____, was at a disadvantage inasmuch as he had no "starting point" to understand the thrust and direction of the FBI investigation into pennystock fraud. He was advised that no list of broker-dealer firms, or stocks, would be provided to him at this time; however, some names of persons involved in the pennystock area could be mentioned. Mr. _____ was cautioned that he should not misinterpret SA _____ comments to imply that one, or all, of the persons mentioned were under scrutiny by the FBI.

_____ was advised the FBI investigation was initiated with the business activities of _____ two firms, R.H. STEWART & CO., and AMERICAN CAPITAL CONSULTANTS. It was noted that _____ had been involved with _____. _____ remarked that _____ had recently returned to the South Florida area from Arizona and had met with _____ formerly with AMERICAN ASSURANCE UNDERWRITERS. _____ had advised _____ he had returned because in his absence "things had died down."

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_____ was reminded that names being mentioned were not being done to elicit information or comments of any kind. He stated he understood. Mr. _____ was advised that he need not indicate in any way that he knew or had done any form of business with the persons being mentioned. The names of the following were then indicated:

_____ IRVING KOTT, to name a few.

Mr. _____ was advised the pennystock investigation in South Florida had extended to California, New York, New Jersey, Canada, and Europe. The FBI was interested in every aspect of pennystock fraud to include stock manipulation by broker-dealer principals, promoters, issuers, attorneys, accountants, and pennystock newsletter publishers. It was pointed out that Organized Crime associations and money laundering were also of interest and the pennystock task force included the FBI, SEC, NASD, IRS, and State regulatory agencies.

Mr. _____ was informed that no commitment was necessary at present; however, it was desired that he realize his "target" status in the event he subsequently decided to cooperate fully. It was mentioned that immunity was, in SA _____ opinion, not a consideration, but that plea agreements would be accomplished through AUSA _____

Continuation of FD-302 of _____ Attorney _____, On 3/28/89, Page 4

Mr. _____ indicated his desire to cooperate with the FBI in this matter. He stated he would notify SA _____ of his new address; and telephone number upon relocating in North Carolina. He advised he felt it would be more beneficial for him to answer questions put to him directly by the FBI; however, in the event some kind of "proffer" would help to initiate cooperation on his part he would consider it. It was suggested that he discuss with counsel versed in the Federal criminal system and that any subsequent meeting, or desire to cooperate, should be directed to Mr. _____. _____ was advised SA _____ could arrange a meeting with Mr. _____ at his convenience.

Mr. _____ was advised there was no need to continue the meeting inasmuch as its purpose, of advising Mr. _____ of his subject status and of possible FBI interest in his cooperation, had been accomplished. Mr. _____ indicated his appreciation for direct contact by SA _____ in this manner. He stated he would be in contact with SA _____ in the future.

Upon exiting Mr. _____ residence, at _____ located on the west side of the Intercoastal Canal, it was noted that the real estate agency handling the sale of _____ residence was "MERRILL, LYNCH REAL ESTATE," _____. The sign also contained the names of _____ and a telephone number of _____.

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b7c

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 5/12/89

TO: SAC, NEW YORK (196B-3576) (ATTN: SA [REDACTED])

FROM: SAC, MIAMI (196A-3193) (WCC-2) (P)

EGGSHELL;
 RICO - FBW(A);
 SECURITIES FRAUD
 (OO: MIAMI)

[REDACTED] ET AL
 AMERICAN CAPITAL CONSULTANTS, INC.;
 AAA TRANSFER, INC.;
 [REDACTED] ET AL;
 WAKEFIELD FINANCIAL CORPORATION;
 FBW(B) - SECURITIES FRAUD-CONSPIRACY
 (OO: MIAMI) (196B-3101)

Re New York airtel to Miami, 4/26/89 and Miami
 telcall 5/9/89.

For information Miami EGG SHELL investigation presently
 involves 12 subcases, and several related cases, with FGJ
 initiated in five cases to date. Miami continues efforts to
 develop information related to SEC-violations between

2 - New York

2 - Newark

1 - Boston

1 - Denver

1 - Philadelphia

② - Miami

(196A-2695) (Attn: SA [REDACTED])

(196A-2123) (Attn: SA [REDACTED])

(196A-2650) (Attn: SA TOM HARRINGTON)

(196A-2212) (Attn: SA [REDACTED])

(1-196A-3193)

①-196B-3101)

KFP:ksl

(9)

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

Searched _____

Indexed _____

Serialized _____

Filed *Em* _____

U.S. GPO: 1987 - 181-486

196B-3101-131

MM 196A-3193.

newsletter publisher [redacted] dba, AMERICAN MEDIA GROUP, Boca Raton, Florida, and various targets including [redacted] dba, STUART, JAMES & CO (Denver); [redacted] dba, BLINDER ROBINSON INC. (Denver); [redacted] (formerly GRAYSTONE NASH INC.); [redacted] dba, NITRAM, INC. (Salt Lake City); [redacted] (HUBERMAN, MARGARETTEN & STRAUSS); [redacted] (formerly PROFILE INVESTMENTS); [redacted] (CAPITAL INVESTMENT DEVELOPMENT CORP.); [redacted] (formerly F.D. ROBERTS, INC.); [redacted] (SHEFFIELD SECURITIES); IRVING KOTT [redacted] (formerly GREENTREE SECURITIES); [redacted] (AMERICAN CAPITAL CONSULTANTS). EGGSHELL is pursuing information pertaining to broker-principal-issuer-promoter agreements to promote, hype, sell, and manipulate pennystock issues resulting in large profits to insiders and nominees.

Re New York airtel requested information regarding EGGSHELL interest in several brokerages: WAKEFIELD FINANCIAL CORP. (New York) (now closed); PROFILE INVESTMENTS, INC. (Miami and New York) (now closed); MONARCH FUNDING (New York); PARAGON CAPITAL CORP. (New York); R.B. WEBSTER INVESTMENTS (Fort Lauderdale); and MORGAN-GLADSTONE, INC. (Boca Raton, Florida).

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In the past several months numerous pennystock brokerages have ceased operation, mainly due to increasing SEC/NASD and State Securities Division investigation; law enforcement activities; and media attention nationwide, focused on pennystock fraud. These include GREENTREE SECURITIES; INVESTOR CENTER; GRAYSTONE, NASH; HUBERMAN, MARGARETTEN & STRAUSS; EQUITIES INTERNATIONAL; F.D. ROBERTS, INC.; WAKEFIELD FINANCIAL; BRADSTREET CAPITAL; CITIWISE INVESTMENTS; R.H. STEWART & CO.; KETTLER & CO. (Fort Lauderdale); and FIRST SOUTHERN SECURITIES.

Generally, upon closing, one or more new firms open, or brokers and clients are referred to expanding firms, now including the following : FIRST EAGLE (Denver), BARRON & CHASE (Tampa), BISCAYNE SECURITIES (Fort Lauderdale), BRENNAN-ROSS SECURITIES (Englewood & Boca Raton), CORPORATE SECURITIES GROUP (North Miami), EQUITIES INTERNATIONAL (New York), FIRST EQUITY CORP. (Miami), GUARDIAN INTERNATIONAL (Miami), HAMPTON SECURITIES (Newark), J.T. MORAN & CO. (New York & Boca Raton), MORGAN-GLADSTONE (Boca Raton), PACIFIC RIM SECURITIES (Denver) [redacted] (Boca Raton), PRITULA CAPITAL (Boca Raton), SCHWEITZER & CO. (Fort Lauderdale),

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

^ PAGE FOUR MM 196A-3193 UNCLAS

1 [REDACTED] MIAMI CONTACT HAS INDICATED NEW YORK BRANCH OF
 2 WAKEFIELD FINANCIAL IS CLOSED OR SOON TO CLOSE, WITH [REDACTED]
 3 JOINING HIS [REDACTED] IN A NEW BROKERAGE, CALLED "KELLY
 4 TRADING, INC." PHILOMENA SCAMARDELLA, FORMER WAKEFIELD EMPLOYEE.
 5 WAS REPORTEDLY FIRED BY [REDACTED] AND CURRENT WHEREABOUTS UNKNOWN.

6 [REDACTED] SHOULD BE QUESTIONED ABOUT POSSIBLE INVOLVEMENT OF
 7 [REDACTED] WITH [REDACTED] OR MIAMI EGGSHELL TARGETS; OF
 8 CURRENT STATUS OF NEW YORK BRANCH OF WAKEFIELD FINANCIAL; OF
 9 WHEREABOUTS (RESIDENCE AND EMPLOYMENT ADDRESSES) OF [REDACTED]
 10

11 [REDACTED] THE NAMES OF OTHER
 12 EGGSHELL SUBJECTS. SUCH AS [REDACTED]

13 [REDACTED] IRVING [REDACTED] KOTT (GREENTREE SECURITIES),
 14 JERALD JACALOW (DECEASED); [REDACTED]
 15 [REDACTED] (PROFILE INVESTMENTS); AND [REDACTED]

16 SHOULD BE DISCUSSED AS TO KNOWLEDGE AND/OR ASSOCIATION WITH
 17 PENNYSTOCK ISSUES
 18

BT

19
 20
 21

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

FD-302a (11-15-83)

196B-MM-3193

Continuation of FD-302 of [redacted] on 5/24/89, Page 5



IRVING KOTT;



GREENTREE SECURITIES;

JERALD JACALOW;



PROFILE INVESTMENTS;



[redacted] then turned over to SA [redacted] copies of various documents relating to WFC.

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1260588-0

Total Deleted Page(s) = 13

Page 125 ~ Duplicate;
Page 126 ~ Duplicate;
Page 127 ~ Duplicate;
Page 128 ~ Duplicate;
Page 129 ~ Duplicate;
Page 130 ~ Duplicate;
Page 131 ~ Duplicate;
Page 132 ~ Duplicate;
Page 172 ~ Duplicate;
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Page 182 ~ Duplicate;
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INBOX.1 (#1299)

TO: MM @ EMT-2

FROM: PH @ EMH2

SUBJECT: 245/0004 ROUTINE

DATE: 2 SEP 87 21:12:31 GMT

CC:

TEXT:
VZCZCPH004

RR MM

DE PH #0004 2452103

ZNR UUUUU

R 021950Z SEP 87

FM PHILADELPHIA (196-NEW) (NSRA)

TO MIAMI (ROUTINE)

BT

U N C L A S

*66-3357
8/20/87*
[REDACTED] GERALD JACALOW, DBA UNITED CAPITOL GROUP, FBW-MF;
OO: PHILADELPHIA

REFERENCE PHILADELPHIA TELEPHONE CALL TO SPECIAL AGENT (SA)

[REDACTED] MIAMI DIVISION, SEPTEMBER 1, 1987.

[REDACTED] AMERICAN BIO
MATERIALS CORPORATION, 105 MORGAN DRIVE, PLAINSBORO, NEW JERSEY,
LEARNED THAT [REDACTED] AND GERALD JACALOW HAVE RECENTLY FORMED
A NEW PENNSYLVANIA CORPORATION DOING BUSINESS AS (DBA) UNITED
CAPITOL GROUP (UCG). UCG IS TO BE USED BY [REDACTED] AND JACALOW AS
A FRONT FOR STOCK MANIPULATIONS AND VENTURE CAPITOL SCHEMES.

[REDACTED] ADVISED JACALOW AND [REDACTED] FORMERLY OPERATED

AMERICAN CONSOLIDATED CAPITAL AT 1291 EAST NEWPORT CENTER DRIVE,

OPEN (KEOPEN)
CLASS 196 ALPHA A
ORIGIN PH DATE 9/3/87

196B-3101-1
ra ra

SEP 02 1987

HA (12)

WCC-2
b6
b7C
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DEARFIELD BEACH, FLORIDA. [REDACTED] AND JACALOW ALSO OPERATE
EQUITY FUND VENTURE, INCORPORATED, GREEN TREE BROKERAGE,
INCORPORATED, AND AMERICAN ASSURANCE COMPANY, FROM THE SAME
OFFICES IN DEERFIELD BEACH, FLORIDA. [REDACTED] OF MIAMI,
FLORIDA, IS THEIR ATTORNEY. [REDACTED] STATED JACALOW WAS RECENTLY
OUT OF THE COUNTRY AND [REDACTED] MOVED SEVERAL MILLION DOLLARS OF
SECURITIES INTO HIS OWN NAME. [REDACTED] ALLEGEDLY FORGED UNISSUED
STOCK CERTIFICATES OF A FIRM DOING BUSINESS AS SEARCH,
INCORPORATED, AND TRANSFERRED THE FUNDS INTO AN ASSET MANAGEMENT
ACCOUNT AT THE BROKERAGE FIRM OF [REDACTED] INCORPORATED.
IN ADDITION, [REDACTED] HAS PURCHASED 200,000 SHARES OF HIGH PEAK,
INCORPORATED, WHICH OWNS SFS, INCORPORATED, A TRUCKING COMPANY
OPERATED BY [REDACTED] IN PRINCETON,
NEW JERSEY. THE FUNDS TO PURCHASE SFS, INCORPORATED, CAME FROM
THE BROKERAGE ACCOUNT OF AMERICAN CONSOLIDATED CAPITAL. [REDACTED]
WAS PRESENT WHEN LIACONA TELEPHONED FORMER FLORIDA GOVERNOR
CLAUDE KIRK AND OFFERED KIRK \$150,000 TO INTERVENE ON HIS BEHALF
TO LIMIT THE CURRENT INVESTIGATION OF SEC EXCHANGE COMMISSION.
[REDACTED] ADVISED IRVING KOTT, A NOTORIOUS STOCK MANIPULATOR
CURRENTLY WANTED BY THE DUTCH AUTHORITIES, IS ALSO INVOLVED WITH

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[REDACTED] AND JACALOW. KOTT IS CURRENTLY LIVING IN MONTREAL,
CANADA. [REDACTED] ADVISED THAT KOTT, [REDACTED] AND JACALOW ARE
DEVISING A SCHEME TO SELL \$20 MILLION OF AMERICAN ASSURANCE
COMPANY PREFERRED STOCK IN EUROPE. AMERICAN ASSURANCE COMPANY IS
NOT A LICENSED INSURANCE COMPANY AND ITS STOCK HAS NO REAL VALUE
OTHER THAN WHAT IS ARTIFICIALLY GENERATED BY [REDACTED] AND JACALOW.

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Memorandum



To : SAC, MIAMI (196B-3101) (P)

Date 9/4/87

From : SA [redacted] (WCC-2)

Subject : [redacted] Aka;
GERALD JACALOW;
DBA, UNITED CAPITOL GROUP;
Philadelphia, PA;
AMERICAN CONSOLIDATED CAPITOL;
EQUITY FUND VENTURE, INC.;
GREENTREE BROKERAGE, INC.;
AMERICAN ASSURANCE COMPANY;
1191 EAST NEWPORT CENTER DRIVE,
Deerfield Beach, FL;
FBW(B)-MF
OO:PH

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During WCC Conference, FBI, Miami, on 7/28/87, [redacted]
[redacted] Chief, SEC, Miami [redacted] advised SEC involved in
investigation of [redacted] Dba, R.H. STEWART & CO., Inc.,
(MM 87D-42893) (SA [redacted] WCC-1).

On 8/4/87, SA [redacted] Newtown Square RA, PH [redacted]
[redacted] contacted SA [redacted] to advise a Source is close to [redacted]
and he was initiating an investigation involving [redacted] and,
GERALD JACALOW, of PH, and one, IRVING KOTT, a notorious stock
manipulator currently sought by Dutch authorities (INTERPOL).
[redacted] and JACALOW have opened AMERICAN CAPITAL
CONSULTANTS, INC., in Deerfield Beach-Boca Raton area, and are
working with local attorney [redacted] Miami, who has set up
companies for [redacted] was advised of pending indictment
status re [redacted] in connection with FBI/SEC case involving
RH STEWART & CO., another stock manipulation.

[redacted] Investigator, Florida Comptroller's Office,
Division of Banking & Securities, Ft. Lauderdale, [redacted] advised
re [redacted] & JACALOW, 8/5/87.

SA [redacted] WCC-1 advised re captioned matter. During
WCC meeting 8/25/87, [redacted] SEC, advised [redacted] SEC,
would handle FBI-SEC liaison regarding new case on [redacted]

2 - MM (1 - MM 196B-3101) *OK*
(1 - MM 87D-42893) (SA [redacted])

KFP/
(2)

196B-3101-5

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 4 1987	
[redacted]	[redacted]

KA *OK* *KA*

On 8/31/87, SA [] PH, advised his source had traveled to Deerfield Beach, FL, several days earlier, and met with [] Source advised that while with [] made a call to former Governor CLAUDE KIRK (FLorida) and offered KIRK \$150,000 to get [] and the SEC off his back. SA [] advised.

PHTel to MM, 9/2/87, sets forth information indicating [] operating out of office at 1191 East Newport Center Drive, Deerfield. [] according to Source, has reportedly forged unissued stock certificates on SEARCH, INC. and transferred the stock to an asset management account at the brokerage firm of [] branch not known. [] also has \$200,000 in stock from HIGH PEAK, INC., which firm reportedly owns "SFS, INC.," a trucking firm owned by [] of Princeton, NJ. [] also reportedly plans to market \$20 million worth of AMERICAN ASSURANCE UNDERWRITING, Inc. preferred stock in Europe. AAU is unlicensed and its stock worthless.

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On 9/4/87, [] Chief, SEC, and [] Staff Attorney, SEC, [] Investigator, SEC, were notified of information as provided by Source (Protect Identity), to include information related to [] alleged telephone call to former Governor CLAUDE KIRK and an offer of \$150,000 to have KIRK get [] and SEC "off [] back." Mr. [] stated this information was interesting inasmuch as former Governor KIRK had telephoned his office and set up a tentative appointment with [] for 9/8/87 to "take [] to lunch," to discuss matters relating to the SEC. [] mention of SEC Staff Attorney [] name was also of great interest.

SA [] was on RDO on 9/4/87. It was suggested to Mr. [] that any meeting with [] be postponed until such time as SA [] could be apprised of instant situation. [] SEC, advised that appointment between [] and KIRK for 9/8 would be rescheduled for the following day if possible. AUSA [] Miami; SA [] SA [], PH advised. SA [] indicates his Source would be able to recontact or revisit [] in South Florida, following SEC meet with ex-Gov KIRK and wear wire, if desired.

NOTE: SA [] WCC-2 advised MM 196B-3073, entitled [] FBW(B), also has indication of former Gov. KIRK being paid \$5000 monthly, plus a car, by subject [] to assist [] meet Tallahassee political contacts to obtain an HMO license for []

196B-3101-6

SEARCHED INDEXED
SERIALIZED FILED

SEP 16 1987



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Memorandum



To : SAC, MIAMI (196B-3101) (P)

Date 11/20/87

From : SA [REDACTED] (WCC-2)

Subject :

JERALD JACOLOW;

[REDACTED]
DbA, ~~AMERICAN CAPITAL CONSULTANTS, INC.~~,
Deerfield Beach, FL;

JERALD JACOLOW;

[REDACTED] CPA;
DbA, ~~AMERICAN ASSURANCE UNDERWRITERS, INC.~~,
Deerfield Beach, FL;
JERALD JACOLOW;

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[REDACTED]
DbA, ~~AMERICAN CAPITAL HOLDING;~~
Deerfield Beach, FL;

[REDACTED]
DbA, ~~AAA TRANSFER CORP., Inc.~~,
Deerfield Beach, FL;

[REDACTED]
DbA, ~~SEARCH, INC.~~,
[REDACTED]

DbA, ~~DUAL EQUITY CORP.~~,
NY, NY;

[REDACTED]
PHILOMENA SCAMARDELLA;
DbA, ~~WAKEFIELD FINANCIAL, Inc.~~,
New York, NY;

[REDACTED]
DbA, ~~BRADSTREET SECURITIES, Inc.~~,
IRVING KOTT;

[REDACTED]
DbA, ~~GREENTREE SECURITIES, Inc.~~,
Deerfield Beach, FL;

[REDACTED] Attorney;
FBW(B)-MF-ITSP; SECURITIES FRAUD-CONSPIRACY
OO:MM

On 11/20/87 a strategy meeting in the captioned joint FBI/SEC investigation was held at SEC, Miami, involving AUSA [REDACTED] Staff Attorney, SEC, and [REDACTED] Investigator, SEC, with SA [REDACTED] who has conducted extensive

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in this matter, furnished the captioned subjects and businesses which have been, since 1984-85, involved in the fraudulent sale and manipulation of O-T-C "pink sheet" common stock. [redacted] advised that although 6-10 various stocks are involved, most sales involved AMERICAN ASSURANCE UNDERWRITERS (AAU) and SEARCH, INC. [redacted] stated AAU unregistered stock in excess of \$5 million was sold and, inasmuch as stock authorization in AAU has been increased from 250 million to 750 million shares, it is not known how much stock was sold; SEARCH, Inc., stock was fraudulent obtained and, while unregistered, sold by [redacted] amounting for over \$750,000. [redacted] first took AAU public in about 1984 while operating R.H. STEWART & Co., a broker-dealer put out of business by the SEC for various violations, which is also the subject of an FBI criminal investigation with indictment anticipates during early 1988 (SA [redacted]) [redacted] continued that [redacted] set up AMERICAN CAPITAL to act as the public relations firm to market AAU. AMERICAN CAPITAL is neither registered in Florida or by the SEC and [redacted] is enjoined from sale/operation of securities. [redacted] took in JERALD JACOLOW as a partner in AMERICAN CAPITAL and JACOLOW, a CPA by profession, was the Chief Financial Officer of AAU. [redacted] and JACOLOW were equals in the fraudulent operation of AAU/AMERICAN CAPITAL. [redacted] to sell AAU unregistered stock; neither are registered as brokers with SEC or FL [redacted] was previously registered while with [redacted] by was enjoined. [redacted] received \$375,000 in commissions, and [redacted] \$150,000, from the sale of AAU unregistered stock. [redacted] pointed out all persons mentioned have either been subpoenaed by SEC for affidavits or, upon appearing, at the direction of [redacted] NY attorney who has also represented all persons subpoenaed, ie: [redacted] etc., have taken the Fifth rather than testify. [redacted] stated [redacted] is due for affidavit today, 11/20/87, with attorney.

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[redacted] used the services of [redacted] Attorney, to conduct all legal documentation and incorporation for the captioned business set up by [redacted] also purchased AAU stock (violation). [redacted] was previously enjoined by the SEC in Philadelphia in an unrelated matter and is believed under IRS investigation at present. [redacted] is a target.

[redacted] then set up his own transfer agency, AAA TRANSFER, Inc., and hired [redacted] an old associate, to run it. [redacted] has been described [redacted] and [redacted] therefore placed his [redacted] in AAA TRANSFER, to operate the firm. Fraudulent financial statements regarding these firms were contrived by [redacted] house CPA at AMERICAN ASSURANCE.

[redacted] is believed to have forged the names of [redacted] of SEARCH, Inc., in a letter directing AAA TRANSFER to furnish [redacted] with SEARCH, Inc. stock. [redacted] then sold this stock profiting by \$750,000; which stock was unregistered. [redacted] due for subpoena in late 11/87, has advised this was a fraudulent stock transfer; however, [redacted] attorney is also believed to represent [redacted]

[redacted] was hired by [redacted] JACOLOW and then "purchased" 55% of BRADSTREET SECURITIES, a registered broker-dealer, from [redacted] for some \$250,000 and 100,000 shares of AAU. SEC investigation discloses the funds and stock came straight from [redacted] JACOLOW from AMERICAN CAPITAL, in order to enable them to control [redacted] [redacted] stated [redacted] did not sell to the public. [redacted] attorney, [redacted] Former Miami SEC Chief, has offered to provide [redacted] cooperation providing immunity is granted; AUSA [redacted] agreed to communicate with [redacted]

[redacted] Dba, DUAL EQUITY Corp., is a "shell" in New York, that records reflect purchased \$5.5 million in AAU stock. Records indicate this purchase was by "note," for the purpose of inflating the AAU financial statement and no funds actually changed hands.

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[redacted] stated that although [redacted] sold much of the AAU stock while working as unregistered brokers at AMERICAN CAPITAL, arrangements with WAKEFIELD FINANCIAL, a broker-dealer in NY, provided that all sales were made by WAKEFIELD. [redacted] stated no customers thus far contacted have ever heard of WAKEFIELD. This was merely a way to insulate [redacted] and others who were involved in the sale of unregistered securities while they were themselves unregistered, as was AMERICAN CAPITAL.

[redacted] advised he would compile a list of names & addresses of persons who have refused to provide affidavits to the SEC in furtherance of this investigation, as well as the names/addresses of their attorneys, in order that the FBI may begin contacted those persons.

It was noted that attorneys for [redacted] [redacted] Former SEC atty, Miami), JERALD JACOLOW [redacted] (Chicago), and [redacted] MM) have contacted SEC/FBI offering to cooperate for immunity. AUSA [redacted] stated [redacted] JACOLOW and [redacted] are clearly targets of the FBI criminal investigations and their attorneys will be so informed. Efforts to reach a plea agreement with [redacted] will continue; [redacted] in Chicago, will be contacted by AUSA [redacted] on 11/24/87; and [redacted] will be asked to make his client available to SEC/FBI for a proffer, with immunity okayed, during early 12/87.

Memorandum



To : SAC, MIAMI (196A-3193) (P)

Date 1/12/88

From : SA [REDACTED] (WCC-2)

Subject : [REDACTED] ET AL;
DBA, NADEL COMMUNICATIONS, INC.
FBW(A)-MF; ITSP-SECURITIES FRAUD-CONSPIRACY
OO:MM

[REDACTED]
JERALD JACOLOW; ET AL;
DBA, AMERICAN CAPITAL CONSULTANTS, INC.
DEERFIELD BEACH, FL
FBW(B)-SECURITIES FRAUD-CONSPIRACY
OO:MM (MM 196B-3101) (SA [REDACTED])

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During discussions with Staff Attorney [REDACTED] SEC, and AUSA [REDACTED] Miami, 1/11/88, it was determined. MM CW is targeted for SEC indictment relative to CW's involvement in HUGHES CAPITAL, Inc. investigation. (CW previously discussed his HUGHES involvement with SA [REDACTED] indicated desire to pursue and expand current SEC investigation re [REDACTED] in light of allegations made of [REDACTED] "network" of newsletters and broker-dealers involved in manipulation/marketing/touting of penny stocks.

On 1/12/88, this writer communicated with SA [REDACTED] PH, who advised SA [REDACTED], NK, is attempting to obtain "exclusive" use of PH CW [REDACTED] in connection with investigation of [REDACTED] DBA, FIRST JERSEY SECURITIES. SA [REDACTED] is to meet in Boca Raton with [REDACTED] (IRVING) during week of 1/12/88 and PH is attempting to lure IRVING KOTT to the U.S. for the purpose of executing an outstanding fraud warrant from the Netherlands/INTERPOL. [REDACTED] added that PH CW met with [REDACTED] during 12/87 and questioned [REDACTED] about feasibility of [REDACTED] taking one of CW's companies public and "networking" it through [REDACTED] newsletters & broker-dealers. PH CW is amenable to wearing a wire with regards to meetings with [REDACTED] however, FBI/PH is now having difficulty with FBI/NK regarding this CW based upon NEWARK's insistence of "exclusivity" in controlling CW. [REDACTED] advised MM will be forwarded teletypes and MM should consider alerting NK of OO:MM interest in continuing efforts of PH/CW in connection with OO:MM investigations.

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196B-3101-40

SEARCHED	INDEXED
SERIALIZED	FILED
JAN 12 1988	
[REDACTED]	

284

Source stated [] went to [] a convicted stock manipulator, to get [] to buy BRADSTREET CAPITAL. [] actually put in some \$100,000 as a loan to [] most of which were funds provided by [] did not repay the loan. [] was to provide "underwriting" and brought in a European firm called "FRIDGEMATIC" (phonetic) which resulted in \$15,000 to [] \$15,000 to [] [] finally demanded his money be returned from the "loan" to [] paid back about \$65,000 of funds owed to []

Source stated [] operates a business with his [] and sells "turnkey furniture/computer" operations to persons opening new brokerages for a fee of \$55,000.

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Source added [] two of the most infamous shell promoters, both operating out of Salt Lake City, Utah, are also involved in [] schemes. [] provide shells to [] which are "fronted" and taken public as penny stocks after being included in the newsletters and marketed through [] control of brokerage firms.

Source stated IRVING KOTT, a Canadian manipulator, who is believed to be barred from entering the U.S., is a partner of [] Source stated only yesterday, KOTT purchased BROOKS, WEINGER, Inc., Source stated the FBI should be familiar with [] inasmuch as the FBI arrested brokers in the New York area during 1987 for cocaine violations. Source stated [] has an office in the Barnett Bank Building, on State Road 441, in Boca Raton.

Source stated [] associates [] recently took control of yet another brokerage, ATWATER, WELLS, Inc.

Source added that all of the brokerages he names have offices located in the Fort Lauderdale-Coral Springs-Deerfield Beach- Delray Beach - Boca Raton areas.

Source stated (FNU) [] runs all of the newsletters for [] and that almost all of the stocks recommended in the newsletters are from "inside deals" with [] Occasionally [] will take a penny stock and include it.

Source stated that [] has an "in-house attorney," who is now frightened to death because of recent actions by the SEC, FBI and Florida State authorities. Source stated this attorney, whose name can be ascertained, would be easily "flipped."

Continuation of FD-302 of

COOPERATING WITNESS

On 12/18/87 Page 2

in profits. Source stated this "shell" company has no assets and has not even attempted to "mine" gold from sand.

[] Source listed a number of persons and businesses related to fraudulent penny stock operation:

GOODWAY INDUSTRIES, Philadelphia, PA, operated by [] who are among the largest media operators in the U.S.; who also operate cable television businesses and the magazine, "CABLE GUIDE," [] has some 2-3 televisions programs now broadcasting, on cable systems such as "LIFETIME," advertising his penny stock "specials."

STUART-JAMES, Inc., one of the nation's largest penny stock brokerages, operated by [] put in business inasmuch as he, [] is barred by the SEC. Source stated a review of STUART-JAMES will reveal some 30-40 stock issues in 1987 were [] controlled penny stock companies, almost all of which are completely without assets.

NASH, WEISS, Inc., and GRAYSTONE, NASH, Inc., operated by another [] who is known to the SEC and who has been barred by the SEC but maintains his SEC license; b6 b7C

MORGAN, GLADSTONE, Inc., set up by [] with an office in the same building as GREENTREE SECURITIES, in Boca Raton, and operated by [] and [] was a New York attorney. Former partner of the [] Source stated [] sold nothing but [] penny stocks and that [] and [] are excellent "targets" and persons who would "flip," to authorities.

FIRST SOUTHERN, Inc., recently KNIGHT-CROMWELL, Inc., run by [] associate []

BRADSTREET SECURITIES, Inc., operated by [] and [] (PH). Source stated [] initially operated [] but was moved and took over BRADSTREET to run sales there. [] lawyer is one, [] from Philadelphia, who brags of having leased aircraft to FBI, Philadelphia, used in FBI surveillance work;

JAMISON GROUP, Coral Springs, Florida, consisting of a group of young brokers which [] helped set up to sell his stocks.

Continuation of FD-302 of COOPERATING WITNESS, On 12/18/87, Page 4

Source stated the Government will encounter major obstacles in the event it is decided to initiate a criminal investigation in this matter. He cited legal representation by prominent law firms as one. He stated a failure to recognize the magnitude of the penny stock manipulation scheme, utilizing "insider deals" with brokerages and kickback/sweetheart deals with newsletter writers has resulted in many small brokerages being put out of business in Florida in the past year; however, little or no effect is seen in the scheme inasmuch as other brokerages and broker-dealers rush to take the place of the ones closed down.

Source cited an example of one firm, named "CROYSTICK," which was marketing a "stick" made from calves embryo in Europe, which was supposed to erase lines on the face and skin. He stated his wife tried some and found no result whatsoever; however, clinical writeups and "media hype" had resulted in laudatory articles being written. He stated [redacted] attended a seminar on [redacted] in the Orlando area [redacted] whose name is believed to [redacted] took a shell company and merged it with [redacted] and the right to market the product with a guaranteed multi-million fee to a [redacted] associate. Source stated he was uncertain whether [redacted] was ever taken public but would not be surprised to learn it had.

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Source stated his explanation of [redacted] "web" of penny stock frauds should explain why persons such as [redacted] and JACOLW are "mid-management level" parties in this matter. Source stated that JACOLW is quite unsophisticated in connection with securities but that JACOLW would be one persons who would be able to link [redacted] with the entire scheme.

Source stated he was of the opinion that the Government was either unaware of the magnitude of this fraud or else the Government was unwilling to expend the funds and manpower necessary to tackle the "big picture;" content with putting various brokerages and broker-dealers out of commission instead. Source reiterated that removal of persons such as [redacted] had little effect on the entire fraud. Source offered to take a shell to [redacted] and take it through the entire fraud to illustrate the magnitude and efficiency of the network set up by [redacted]

FBI

TRANSMIT VIA:

☒ Teletype☐ Facsimile

PRECEDENCE:

☐ Immediate☒ Priority☐ Routine

CLASSIFICATION:

☐ TOP SECRET☐ SECRET☐ CONFIDENTIAL☐ UNCLAS E F T O☒ UNCLAS

Date 1/1/88

0001

FM NEWARK (196A-2695) (P) (PTRA)

TO DIRECTOR, FBI (PRIORITY)

PHILADELPHIA (PRIORITY)

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(ADMIN FBIHQ: [REDACTED] - FINANCIAL CRIMES)

(ATTN PH: SAC, PHILADELPHIA (PERSONAL ATTENTION))

[REDACTED] ET AL; DEA AMERICAN

BIOMATERIALS, INC., 105 MORGAN DRIVE, PLAINSBORO, NEW JERSEY

FOR THE INFORMATION OF THE BUREAU, ON 11/10/87 PHILADELPHIA

ADVISED NEWARK THAT SINCE AUGUST, 1987, [REDACTED]

[REDACTED] AND [REDACTED] ACCOUNTANT OF AMERICAN

BIOMATERIALS, INC. (ABI) HAD BEEN IN CONTACT WITH FBI/NEWARK

FBI. [REDACTED] WAS INTRODUCED TO THE PHILADELPHIA FBI BY A FORMER

ASSISTANT UNITED STATES ATTORNEY FROM THE EASTERN DISTRICT OF

FPH/RSW

1/1/88

Approved: _____

Transmitted

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(Number)

145P

(Time)

Per

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TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

FBI

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

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^ PAGE TWO, NK 196A-2695, UNCLAS

PENNSYLVANIA WHO WAS AN ACQUAINTANCE OF A PHILADELPHIA SPECIAL AGENT. [] HAD REQUESTED TO MEET WITH SOMEONE TO ALLEVIATE HIS PROBLEMS CONCERNING AN INVESTIGATION INTO [] DEFRAUDING ART BY THE MIDDLESEX COUNTY, NEW JERSEY, PROSECUTOR'S OFFICE.

ON 12/7/87, PHILADELPHIA INTRODUCED [] TO NEWARK AGENT. AT THIS MEETING [] DISCUSSED THEIR DESIRE TO CO-OPERATE WITH THE GOVERNMENT CONCERNING THE MANIPULATION OF ABI STOCK AND TO HAVE THE CASE BEING INVESTIGATED BY THE MIDDLESEX COUNTY, NEW JERSEY, PROSECUTOR'S OFFICE HANDLED BY THE UNITED STATES ATTORNEY IN NEWARK, NEW JERSEY.

ON 12/11/87 AND THEREAFTER, NEWARK CONDUCTED EXTENSIVE INTERVIEWS OF [] TO ASCERTAIN HIS CRIMINAL INVOLVEMENT AND OF OTHERS CONNECTED WITH THE MANIPULATION OF ABI STOCK.

ON 12/22/87, NEWARK MET WITH PHILADELPHIA CONCERNING THE UTILIZATION OF [] AGAINST THE PRINCIPAL MANIPULATORS OF ABI STOCK.

INFORMATION OBTAINED FROM [] AND THE SECURITIES AND EXCHANGE COMMISSION REVEALS THAT ABI IS A NEW JERSEY BASED COMPANY THAT WENT "PUBLIC" IN MAY, 1985. ABI WAS UNDERWRITTEN BY

Approved: _____

Transmitted _____

(Number)

(Time)

Per _____

U.S. GPO: 1987 - 581-4

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

1 ^ PAGE THREE, NK 196A-2595, UNCLAS

2 GREENTREE SECURITIES, A BROKER/DEALER, WITH OTHER MARKET MAKERS.

3 IRVING COTT, A KNOWN STOCK MANIPULATOR, WITH HIDDEN OWNERSHIP
 4 INTERESTS IN GREENTREE SECURITIES WAS ONE OF THE PRINCIPAL
 5 ARCHITECTS OF THE MANIPULATION.

6 THE INITIAL UNDERWRITING CAME OUT AT \$1.00 PER SHARE AND COTT
 7 WHO CONTROLLED ALL OF THE 3 MILLION ISSUED SHARES WAS ABLE, WITH
 8 THE ASSISTANCE OF THE NEW YORK BROKERAGE HOUSES STEINBERG-LYMAN
 9 D.H. BLAIR, SHERWOOD SECURITIES AND OTHERS WAS ABLE TO RAISE THE
 10 PRICE OF ABI STOCK TO OVER \$10.00 PER SHARE. THE POTENTIAL FRAUD
 11 TO INVESTORS AMOUNTS UP TO 30 MILLION DOLLARS.

12 [] HAS ADVISED THAT THE "HYPE" PUT OUT BY HIMSELF AND THE
 13 OTHER PARTICIPANTS WAS BASED ON FICTITIOUS INFORMATION. THE
 14 CLAIMS THAT ABI WAS NEAR DEVELOPING A "BONE REPLACEMENT" MATERIAL
 15 WERE USED ONLY TO CREATE AN INTEREST IN THE STOCK BY THE INVESTING
 16 PUBLIC. [] HAS IDENTIFIED APPROXIMATELY 20 INDIVIDUALS WHO
 17 PARTICIPATED IN THE MANIPULATION OF ABI STOCK.

18 [] HAS ALSO IDENTIFIED A []
 19 INVOLVED WITH NOVA-TECH, A NEW JERSEY BASED COMPANY WHO WAS
 20 INVOLVED WITH THE ABI MANIPULATION. [] HAS RECENTLY
 21

Approved: _____ Transmitted _____ (Number) (Time) Per _____

U.S. GPO: 1987 - 1814

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

FBI

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

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1 ^ PAGE FOUR, NK-196A-2695, UNCLAS

2 APPROACHED [] REQUESTING [] TO OBTAIN COMPANIES WILLING TO
3 GO PUBLIC WITH [] AT SHERWOOD SECURITIES.

4 THE SECURITIES AND EXCHANGE COMMISSION (SEC) HAS STARTED A
5 CIVIL INVESTIGATION OF THE DRAMATIC PRICE INCREASE IN ABI STOCK.
6 TO DATE, THE SEC HAS NOT BEEN ABLE TO COMPLETE THEIR
7 INVESTIGATION.

8 BASED ON INFORMATION RECEIVED, THE SEC, [] AND OTHER
9 INVESTIGATIONS, NEWARK PROPOSES THE FOLLOWING:

10 1. TO IMMEDIATELY HAVE [] ENTER INTO PLEA
11 AGREEMENTS IN THE DISTRICT OF NEW JERSEY CONCERNING THEIR
12 INVOLVEMENT IN THE MANIPULATION OF ABI STOCK AND THE DEFRAUDING OF
13 THE INVESTORS OF ABI.

14 2. TO TARGET [] AGAINST IRVING COTT AND THE OTHER
15 SUBJECTS TO OBTAIN EVIDENCE NECESSARY FOR THE PROSECUTION OF THE
16 PRINCIPAL SUBJECTS CONCERNING THEIR ROLES IN THE MANIPULATION OF
17 ABI STOCK.

18 3. TO [] AGAINST GEORGE LEVINE AND OTHERS TO
19 OBTAIN EVIDENCE NECESSARY FOR A PROSECUTION CONCERNING A
20 MANIPULATION OF STOCK IN CONNECTION WITH SHERWOOD SECURITIES.

Approved: _____

Transmitted _____

(Number)

(Time)

Per _____

U.S. GPO: 1967 - 181-400

☐ Teletype
☐ Facsimile
☐

☐ Immediate
☐ Priority
☐ Routine

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

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^ PAGE FIVE, NK 196A-2695, UNCLAS

SAC, NEWARK HAS BEEN APPRISED OF THE FACTS IN THIS MATTER AND STRONGLY BELIEVES THAT NEWARK IS IN THE BEST POSITION TO OPERATE AND DIRECT [REDACTED] RESIDES IN NEW JERSEY, OPERATES HIS BUSINESS IN NEW JERSEY, HAS COMMITTED A VARIETY OF FEDERAL OFFENSES IN NEW JERSEY AND WILL PLEAD IN NEW JERSEY.

SAC, NEWARK FEELS THAT THE MANIPULATION OF ABI STOCK WHICH CAUSED INVESTORS TO LOSE MILLIONS OF DOLLARS FROM A NEW JERSEY BASED COMPANY TAKES PRIORITY IN THE UTILIZATION OF [REDACTED]

SAC, NEWARK IS UNAWARE OF THE "SPECIFICS" OUTLINED IN PHILADELPHIA GROUP II PROPOSAL. SAC, NEWARK WOULD ENTERTAIN THE UTILIZATION OF [] IN PHILADELPHIA GROUP II UCO AFTER HE HAS BEEN TAGGED WITH ASSISTING THE NEWARK DIVISION WITH THE INVESTIGATION OF AMERICAN BIOMATERIALS, INC. STOCK MANIPULATIONS.

IN ADDITION, U.S. ATTORNEY SAMUEL ALITO, DISTRICT OF NEW JERSEY, HAS TAKEN A VERY STRONG INTEREST IN THIS MATTER AND HAS COMMITTED APPROPRIATE STAFF TO CO-ORDINATE A GRAND JURY INVESTIGATION OF ABI AND RELATED CRIMINAL INVESTIGATIONS.

87

Approved: _____ Transmitted _____ (Number) _____ (Time) _____ Per _____

94.6.950.107 -

REF ID: A66585

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26 491 0011

PAGE 06

FEDERAL BUREAU OF INVESTIGATION

-1-

Date of transcription 4/13/88

[redacted] BRADSTREET CAPITAL, Inc., 1191 East Newport Center Drive, Deerfield Beach, FL, was contacted at the office of [redacted] Suite 502, 201 Alhambra Circle, Coral Gables, Florida, telephone [redacted] with regard to his knowledge of [redacted] JERALD JACOW, and others, doing business as, AMERICAN CAPITAL CONSULTANTS, Inc., and AAA TRANSFER, Inc., 1191 East Newport Center Drive, Deerfield Beach, Florida. Mr. [redacted] was served with a subpoena for testimony before the Federal Grand Jury, Fort Lauderdale, Florida, on 4/19/88.

[redacted] were informed of the FBI/SEC investigation relative to conspiracies among promoters, principals, broker-dealer firms, and, newsletter publishers, involving pennystock, "over-the-counter," (OTC) securities, including AMERICAN ASSURANCE UNDERWRITERS, INFO-DATA, SEARCH, INC., GUARANTEED TUNE-UP, and others. Mr. [redacted] indicated BRADSTREET CAPITAL was inactive, as of December, 1987, following actions taken by the Florida Comptroller's Office, Division of Securities, and the National Association of Securities Dealers (NASD). [redacted] indicated he was presently self-employed, working out of his residence, attempting to settle problems from his former operation of BRADSTREET CAPITAL.

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[redacted] advised he was born in Florida, on [redacted] and currently resides at [redacted] telephone [redacted] is a white, male, approximately 5'10", medium build and weight, brown hair, graying.

[redacted] explained he has been in the securities business for over 20 years, having begun as a clerk on Wall Street. He has previously worked for TROSTER, SINGER, Inc., in Jersey City, for [redacted] (ph); and, during 1983, moved to Florida and went to work for GREENTREE SECURITIES, run by [redacted] in Boca Raton. [redacted] stated GREENTREE had only about 4 agents, including [redacted]

[redacted] left GREENTREE during 1984 and claimed no knowledge of GREENTREE having been "taken over" by IRVING KOTT. [redacted] stated he knew of KOTT's reputation as a Canadian stock dealer. After GREENTREE, [redacted] worked for [redacted] at R.H. STEWART & Company, Inc., in Fort Lauderdale, where he also met JERRY JACOW, [redacted], and [redacted] left RH STEWART in 1985 and started BRADSTREET CAPITAL on West Commercial Boulevard, Fort Lauderdale.

Investigation on 4/12/88 at Coral Gables, FL File # MM 196B-3101-61

by SA [redacted] /kfp Date dictated 4/13/88

Continuation of FD-302 of [REDACTED]

, On 4/12/88 , Page 2

[REDACTED] stated while located on West Commercial Boulevard he met [REDACTED] who had offices in the same building. [REDACTED] eventually contributed a "loan," of \$35,000, consisting of Certificates of Deposit, towards the establishment of BRADSTREET CAPITAL. BRADSTREET was later moved to a location on Sample Road, in Coral Springs, and then to the Newport Center, in Deerfield Beach, where it was located in the same building as AMERICAN CAPITAL CONSULTANTS, AAA TRANSFER, Inc., and, AMERICAN ASSURANCE UNDERWRITERS. [REDACTED] stated BRADSTREET took office space which had previously belonged to another brokerage, FIRST SOUTHERN. BRADSTREET moved to Deerfield during Juner, 1987.

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[REDACTED] claiming access to "funds," at a Louisiana bank, where funding for the establishment of a broker-dealer firm could be obtained. He was asked about the sale of 55% of BRADSTREET, and stated this occurred after he moved to Deerfield Beach, when [REDACTED] whom he had known at R.H. STEWART & Co., and was then with AMERICAN CAPITAL, made an investment consisting of cash and stock in AMERICAN CAPITAL, for the majority ownership of BRADSTREET. Later, [REDACTED] who was barred by the SEC from selling stock, was hired to bring in additional brokers, conduct sales training, and do some advertising. [REDACTED] brought in a number of brokers who had previously worked at FIRST SOUTHERN. [REDACTED] was asked whether he was aware of the fact the funds and stock furnished to him by [REDACTED] for BRADSTREET, had come from [REDACTED] and JERRY JACOLOW. [REDACTED] denied knowing this, pointing out that all documents were in [REDACTED] name.

[REDACTED] was then questioned as to his knowledge of specific persons and/or firms, as follows:

[REDACTED] described by [REDACTED] as a professional photographer; operated a firm dealing with the advertising of stock firms; "hung around" AMERICAN CAPITAL;

[REDACTED] remarked that he had no ties to any newsletter publishers involved in pennystock publications.

[REDACTED] knew of [REDACTED] as a pennystock newsletter publisher. [REDACTED] inasmuch as his firm, NEWSLETTER MANAGEMENT, Inc., was in the same building as GREENTREE SECURITIES, where [REDACTED] previously worked; in Boca Raton; never used [REDACTED] or his firm to tout stock in newsletters;

[REDACTED] hired to handle salesmen; brought in salesmen to work at BRADSTREET, mostly from FIRST SOUTHERN, run by [REDACTED]

Continuation of FD-302 of [REDACTED]

, On 4/12/88

, Page 3

GOLDCOR: know as an OTC company; never sold by BRADSTREET;

[REDACTED] unknown to [REDACTED] has heard of him in the OTC business;

[REDACTED] opened an account with BRADSTREET; never took any company public with BRADSTREET;

[REDACTED] met with regard to sale of VISTA MGT and VENTRA MGT, by BRADSTREET; involved in leasing company in Miami;

[REDACTED] know as principal of STUART, JAMES, Inc.;

[REDACTED] know name as principal of NASH, WEISS; GRAYSTONE, NASH;

IRVING KOTT: heard of him as Canadian OTC specialist;

[REDACTED] do not know;

[REDACTED] never met; with [REDACTED]

[REDACTED] knows name as head of INTEGRATED BUSINESSES;

WAKEFIELD FINANCIAL: bought from them with BRADSTREET; names of [REDACTED] familiar as WAKEFIELD personnel;

JERRY JACOW & [REDACTED] known from R.H. STEWART;

[REDACTED] stated stocks from AMERICAN CAPITAL were "flying high," when he began selling the same stocks at BRADSTREET; recalls receiving "packages" from AMERICAN CAPITAL, which included many newsletters touting the specific stocks, such as AMERICAN ASSURANCE UNDERWRITERS and GUARANTEED TUNE-UP;

[REDACTED] known from R.H. STEWART;

[REDACTED] handled some legal work, such as due diligence reports, etc., and research, at BRADSTREET; did not use regularly; never saw him at AMERICAN CAPITAL.

Mr. [REDACTED] who was present during discussion with [REDACTED] indicated cooperation of [REDACTED] but desired to discuss matters with AUSA [REDACTED] and was provided with Mr. [REDACTED] telephone number. [REDACTED] was asked whether, inasmuch as he had known [REDACTED] JACOW, [REDACTED] from selling at R.H. STEWART, whether it would be expected that they were also selling stock from AMERICAN CAPITAL. [REDACTED] remarked he did not know for sure, so any answer would merely be a guess or an opinion.

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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to

File No.

196A-2212 (NSRA)

Eighth Floor
Federal Office Building
600 Arch Street
Philadelphia, Pennsylvania 19106
April 29, 1988

Mr. Edward S. G. Dennis, Jr.
United States Attorney
Eastern District of Pennsylvania
3310 U. S. Courthouse
Independence Mall West
601 Market Street
Philadelphia, Pennsylvania 19106

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Attention: [REDACTED]
Assistant United States Attorney

RE [REDACTED]
GERALD JACALOW; DBA
UNITED CAPITAL GROUP
FRAUD BY WIRE;
MAIL FRAUD

Dear Mr. Dennis:

On April 18, 1988, Special Agent (SA) [REDACTED]
[REDACTED] discussed the following facts with Assistant United States
Attorney (AUSA) [REDACTED]

In August 1987, the Philadelphia Office of the Federal
Bureau of Investigation (FBI) instituted an investigation into
the activities of [REDACTED] and Gerald Jacalow who, according
to source information, had planned to operate in the Eastern
District of Pennsylvania, a company known as United Capital
Group. The source stated that United Capital Group was to be
used by [REDACTED] and Jacalow as a front for stock manipulations
and venture capital schemes. The source also advised that
[REDACTED] Jacalow, and Irving Kott were devising a scheme to sell

1-Addressee

①-SAC MIAMI (196B-3101)

1-Philadelphia (196A-2212)(NSRA)

JEF:acg
(3)

\$20,000,000 of preferred stock in American Assurance Company in Europe. The source stated that American Assurance Company is not a licensed insurance company and its stock had no real value other than what was being artificially generated by [redacted] Jacalow.

Though SA [redacted] had some undercover meetings with [redacted] never set up a company in the Eastern District of Pennsylvania and therefore did not commit a stock manipulation fraud in this district. [redacted] and Jacalow are currently under investigation by the Miami Office of the FBI, and it is anticipated by Agents of that office that both [redacted] Jacalow will be indicted for stock manipulation in the near future. The under cover work done by SA [redacted] will support Miami's case in its effort to obtain successful prosecution of [redacted] and Jacalow.

For the reason that [redacted] and Jacalow never actually operated in the Eastern District of Pennsylvania, nor committed a crime here, it was recommended that the investigation by the Philadelphia Office of the FBI, of Jacalow and [redacted] be discontinued in favor of the case being investigation by the Miami Office of the FBI.

AUSA [redacted] advised that in view of the above facts he would defer prosecution of [redacted] and Jacalow to the United States Attorney's Office in Miami.

Very truly yours,

Wayne G. Davis
Special Agent in Charge

Bv: [redacted]

Supervisory Senior Resident Agency

327/0025
11/23/87

FM PHILADELPHIA (196A-2212) (NSRA)

TO DIRECTOR, FBI (ROUTINE)

BT

U N C L A S

ATTENTION: FINANCIAL CRIME UNIT, SSA [REDACTED]

[REDACTED] ET AL, FBW, OO:PH

RE PH TELETYPE TO BUREAU 10/9/87.

PURPOSE: AUTHORITY IS REQUESTED TO CONTINUE TO ELECTRONICALLY MONITOR CONVERSATIONS OF UNDERCOVER AGENT (UCA) AND THE COOPERATING WITNESS (CW) [REDACTED] GERALD JACALOW, IRVING COTT, [REDACTED] AND OTHERS YET TO BE IDENTIFIED.

DETAILS: CW AND PH UCA HAVE MET WITH [REDACTED] AND GERALD JACALOW RE SEVERAL STOCK MANIPULATION SCHEMES. [REDACTED] ATTEMPTING TO SET UP A "PHONE ROOM" TO SELL STOCK WITH ARTIFICIALLY INFLATED VALUES. [REDACTED] ASSOCIATED WITH [REDACTED] [REDACTED] AND IRVING COTT INTERNATIONAL CON MEN INVOLVED IN STOCK

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*note corrections on pg 2
corrected
11/23*

2-PL

1-196A-2212 (NSRA)

1-66-6587 SUB B

JV:jb
(2)

FILE REVIEWED
DATE 4/17/83
INITIALS [Signature]

TELETYPE

APPROVED: WGD/EA

TRANSMITTED: 025 735P
(no.) (time)

PER: ma

196A-2212-3101 Sub B-14
~~196A-2212~~

11/23/87

^PAGE TWO 196A-2212 UNCLAS

FRAUDS WITH ORGANIZED CRIME TIES. [] AND COTT APPROACHED CW
RE USING A SHELL COMPANY TO FACILITATE THE SCHEME. MATTER IS
BEING CONSIDERED FOR A GROUP ^{II}~~40~~ UCO. CW AND UCA PROVIDED WRITTEN
PERMISSION FOR CONSENSUALLY MONITORING THEIR CONVERSATIONS AND
AGREED TO TESTIFY AT ANY FORTHCOMING CRIMINAL PROCEEDINGS.

U.S. ATTORNEY'S OPINION: AUSA [] EDPA,
^{issues}
FORESEES NO ENTRAPMENT RE-~~INSTANT~~ AND CONCURS IN THE USE OF
CONSENSUAL MONITORING TO SUBSTANTIATE POTENTIAL TESTIMONY OF UCA
AND CW.

ADMINISTRATIVE: UCA IDENTIFIED AS SPECIAL AGENT []
[] CW IDENTIFIED AS [] PRIOR MONITORINGS
CONDUCTED UNDER [] [] IS REPLACING SA []
VALUES AS UCA.

BT

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OUTBOX.1 (#653)

TO: HQ2 @ EMH2

FROM: PH @ EMH2

SUBJECT: 327/0025 ROUTINE

DATE: 24 NOV 87 00:34:59 GMT

CC:

TEXT:
VZCZCPH0025

RR HQ

DE PH #0025 3272209

ZNR UUUUU

R 232210Z NOV 87

FM PHILADELPHIA (196A-2212) (NSRA)

TO DIRECTOR, FBI (ROUTINE)

BT

U N C L A S

ATTENTION: FINANCIAL CRIME UNIT, SSA [REDACTED]

[REDACTED], ET AL, FBW, OO:PH

RE PH TELETYPE TO BUREAU 10/9/87.

PURPOSE: AUTHORITY IS REQUESTED TO CONTINUE TO
ELECTRONICALLY MONITOR CONVERSATIONS OF UNDERCOVER AGENT (UCA)
AND THE COOPERATING WITNESS (CW) [REDACTED] GERALD JACALOW,
IRVING COTT, [REDACTED] AND OTHERS YET TO BE IDENTIFIED.

DETAILS: CW AND PH UCA HAVE MET WITH [REDACTED] AND
GERALD JACALOW RE SEVERAL STOCK MANIPULATION SCHEMES. [REDACTED]
ATTEMPTING TO SET UP A "PHONE ROOM" TO SELL STOCK WITH
ARTIFICIALLY INFLATED VALUES. [REDACTED] ASSOCIATED WITH [REDACTED]

[REDACTED] AND IRVING COTT INTERNATIONAL CON MEN INVOLVED IN STOCK

196A-MVN-3101 Sub B-14
196A-2212-7

PAGE TWO DE PH 0025 UNCLAS

FRAUDS WITH ORGANIZED CRIME TIES [REDACTED] AND COTT APPROACHED CW
RE USING A SHELL COMPANY TO FACILITATE THE SCHEME. MATTER IS
BEING CONSIDERED FOR A GROUP II UCO. CW AND UCA PROVIDED WRITTEN
PERMISSION FOR CONSENSUALLY MONITORING THEIR CONVERSATIONS AND
AGREED TO TESTIFY AT ANY FORTHCOMING CRIMINAL PROCEEDINGS.

U.S. ATTORNEY'S OPINION: AUSA [REDACTED] EDPA,
FORESEES NO ENTRAPMENT ISSUES AND CONCURS IN THE USE OF
CONSENSUAL MONITORING TO SUBSTANTIATE POTENTIAL TESTIMONY OF UCA
AND CW.

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ADMINISTRATIVE: UCA IDENTIFIED AS SPECIAL AGENT [REDACTED]

[REDACTED] CW IDENTIFIED AS [REDACTED]

PRIOR MONITORINGS

CONDUCTED UNDER [REDACTED]

IS REPLACING SA [REDACTED]

[REDACTED] AS UCA.

BT

#0025

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FEDERAL BUREAU OF INVESTIGATION
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FOI/PA# 1260588-0

Total Deleted Page(s) = 12

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Page 5 ~ Duplicate;
Page 7 ~ Duplicate;
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INBOX.73 (#5367)

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PH #0009 3572102

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R 232100Z DEC 87

FM PHILADELPHIA (196A-NEW) (NSRA) (P)

TO DIRECTOR ROUTINE

BT

U N C L A S

ATTENTION: SUPERVISORY SPECIAL AGENT (SSA) [REDACTED]

FINANCIAL CRIMES UNIT; UNDERCOVER AND SELECTIVE OPERATIONS UNIT.

SCAMMONIA; FBW; MF; ITSP; (OO: PHILADELPHIA);

FOR INFORMATION OF THE BUREAU, ON DECEMBER 22, 1987,

PHILADELPHIA'S UNDERCOVER REVIEW COMMITTEE, WITH CONCURRENCE OF

SAC, APPROVED A PROPOSAL TO ESTABLISH CAPTIONED MATTER AS

DIRECTLY FUNDED GROUP II UNDERCOVER OPERATION (UCO) IN AMOUNT OF

[REDACTED]

UCO PROPOSAL, WHICH IS BEING FURNISHED TO THE BUREAU UNDER
SEPARATE COVER, OUTLINES AN INVESTIGATION WHICH WILL BE DIRECTED
AT THE ACTIVITIES OF ILLEGAL STOCK MANIPULATORS IN THE UNITED
STATES. SPECIFIC INDIVIDUALS TO BE INVESTIGATED ARE: [REDACTED]

cc-Lill

132 JUL 22 1988

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approved
GAV

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[REDACTED]
No action take
12-25-87
PR

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ADDENDUM: WHITE-COLLAR CRIMES SECTION (WCCS) *WCCS* ytd 1/7/88

SAC, Philadelphia requests [] to facilitate a Group II undercover operation (UCO) entitled "SCAMMONIA" which will address, Fraud By Wire, Mail Fraud and Interstate Transportation of Stolen and Counterfeit Securities violations. The UCO is directed toward individuals involved in illegal stock manipulations and was approved by SAC, Philadelphia on 12/22/87.

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Subjects of the investigation are [] and Irving Kott, well-known con-men with organized crime affiliations; who use the illegal manipulation of stock prices to reap large profits through "boiler room" sales forces to unsuspecting investors. Kott is currently a fugitive from the Netherlands and has been involved with various stock brokerage firms in the U.S. [] runs a series of international telephone rooms which sell stock with artificially derived values.

The undercover technique will use a cooperating witness with past stock dealings involving Kott and [] to introduce an undercover Agent, in need of artificially inflated stock to use as collateral for a UCO company bank loan. UCA will control all the stock for a UCO company and discuss with subjects the methods and costs to manipulate the stock's price. UCA will also attempt to meet Kott, a Canadian citizen inside the U.S. and thereafter effect his arrest.

The White-Collar Crimes Section recommends that Philadelphia be provided with [] direct funding for this Group II UCO, and concurs with the general objectives of this case.

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Gen. Inv.	Gen. Inv.	Gen. Inv.
Ident.	Ident.	Ident.
Spec. Inv.	Spec. Inv.	Spec. Inv.
Ext. Aff.	Ext. Aff.	Ext. Aff.
Rec. Mgmt.	Rec. Mgmt.	Rec. Mgmt.

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

044

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1/7/88

UNCLAS

ROUTINE

FM DIRECTOR FBI

TO FBI PHILADELPHIA {196A-NEW} NSRA ROUTINE

SCAMMONIA 00: PHILADELPHIA

RE: PHILADELPHIA TELETYPE TO THE DIRECTOR 12/23/87.

IN REFERENCED TELETYPE, PHILADELPHIA ADVISED OF A NEW
GROUP II UNDERCOVER OPERATION {UCO} ENTITLED "SCAMMONIA", AND
REQUESTED [REDACTED] TO FACILITATE THIS UCO. FBIHQ CONCURS WITH
THIS TECHNIQUE AND A WIRE TRANSFER IN THE AMOUNT OF [REDACTED]
WILL BE FORWARDED PHILADELPHIA AS PER INSTRUCTIONS IN
REFERENCED TELETYPE.

BT

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JHV:ytg {2}

1/7/88

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1 - Mr. [REDACTED]

APPROVED:

Director _____
Exec. AD-Adm. _____
Exec. AD-Inv. _____
Exec. AD-LES _____

Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____
Legal Coun. _____

Off. of Cong. & Public Affs. _____
Off. of Lia. & Intl. Affs. _____
Rec. Mgmt. _____
Tech. Servs. _____
Training _____

75 JAN 27 1988

97 AUG 10 1988

DO NOT FILE WITHOUT COMMUNICATIONS SECTION

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RECEIVED
TELETYPE UNIT

INBOX.39 (#7970)

1 FEB 88 22 43

TEXT:

FEDERAL BUREAU
OF INVESTIGATION

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PP HQ NK MM

DE PH #0006 0322018

ZNR UUUUU

P 011920Z FEB 88

FM SAC, PHILADELPHIA (196A-2296) (NSRA) (P)

TO DIRECTOR, FBI (PRIORITY)

SAC, NEWARK (196-2695)

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b7C

SAC, MIAMI (196B-3101)

BT

U N C L A S

ATTENTION: (FBIHQ) SSA [REDACTED] - FINANCIAL CRIMES

UNIT

SCAMMONIA, FRAUD BY WIRE; MAIL FRAUD; ITSP; OO: PHILADELPHIA

RE NEWARK TELETYPE TO BUREAU, JANUARY 1, 1988 AND
PHILADELPHIA TELETYPE TO BUREAU, JANUARY 13, 1988; PHILADELPHIA
(ASAC EDWARD R. LEARY) TELEPHONE CALL TO NEWARK, JANUARY 15,
1988.

IN ACCORDANCE WITH AN AGREEMENT WITH NEWARK AND IN ORDER TO
FACILITATE THE BEST POSSIBLE OPPORTUNITY FOR NEWARK TO SUCCEED IN
THE PURSUIT OF ITS INVESTIGATION OF ROBERT BRENNAN, PHILADELPHIA

Exec AD Adm.	_____
Exec AD Inv.	_____
Exec AD LES	_____
Asst. Dir.:	_____
Adm. Servs.	_____
Crim. Inv.	_____
Ident.	_____
Insp.	_____
Intell.	_____
Lab.	_____
Legal Coun.	_____
Off. Cong. & Public Affs.	_____
Rec. Mgmt.	_____
Tech. Servs.	_____
Training	_____
Off. Liaison & Int. Affs.	_____
Telephone Rm.	_____
Director's Sec'y	_____

AD [REDACTED]

18 FEB 14 1989

RECEIVED
TELETYPE UNIT

INBOX.50 (#3434)

9 FEB 88 04 42 D

TEXT:
VZCZCPH0023

DEPT. OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

RR HQ2

DE PH #0023 0390050

ZNR UUUUU

R 082352Z FEB 88

FM SAC, PHILADELPHIA (196A-2296) (NSRA) (P)

TO DIRECTOR, FBI (ROUTINE)

LEGAT BONN (ROUTINE)

BT

U N C L A S

ATTENTION: FBIHQ, FINANCIAL CRIMES UNIT

SCAMMONIA; FBW; MF; ITSP; OO: PHILADELPHIA

CAPTIONED CASE IS PHILADELPHIA UNDERCOVER OPERATION (UCO)
TARGETING PERSONS INVOLVED IN FRAUDULENT STOCK MANIPULATIONS.
ONE TARGET IS IRVING KOTT, WHITE MALE, DATE OF BIRTH OCTOBER 12,
1930, CANADIAN CITIZEN, RESIDENCE MONTREAL, CANADA. KOTT IS
BEHIND GREENTREE SECURITIES, U.S. STOCK BROKERAGE COMPANY,
HEADQUARTERED IN NEW YORK, OPERATED BY [REDACTED] 196-8256-5
GREENTREE SECURITIES IS UNDER INVESTIGATION BY U.S. SEC FOR
SECURITIES VIOLATIONS.

ON SEPTEMBER 22, 1987, R.E. [REDACTED]

Exec AD Adm.	
Exec AD Inv.	
Exec AD LES	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Off. Cong. & Public Affs.	
Rec. Mgnt.	
Tech. Servs.	
Training	
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Telephone Rm.	
Director's Sec'y	

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V-158

10 FEB 20 1988

RELAYED TO: BON

16 JAN 13 1989

RF.

FEDERAL
TELECOMMUNICATIONS
UNIT

16 APR 88 09 23

INBOA 62 (#5198)

TEXT:
VZCZCPH0004

RR (H)

DF PH #0004 1062049

ZNR UUUUU

R 152035Z APR 88

FM PHILADELPHIA (196A-2296) (NSRA) (P)

TO DIRECTOR, FBI (ROUTINE)

BT

U N C L A S

ATTENTION: SUPERVISOR JAMES H. VAULES, JR. - FBIHQ, FINANCIAL
CRIME UNIT, WHITE COLLAR CRIME SECTION

SCAMMONIA; ITSP-RICO; OO: PHILADELPHIA

CAPTIONED UCO IS CURRENTLY TARGETING IRVING KOTT THROUGH PH
6803-CW, WHO HAS HAD NUMEROUS TELEPHONE CALLS WITH KOTT. PH
6803-CW HAS ALSO MET WITH MICHAEL KOTT AT GREENTREE SECURITIES IN
NEW YORK. PH 6803-CW HAS SCHEDULED TO MEET WITH IRVING KOTT,
MICHAEL KOTT, AND OTHERS AT GREENTREE SECURITIES HEADQUARTERS IN
NEW YORK CITY IN THE NEAR FUTURE. COOPERATING WITNESS WILL ENTER
INTO A DEAL WITH IRVING KOTT AND MICHAEL KOTT TO BEGIN PURCHASING
AND MARKETING NEW ISSUE STOCKS MARKETING BY GREENTREE SECURITIES.
COOPERATING WITNESS ANTICIPATED THAT AS MORE DEALS ARE WORKED

Adamski

DP

196-5256-5X1

6-1000

65 APR 17 1989

PAGE TWO DE PH 0004 UNCLAS

BETWEEN GREENTREE AND COOPERATING WITNESS'S COMPANY A CONFIDENCE WILL BE DEVELOPED BETWEEN COOPERATING WITNESS AND KOTT WHEREBY THE COOPERATING WITNESS WILL BE ABLE TO DISCUSS AND IDENTIFY ANY FRAUDULENT ACTIVITIES BEING CONDUCTED BY THE KOTTS AND GREENTREE SECURITIES. COOPERATING WITNESS WILL THEN ATTEMPT TO IDENTIFY FRAUDULENT ACTIVITIES SIMILAR TO THAT WHICH BROUGHT KOTT \$160 MILLION IN PROFITS FROM KOTT'S FRAUDULENT STOCK SALES IN THE NETHERLANDS. AT THAT TIME UCAS CAN BE INTRODUCED INTO THE SCHEME TO PRODUCE EVIDENCE OF THE FRAUD.

UCO IS ALSO TARGETING [REDACTED] WHO OPERATES FERNMAR INTERNATIONAL INSURANCE, ATLANTA, GA. [REDACTED] OPERATES INSURANCE COMPANIES IN ENGLAND AND HAS ATTEMPTED TO GET AN INSURANCE COMPANY KNOWN AS AMERICAN TRUST INSURANCE COMPANY LICENSED IN THE UNITED STATES THROUGH SEVERAL STATES AND THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS. IN ATTEMPTING TO GET THIS LICENSE, [REDACTED] HAS FURNISHED FINANCIAL STATEMENTS WHICH HAVE STOCKS LISTED AS ASSETS WORTH MILLIONS YET THESE STOCKS HAVE BEEN SHOWN TO BE WORTHLESS THROUGH SEC AUTHORITIES. [REDACTED] HAS BEEN TURNED DOWN FOR A LICENSE BY ALL WHO HAVE RECEIVED HIS SUBMISSION. THROUGH [REDACTED] UCA PLANS TO ARRANGE A MEETING WITH [REDACTED] TELLING HIM

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PAGE THREE DE PH 0004 UNCLAS

THAT UCA CAN FACILITATE GETTING AN INSURANCE LICENSE.

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NEGOTIATIONS WITH TEALE WILL TAKE PLACE, THE FRAUDULENT NATURE OF HIS FINANCIAL STATEMENT WILL BE IDENTIFIED, AND A WIRE FRAUD AND/OR MAIL FRAUD CASE WILL BE INVESTIGATED AGAINST TEALE.

UCO IS ALSO ABOUT TO ASSIST THE BOSTON AND TAMPA OFFICES OF THE FBI IN THEIR INVESTIGATIONS TARGETING DOMINION SAVINGS AND TRUST, DALLAS, TEXAS; AMERIBANK, CALIF.; TERRY HARPER AND NUMEROUS OTHERS WHO ARE INVOLVED IN A MULTI-MILLION DOLLAR FRAUD AGAINST THE FEDERAL GOVERNMENT. THESE PERSONS AND ENTITIES ARE INVOLVED IN PROVIDING FRAUDULENT PERSONAL FINANCIAL GUARANTEES TO CONTRACTORS WHO HAVE BEEN ABLE TO OBTAIN FEDERAL GOVERNMENT CONTRACTS. THE FINANCIAL GUARANTEES ARE PRESENTED BY THE CONTRACTORS IN LIEU OF PERFORMANCE BONDS ISSUED BY LEGITIMATE TREASURY LISTED INSURANCE COMPANIES. THIS PRACTICE IS ACCEPTABLE BY THE CONTRACT AWARDING AGENCIES ACCORDING TO FEDERAL GOVERNMENT REGULATIONS. IN FACT, THE FINANCIAL GUARANTEES ARE FULL OF FRAUDULENT ASSETS AND THE PERSONS PROVIDING THE GUARANTEES ARE WORTH WHAT THEY PRESENT ON THEIR FINANCIAL STATEMENTS. THIS PRACTICE HAS BEEN IDENTIFIED BY SOURCES BEING WORKED BY THE TAMPA AND BOSTON OFFICES. CAPTIONED UCO WILL TARGET THE PERSONS

PAGE FOUR DE PH 0004 UNCLAS

INVOLVED BY MEETING THE SUBJECTS AND GAINING THESE PERSONAL
FINANCIAL STATEMENTS AND IDENTIFYING THE FRAUDULENT NATURE OF
THESE STATEMENTS.

BT

#0004

NNNN

INBOX.42 (#5901)

TEXT:
VZCZCPH0021

4 AUG 88 15
FEDERAL BUREAU
OF INVESTIGATION

RR HQ

DE PH #0021 2162321

ZNR UUUUU

R 032350Z AUG 88

FM FBI PHILADELPHIA (196A-2296) (NSRA) (P)

TO DIRECTOR FBI/ROUTINE/

LEGAL BONN (196A-241)/ROUTINE/

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BT

UNCLAS

CITE: //3620:4246//

SUBJECT: SCAMMONIA; FBW, MF, ITSP, OO: PHILADELPHIA.

RE PHILADELPHIA TELETYPE TO THE BUREAU, FEBRUARY 8, 1988,
LEGAT BONN TELETYPE TO THE BUREAU, JULY 27, 1988.

PHILADELPHIA SOURCES DISASSOCIATED THEMSELVES FROM IRVING
ROTT UPON ABSENCE OF INFORMATION REQUESTED FROM DUTCH AUTHORITIES
DURING JANUARY 27, 1988, TELEPHONE CALL OF DUTCH FEDERAL POLICE,
AND INVESTIGATOR [REDACTED] TO FBI PHILADELPHIA, AND AS
SET FORTH IN PHILADELPHIA TELETYPE TO LEGAT BONN, FEBRUARY 8,

196-8256-6

BON

14

13 JAN 04 1989



PH FILE: 196A-2296, PAGE: 3, U N C L A S

[REDACTED] FORMERLY OF DEERFIELD BEACH, FLA. HE ADVISED THAT [REDACTED] ALSO OPERATED EQUITY FUND VENTURE, GREENTREE BROKERAGE INC. AND AMERICAN ASSURANCE COMPANY. ACCORDING TO [REDACTED] UCG WAS FORMED TO BE USED AS A FRONT FOR STOCK MANIPULATION AND VENTURE CAPITAL SCHEMES INVOLVING ITS PRINCIPALS AND OTHER INDIVIDUALS.

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[REDACTED] NOTED THAT [REDACTED] AND IRVING KOTT WERE DEVISING A SCHEME TO SELL \$20 MILLION WORTH OF AMERICAN ASSURANCE COMPANY STOCK IN EUROPE. ACCORDING TO [REDACTED] AAC WAS UNLICENCED AND THE VALUE OF ITS STOCK HAD BEEN ARTIFICIALLY GENERATED BY [REDACTED] KOTT IS A NOTORIOUS STOCK MANIPULATOR WHO CURRENTLY RESIDES IN CANADA AND IS SOUGHT BY DUTCH AUTHORITIES AS A FUGITIVE FOR HIS INVOLVEMENT IN A MAJOR FRAUD INVOLVING IN EXCESS OF \$160 MILLION.

PHILADELPHIA DETERMINED THAT [REDACTED] WERE CURRENTLY THE SUBJECTS OF AN ONGOING INVESTIGATION BY MIAMI IN CONJUNCTION WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC) (MM FILE #196-3101). ACCORDING TO [REDACTED] WAS OFFERING \$150,000 TO FORMER FLORIDA GOVERNOR CLAUDE KIRK IN AN ATTEMPT TO CIRCUMVENT THE SEC'S INVESTIGATION OF HIS ACTIVITIES IN FLORIDA.

UPON RECEIPT OF THAT INFORMATION, [REDACTED] ALLEGATIONS WERE VIGOROUSLY PURSUED BY MIAMI AND PHILADELPHIA WITH FBIHQ COORDINATION. ON SEPTEMBER 18, LAST, A PHILADELPHIA UCA MET WITH [REDACTED] AT THE PHILADELPHIA AIRPORT IN A MEETING ARRANGED BY [REDACTED] AND OFFERED TO BE OF ASSISTANCE TO HIM IN HIS DEALINGS WITH THE SEC IN FLORIDA. AT THAT TIME [REDACTED] WAS ENROUTE TO

PH FILE: 196A-2298, PAGE: 4, U N C L A S

EUROPE TO PICK UP SEVERAL MILLION DOLLARS IN AMERICAN ASSURANCE COMPANY CERTIFICATES OF STOCK. SUBSEQUENTLY ON SEPTEMBER 24, LAST, [] AGREED IN CONSENSUALLY MONITORED TELCALLS WITH PHILADELPHIA'S UCA TO PAY THE UCA \$60,000 FOR HIS ASSISTANCE WITH SEC CONTACTS IN WASHINGTON, D.C., WHICH WOULD PRECLUDE THE SEC INQUIRY IN FLORIDA. [] AGREED TO DELIVER THE MONEY TO THE UCA WHEN HE RETURNED FROM EUROPE ON OCTOBER 4, LAST, HOWEVER, THE MEETING NEVER TOOK PLACE.

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BY TEL DATED NOVEMBER 7, LAST, MIAMI NOTIFIED PHILADELPHIA THAT JACALOW WAS NOW REPRESENTED BY AN ATTORNEY FROM CHICAGO AND HAD SPLIT WITH [] IN ADDITION, MIAMI INDICATED THAT [] WAS CLOSING THE OPERATION OF THE AMERICAN CAPITAL GROUP AND MIGHT BE RELOCATING FROM FLORIDA TO ANOTHER AREA.

THROUGH CONTACTS WITH NEWARK. PHILADELPHIA DETERMINED THAT [] ABI, WAS LOCATED IN NORTHERN NEW JERSEY IN TERRITORY WITHIN THE RESPONSIBILITY OF ITS FRANKLIN TOWNSHIP RA. ON NOVEMBER 10, LAST, PHILADELPHIA TELEPHONICALLY APPRISED SSRA [] FRANKLIN TOWNSHIP RA, OF [] ADMITTED EMBEZZLEMENT FROM ABI AND HIS EXPOSURE TO LOCAL CRIMINAL PROSECUTION IN MIDDLESEX TOWNSHIP, N.J. IN VIEW OF [] READINESS TO PLEA TO A FEDERAL CHARGE IN LIEU OF ~~BEING EXPOSED~~ TO LOCAL PROSECUTION, AN ARRANGEMENT WAS MADE TO HAVE A FRANKLIN TOWNSHIP RA SA PRESENT [] REQUEST TO THE UNITED STATES ATTORNEYS OFFICE IN NEWARK. THEREAFTER, PHILADELPHIA PERSONNEL AND [] MET WITH A NEWARK SA ON DECEMBER 7, LAST, TO INITIATE THAT ACTION.

PH FILE: 198A-220R, PAGE. 6, U N C L A S

NEWARK INDICATED THAT IT HAD NO INVESTIGATIVE INTEREST IN [] OR ADI AT THAT TIME AND A READINESS TO REPRESENT PHILADELPHIA'S INTERESTS IN [] IN PROCESSING HIS PLEA AGREEMENT WITH THE U.S. ATTORNEY'S OFFICE IN NEWARK.

HAVING ALREADY EMPLOYED [] TO FACILITATE MIAMI'S ONGOING INVESTIGATION OF [] JACALOW AND OTHER SUBJECTS, PHILADELPHIA DEVELOPED A WELL PLANNED UNDERCOVER SCENARIO WHICH IS BEING EMPLOYED IN A PHILADELPHIA GROUP II UCO TO TARGET SEVERAL SIGNIFICANT CON MEN WHO ARE KNOWN TO BE STOCK MANIPULATORS. THESE TARGETS ARE INDIVIDUALS AND/OR FIRMS WITH WHOM [] HAS AN ESTABLISHED RELATIONSHIP. PHILADELPHIA WAS WELL AWARE AT THAT TIME THAT CERTAIN OF ITS UCO TARGETS MIGHT CURRENTLY FACE EXPOSURE TO CRIMINAL PROSECUTION AS A RESULT OF THEIR PRESENT, PAST, OR FUTURE ACTS IN SEVERAL DIFFERENT U.S. AND FOREIGN JURISDICTIONS. INASMUCH AS THE TARGETS WERE WELL KNOWN CON MEN OF NATIONAL, IF NOT INTERNATIONAL STATURE, PHILADELPHIA BELIEVED AND CONTINUES TO BELIEVE THAT THEY REPRESENT VIABLE INVESTIGATIVE TARGETS FOR PHILADELPHIA AS WELL AS OTHER OFFICES. THIS APPROACH IS SIMILAR TO THAT EMPLOYED IN ORGANIZED CRIME MATTERS WHEREIN MULTIPLE DIVISIONS PURSUE INVESTIGATIONS WHICH FOCUS ON THE SAME CON TARGETS FOR DIFFERENT BUT RELATED ACTS. IN THAT REGARD, IT IS NOTEWORTHY THAT THE FRAUDULENT ACTS OF THOSE INVOLVED IN STOCK MANIPULATIONS CLEARLY AFFECT VICTIMS IN MULTIPLE JURISDICTIONS. FOR EXAMPLE, SUBJECTS IDENTIFIED BY NEWARK IN ITS INVESTIGATION OF ADI, I.E. KOTT, [] GREENTREE SECURITIES, INTER ALIA, CAN ALSO BE ASSOCIATED WITH THE MIAMI

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PH FILE: 198A-2298, PAGE: 8, U N C L A S

INVESTIGATION DESCRIBED ABOVE. SINCE MIAMI'S INVESTIGATION IS ONGOING AND NEWARK'S INVESTIGATION OF ABI HAS RECENTLY BEEN INITIATED, IT IS NOT CERTAIN THAT EITHER CASE WILL RESULT IN SUCCESSFUL AND MEANINGFUL PROSECUTION OF THE KEY TARGETS IN EITHER JURISDICTION.

THE TARGETS OF THE CAPTIONED UCO INCLUDE THE FOLLOWING INDIVIDUALS: IRVING KOTT, SUPRA: [REDACTED] A STOCK MANIPULATOR WHO IS CURRENTLY LIVING IN FRANCE AND ACTIVE IN THIS COUNTRY; GREENTREE SECURITIES OF NEW YORK, A FIRM OPERATED BY A RELATIVE OF KOTT WHICH IS ALSO ALLEGED TO HAVE HAD AN ASSOCIATION WITH ABI; AND THE UNITED CAPITAL GROUP AND ITS PRINCIPALS. [REDACTED] WAS INITIALLY SURFACED AS A POTENTIAL STOCK MANIPULATOR IN PHILADELPHIA'S GALLSTONE UCO, A HIGHLY SUCCESSFUL GROUP / UCO FAMILIAR TO BOTH NEWARK AND THE BUREAU [REDACTED] HAS REQUESTED [REDACTED] TO ESTABLISH A TELEPHONE SALES OFFICE, I.E. [REDACTED] [REDACTED] IN THE UNITED STATES WHICH WOULD SELL STOCK AT INFLATED PRICES TO EUROPEANS.

SUBSEQUENT TO ITS MEETING WITH PHILADELPHIA AND [REDACTED] IN EARLY DECEMBER, NEWARK AGENTS MET SEPARATELY WITH [REDACTED] WITHOUT THE INVOLVEMENT OF PHILADELPHIA PERSONNEL. DURING THE APPARENTLY EXTENSIVE DEBRIEFING OF [REDACTED] REGARDING NEWARK INTERESTS WHICH ENSUED, IT IS APPARENT THAT [REDACTED] ASSERTED THAT KOTT HAD SOME TYPE OF INVOLVEMENT IN A FRAUD ASSOCIATED WITH ABI. PHILADELPHIA IS UNAWARE OF THE EXACT NATURE OF THAT INVOLVEMENT AND WHETHER OR NOT KOTT'S ACTIONS DURING HIS ASSOCIATION WITH ABI CONSTITUTE ACTS FOR WHICH HE MAY BE FEDERALLY PROSECUTED. IN

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PH FILE: 196A-2296, PAGE: 7, U N C L A S

VIEW OF THE CAPTIONED PHILADELPHIA INVESTIGATION AND MIAMI'S INVESTIGATIVE INTEREST IN THE INDIVIDUALS IDENTIFIED IN RENKTEL, NEWARK IS REQUESTED TO PROVIDE BOTH MIAMI AND PHILADELPHIA WITH A DETAILED ACCOUNT OF THE RESULTS OF ITS DEBRIEFING OF [REDACTED] IN CONNECTION WITH NEWARK'S ABI INVESTIGATION.

ON DECEMBER 22, LAST, NEWARK AND PHILADELPHIA SUPERVISORY AND SA PERSONNEL MET AT PHILADELPHIA TO DISCUSS THEIR MUTUAL INTEREST IN USING [REDACTED] IN FURTHERANCE OF THE INVESTIGATIVE INTERESTS IN BOTH DIVISIONS. AT THAT TIME, NEWARK PERSONNEL INDICATED THAT THEY HAD LEARNED THAT [REDACTED] WAS AN ACQUAINTANCE OF [REDACTED] OF NOVA-TECH. [REDACTED] IS ALLEGED TO BE A FRONT MAN FOR NEW JERSEY FINANCIER [REDACTED] AND IS SUSPECTED TO BE INVOLVED IN ILLEGAL ACTIVITIES IN ASSOCIATION WITH [REDACTED] PRIOR TO THAT MEETING, PHILADELPHIA WAS UNAWARE OF ANY CONNECTION BETWEEN [REDACTED] ACCORDING TO NEWARK PERSONNEL, [REDACTED] HAS NOT CLAIMED TO BE PERSONALLY ACQUAINTED WITH [REDACTED] HOWEVER, THEY OPINED THAT [REDACTED] COULD POSSIBLY BE OF ASSISTANCE TO THE NEWARK OFFICE IN AN INVESTIGATION OF THE ACTIVITIES OF [REDACTED] NEWARK REQUESTED PHILADELPHIA TO PROVIDE THEM UNFETTERED ACCESS TO [REDACTED] AT THAT TIME TO PURSUE AN INVESTIGATION OF [REDACTED] EFFECTIVELY. INASMUCH AS NEWARK INDICATED THAT NO SPECIFIC SCENARIO HAD BEEN CONSTRUCTED AT THAT TIME REGARDING THE EXACT MANNER IN WHICH [REDACTED] WOULD BE EMPLOYED, PHILADELPHIA INDICATED THAT IT WOULD CONTINUE TO USE [REDACTED] IN CONNECTION WITH THE CAPTIONED MATTER BUT WOULD MAKE HIM AVAILABLE TO ASSIST NEWARK WHENEVER DEEMED NECESSARY.

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PH FILE: 196A-2296, PAGE: 8, U N C L A S

ON DECEMBER 23, LAST, NEWARK REQUESTED PHILADELPHIA TO FOREGO ITS USE OF [] IN ITS ONGOING GROUP II INVESTIGATION IN FAVOR OF NEWARK'S USE OF [] IN ITS EFFORTS TO SUCCESSFULLY INVESTIGATE [] ALLEGED ILLEGAL ACTIVITIES IN NEW JERSEY. AS PREDICATION FOR ITS RECOMMENDATION, NEWARK INDICATED THAT THEY DID NOT BELIEVE PHILADELPHIA TARGETS WERE AS SIGNIFICANT AS [] IN VIEW OF THE FOLLOWING CONSIDERATIONS: KOTT, ALTHOUGH A FUGITIVE, IS CURRENTLY PENDING PROSECUTION IN THE NETHERLANDS, [] IS SOON TO BE INDICTED IN A NEWARK INVESTIGATION; AND [] IS THE TARGET OF AN ONGOING MIAMI INVESTIGATION WHICH APPEARS TO BE SUBSTANTIALLY RESOLVED. INASMUCH AS [] ASSOCIATION WITH [] APPEARED SOMEWHAT TENUOUS, PHILADELPHIA INDICATED THAT IT WOULD CONTINUE TO EMPLOY [] IN ITS UCO UNTIL SUCH TIME THAT NEWARK HAD DEVELOPED SPECIFIC PLANS FOR [] USE IN ITS INTENDED INVESTIGATION OF [] I.E. [] FORMULATED A UCO SCENARIO OR OTHER SPECIFIC COURSE OF ACTION REQUIRING [] ASSISTANCE. AT SUCH TIME AS NEWARK REQUIRED [] ASSISTANCE, PHILADELPHIA INDICATED THAT IT WOULD MAKE [] AVAILABLE TO ASSIST NEWARK. NEWARK INDICATED THAT THEY CONSIDERED [] TO BE A VERY SIGNIFICANT TARGET AND NOTED THAT THE U.S. ATTORNEY IN NEWARK WAS PERSONNALLY INTERESTED IN ITS EFFORTS TO INVESTIGATE [] ACTIVITIES AND SUPPORTED ITS USE OF [] IN FURTHERANCE OF THAT OBJECTIVE. ON DECEMBER 24, LAST NEWARK INDICATED THAT U.S. ATTORNEY SAMUEL ALITO HAD INDICATED THAT HE WOULD REQUIRE ANY PLEA AGREEMENT REACHED BY HIS OFFICE WITH [] TO REQUIRE THAT THE FOCUS OF [] COOPERATIVE

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PH FILE: 196A-2296, PAGE: 9, U N C L A S

EFFORTS WITH THE GOVERNMENT BE DIRECTED TOWARD SUPPORT OF THE [] INVESTIGATION. DURING THE WEEK OF DECEMBER 28, LAST, U.S. ATTORNEY ALITO PERSONALLY CONTACTED THE PHILADELPHIA OFFICE IN CONNECTION WITH THIS MATTER. HE INDICATED THAT HE BELIEVED AN INVESTIGATION OF THE ALLEGED ILLEGAL ACTIVITIES OF [] [] WAS OF SIGNIFICANT IMPORTANCE TO HIS DISTRICT. IN THAT REGARD, HE NOTED THAT [] MIGHT BE ABLE TO PROVIDE A MEANS TO FACILITATE NEWARK'S INVESTIGATION OF [] ACTIVITIES. IN VIEW OF THAT FACT, HE WISHED TO INSURE THAT ANY OPPORTUNITY WHICH [] MIGHT PRESENT TO FACILITATE THE INVESTIGATION OF [] WAS NOT FOREGONE BECAUSE OF [] PREOCCUPATION WITH OTHER MATTERS. MR. ALITO NOTED THAT HE BELIEVED THE ISSUE WAS ACTUALLY A MATTER OF LOGISTICS FOR THE FBI IN NEWARK AND PHILADELPHIA TO WORK OUT TO THEIR MUTUAL SATISFACTION. PHILADELPHIA ASSURED MR. ALITO THAT IT FULLY INTENDED TO MAKE [] AVAILABLE TO SUPPORT NEWARK'S INVESTIGATION OF [] WHEN THAT BECAME NECESSARY. HOWEVER, INASMUCH AS NEWARK WAS IN THE PROCESS OF DEVELOPING A SCENARIO IN WHICH [] MIGHT BE EMPLOYED AND HAD NOT REQUESTED PHILADELPHIA TO MAKE [] AVAILABLE TO PERFORM SPECIFIC INVESTIGATIVE ASSIGNMENTS FOR NEWARK ON AN IMMEDIATE BASIS, PHILADELPHIA WOULD CONTINUE TO EMPLOY [] IN ITS UCO. IN THAT REGARD, PHILADELPHIA NOTED THAT [] HAD ESTABLISHED CONTACT WITH KOTT AND RECORDED CONSENSUALLY MONITORED PHONE CONVERSATIONS. MR. ALITO WAS ASSURED THAT EVERY EFFORT WOULD BE MADE BY PHILADELPHIA TO EMPLOY [] SERVICES IN A MANNER WHICH WAS IN THE BEST INTEREST OF BOTH NEWARK AND PHILADELPHIA.

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PH FILE: 196A-2296, PAGE: 10, U N C L A S

BASED UPON PHILADELPHIA'S REQUEST FOR NEWARK TO PROVIDE ITS SPECIFIC PLAN FOR THE USE OF [] IN ITS [] INVESTIGATION, NEWARK PROVIDED RETEL WHICH OUTLINES NEWARK'S INTENT TO USE [] IN ITS ABI INVESTIGATION AS WELL AS A MEANS TO APPROACH [] THROUGH HIS ASSOCIATE [] RATHER THAN PROVIDING A SPECIFIC TIME FRAME REGARDING THE DATE OR DATES ON WHICH [] SERVICES WILL BE REQUIRED BY NEWARK TO SUPPORT ITS INVESTIGATIVE EFFORTS, NEWARK HAS INDICATED THAT IT HAS A NEED FOR TOTAL CONTROL OF [] ACTIVITIES AND INFERS THAT [] EFFORTS SHOULD BE DEVOTED SOLELY IN SUPPORT OF NEWARK'S INVESTIGATIVE EFFORTS.

PHILADELPHIA CONCURS WITH U.S. ATTORNEY ALITO THAT EVERY EFFORT SHOULD BE MADE TO PURSUE AVAILABLE INVESTIGATIVE OPPORTUNITIES TO ESTABLISH WHETHER [] HAS BEEN OR IS INVOLVED IN FRAUDULENT OR OTHERWISE CRIMINAL ACTIVITIES. MOREOVER, IT AGREES THAT [] MAY BE ABLE TO ASSIST NEWARK IN ITS INVESTIGATIVE EFFORTS THROUGH HIS RELATIONSHIP WITH [] ASSOCIATE [] HOWEVER, IT ALSO BELIEVES THAT THE RELATIVE IMPORTANCE OF [] TO NEWARK'S INVESTIGATION OF [] REMAINS TO BE DETERMINED. USE OF [] IN THE BRENNAN INVESTIGATION WOULD REQUIRE THE DEVELOPMENT OF A WELL PLANNED UNDERCOVER SCENARIO BY NEWARK IN ORDER TO INSURE [] SAFETY AND THE EFFECTIVENESS OF THE UCO. PHILADELPHIA IS UNAWARE OF THE EXACT STATUS OF NEWARK'S EFFORTS TO DEVELOP SUCH A SCENARIO AT THIS TIME. IN VIEW OF THAT FACT, IT BELIEVES NEWARK'S REQUEST FOR FULL ACCESS TO [] AND CONTROL OF HIS ACTIVITIES MAY BE SOMEWHAT

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PH FILE: 198A-2296, PAGE: 11, U N C L A S
PREMATURE.

IN VIEW OF THE STATUS OF TARGETS OF THE CAPTIONED UCO AS NATIONAL/INTERNATIONAL CON MEN INVOLVED IN FRAUDULENT STOCK TRANSACTIONS. PHILADELPHIA DOES NOT BELIEVE THAT THE CAPTIONED UCO SHOULD BE DISCONTINUED AT THIS TIME IN FAVOR OF NEWARK'S PROPOSED HISTORICAL INVESTIGATION OF ABI. IN THAT REGARD, IT IS NOT POSSIBLE TO ASSESS WHETHER THE APPROACH SUGGESTED BY NEWARK REPRESENTS A MORE EFFECTIVE ONE THAN THAT WHICH IS CURRENTLY BEING PURSUED BY PHILADELPHIA.

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PHILADELPHIA INTENDS TO UTILIZE [] PRIMARILY FOR INTRODUCTION OF ITS UCAS TO ITS TARGETS AND TO FACILITATE THE DEVELOPMENT OF SCENARIOS TO BE EMPLOYED BY THE UCAS AS THEY EXPAND THEIR RELATIONSHIP WITH THE TARGETS AND SEEK TO ACHIEVE THE ESTABLISHED INVESTIGATIVE OBJECTIVES FOR THE UCO. IN VIEW OF THAT APPROACH, PHILADELPHIA CONTINUES TO BELIEVE THAT ITS USE OF [] SHOULD NOT IMPEDE NEWARK IN ITS DEVELOPMENT OF EITHER A UCO SCENARIO OR DEVELOPMENT OF AN INVESTIGATIVE APPROACH TO CAPITALIZE ON [] ASSOCIATION WITH [] AS A MEANS TO ADDRESS [] ACTIVITIES.

NEWARK IS REQUESTED TO COORDINATE ITS NEEDS FOR [] ASSISTANCE WITH PHILADELPHIA'S NEWTOWN SQUARE RESIDENT AGENCY IN ORDER TO INSURE THAT THE MOST EFFECTIVE USE IS MADE OF [] AVAILABLE TIME AND CAPABILITIES. IN THAT REGARD, PHILADELPHIA REQUESTS TO BE ADVISED BY NEWARK OF ANY CONSIDERATION IT MAY HAVE TO USE [] IN AN UNDERCOVER SCENARIO INVOLVING THE TARGETS OF THE CAPTIONED CASE, OR PLANNED USE OF

PH FILE: 198A-2296, PAGE: 12, U N C L A S

IN A MANNER WHICH MIGHT JEOPARDIZE PHILADELPHIA'S ONGOING
UCO OR THE SAFETY OF ITS UCAS.

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FEDERAL BUREAU OF INVESTIGATION
FOI/PA
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Page 9 ~ Duplicate;
Page 10 ~ Duplicate;

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AIRTEL

Federal Bureau of Investigation

FROM: SAC PHILADELPHIA (92-2080 SUB B) (CIU)DATE: 2/1/88TO: Director, FBI (62-318)
Attn: ELSUR Index

ELSUR

Enclosed for the ELSUR Index are # 4 ELSUR cards.Case Title: SCAMMONIA;
FBW;
OO: PHILADELPHIAb6
b7C☐ TITLE III ☐ FISA☐ TESUR Source # _____
☐ MISUR Source # _____
☐ CCTV Source # _____
☐ BEEPER Source # _____
☐ OTHER Source # _____

Specify technique _____

Approved by: ☐ USDC Judge _____ on _____ Date _____☐ FISC on _____ Date _____

EXTENSION DATE(S) _____ ; _____ ; _____ ; _____

☒ CONSENSUAL MONITORING (CM)☒ Telephone - # of cards 4 - CM # 2409 ☐ Nontelephone - # of cards _____ - CM # _____

ELSUR CARD SUBMISSION:

Principal Card(s) # Enclosures _____

List Target(s) only:

Proprietary Interest (PI) Card(s) # Enclosures _____
List all names, addresses, telephone numbers and etc. pertaining to PI.Overhear card(s) # Enclosures 4

List Name(s) only:

PH 6777
KOTT, IRVING
PH 6210-WC
PH 6803-CW1/5/88
1/5/88
1/6/88
1/11/88PHCM# 2409-T (Telephonic)
PHCM# 2409-T (Telephonic)
PHCM# 2409-T (Telephonic)
PHCM# 2409-T (Telephonic)2 - Bureau (4 Enclosures)2 - Philadelphia
1- 92-2080 (SUB B) (CIU)
1- 196A-2296CFB:ms
(4)

196-2296 Sub A -3

UNITED STATES GOVERNMENT
memorandum

DATE: 1/19/88
REPLY TO
ATTN: SA [REDACTED]
SUBJECT: SCAMMONIA
FBW, MF;
ITSP
(OO:PH)
TO: SAC, (196A-2296)(NSRA)(P)

PURPOSE: Authority is requested to electronically monitor telephone conversations of UCAd cooperating witnesses, and source ~~de~~ with IRVING KOTT, [REDACTED] and others yet unidentified. Authority requested for 120 days.

DETAILS: A cooperating witness has furnished information regarding IRVING KOTT that KOTT is an international stock manipulator living in Montreal, Canada, and that he is wanted by Netherlands authorities for conducting a stock fraud which netted KOTT an approximate profit of 160 million dollars. Netherlands authorities have requested from U.S. authorities that KOTT be arrested if he is located in the United States. The cooperating witness believes that he can propose a deal which would interest IRVING KOTT and bring him to the United States because the cooperating witness has already in the past year met IRVING KOTT in New York City on several occasions.

The cooperating witness also has met with [REDACTED] who is a notorious stock manipulator living in Cannes, France and he has introduced to the cooperating witness a proposition to conduct a stock market manipulation from the United States.

The cooperating witness has also met with [REDACTED] who runs GREEN TREE SECURITIES in New York City and [REDACTED] of IRVING KOTT. The cooperating witness has stated that he has been closely associated with [REDACTED] and could propose a deal which would expose the stock manipulations conducted by [REDACTED]

The above conversation would be monitored as part of captioned Group II UCO. It is anticipated that additional

2296 Sub A
②-196A-New (NSRA)
1-66-6598 (SUB A)(NSRA)

JEF:acg
(3)
acg

SEARCHED	INDEXED
SERIALIZED	FILED
JAN 19 1988	
FBI - PHILADELPHIA	

OPTIONAL FORM NO. 10
(REV. 1-80)
GSA FPMR (41 CFR) 101-11.6
5010-114
U.S. GPO: 1985-491-248/20552

196-2296 Sub A - 4

subjects would be developed and identified. UCAs and cooperating witnesses and source have furnished written permission for consensually monitoring their conversations and have agreed to testify in any forthcoming criminal proceedings.

(10) EMERGENCY AUTHORITY: Emergency authority was verbally granted by Assistant Agent in Charge, [redacted] on January 4, 1988, because it was anticipated that the cooperating witness would have a telephone conversation with IRVING KOTT on that date.

U.S. ATTORNEY'S OPINION: AUSA [redacted] EDPA, Philadelphia, PA foresaw no entrapment in instant matter and concurs in the use of consensual monitoring to substantiate potential testimony of UCA's, cooperating witnesses, and source.

ADMINISTRATIVE: UCAs are identified as [redacted] and [redacted]

Cooperating Witnesses are identified as [redacted] and [redacted] who has had the contacts with IRVING KOTT, [redacted]

Source is identified as [redacted]

[redacted] has been assigned to this case.

67 SAC AUTHORITY WGD/ELK

DATE 1/28/88

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FEDERAL BUREAU OF INVESTIGATION

1/21/88

Date of transcription _____

At approximately 1:05 PM, a consensually monitored and recorded telephone call was placed from telephone number— [redacted] to telephone number [redacted] connecting CONFIDENTIAL SOURCE with IRVING KOTT. SOURCE told KOTT [redacted] company, OCCIDENTAL FINANCIAL SERVICES, and that several years ago he was partners with one [redacted] and several other individuals. He stated that he had a sales force/brokerage-dealer operation which was capitalized at a couple of million dollars, and that he needed European distributors. He told KOTT that [redacted] had suggested that he, SOURCE, call KOTT for assistance.

KOTT stated that he has a son who is New York and that he has 12 offices and 400 salesmen, and had recently purchased an additional brokerage firm. SOURCE told KOTT that he was going to New York in the near future, and KOTT stated that his son was presently in Boca (Raton). KOTT added that "We are also connected with several people overseas". SOURCE asked if KOTT had business affiliations in Asia and KOTT advised that they were just now going into Asia.

KOTT then stated that the telephone was not the place to discuss business, to which SOURCE responded that he understood.

SOURCE then mentioned several locations where he does business, and KOTT advised that he is associated with people in the Luxembourg and European options markets.

KOTT told SOURCE that if he wanted to "come up and visit", he could do so adding, "We have everything you need".

SOURCE told KOTT that he was "Not wild about Canada", and preferred to meet in New York. KOTT asked why and SOURCE told him "You remember [redacted] to which KOTT responded "That's a dirty name". SOURCE stated that [redacted] had created some problems about ten years ago and that as a result he does not often go to Canada,

1/11/88

Newtown Square, Pa.

PH 196A-2296 (NSRA)

Investigation on _____ at _____ File # _____

SA [redacted] mn

1/15/88

by _____ Date dictated _____

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SOURCE

1/11/88

2*

Continuation of FD-302 of _____, On _____, Page _____

although he could do so. He told KOTT that he was going to be in New York in the near future, and added that he could perhaps meet with KOTT'S son.

KOTT told him that his son was in Boca (Raton), and that his son had four offices in New York and that his associates were in New York. SOURCE asked KOTT if he was ever in New York and KOTT stated that he was in New York at times and in Boca at times. KOTT then stated "I like to discuss these businesses in Canada, for everyone's sake". SOURCE repeated that he gets nervous in Canada. KOTT told SOURCE he could check it out and could get a reading on SOURCE, and SOURCE advised him that he would call him again in a few days.

1

FEDERAL BUREAU OF INVESTIGATION

2/1/88

Date of transcription _____

[] SOURCE advised that on January 26, 1988 he had spoken to [] of Luxembourg, an associate of IRVING KOTT.

He advised [] that he was calling as a courtesy to KOTT inasmuch as KOTT had advised that [] dealt with most of KOTT's business affairs in Europe. He told [] that while his business dealings were in Europe, he had been referred to KOTT, and it was his ultimate intention to deal personally with KOTT.

[] told him that he operates a company named AIM, but that the company would soon be changing names to PETROUSSE SECURITIES INTERNATIONAL, on Boulevard de Petrousse, Luxembourg.

SOURCE indicated that [] told him that KOTT's interest in Europe were promoted through AIM and would subsequently be promoted through PETROUSSE SECURITIES INTERNATIONAL.

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Investigation on 1/26/88 at Newtown Square, Pennsylvania File # Philadelphia 3 196A-2296-(NSRA)
by SA [] :acg Date dictated 1/29/88

FEDERAL BUREAU OF INVESTIGATION

1/19/88

Date of transcription _____

At approximately 10:10 AM, a consensually monitored and recorded telephone call was placed from telephone number [redacted] in Newtown Square, Pa., to telephone number [redacted] in Montreal, Quebec, Canada, connecting [redacted] COOPERATING WITNESS, who was in California, with IRVING KOTT.

COOPERATING WITNESS asked KOTT what were the possibilities doing business, adding that he had a NASDAQ stock called Earthworm Heavy Equipment and that he desperately needed some product which would give him some spread. KOTT told COOPERATING WITNESS that he had all that in three underwritings that were just now coming out, one of which was coming out this week in the neighborhood of two to four million dollars. KOTT added that these issues were all sold out. KOTT indicated that he was reluctant to discuss the matter in detail as he did not like to talk on the phone. He assured COOPERATING WITNESS that there was a lot of spread, that he had the product, the liquidity, and the market.

COOPERATING WITNESS asked KOTT if he had a newsletter and KOTT advised COOPERATING WITNESS that he had five newsletters in the United States and three in Europe. COOPERATING WITNESS asked KOTT if he was doing anything in Asia and KOTT said that he was not at the present time but that he was going to do something soon. KOTT asked COOPERATING WITNESS if he knew [redacted] (phonetic). He explained that [redacted] had come to him a long time ago in Europe and that KOTT did not want to do anything with him at that time. KOTT stated that a fellow who was then working with [redacted] and who had previously worked for KOTT, now wants KOTT to do something with [redacted] KOTT reiterated that he had not, to the present time, done anything in Asia.

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KOTT asked COOPERATING WITNESS what exactly he had there in Asia, and COOPERATING WITNESS advised him that he had a full office in Hong Kong with a broker/dealer license capitalized at ten million Hong Kong dollars. COOPERATING WITNESS stated that he had just set up a small foreign currency operation for approximately ten traders. He

1/19/88

Newtown Square, Pa.

PH 196A-2296 (NSRA)

Investigation on _____

File # _____

SA [redacted]

nmn

1/19/88

by _____

Date dictated _____

COOPERATING WITNESS

1/19/88

2

Continuation of FD-302 of _____, On _____, Page _____

stated that he had portfolio managers, one British and one Chinese. He advised that he had been dealing with three sales groups out of Taipei, one which specializes in real estate and property management, and does approximately one and a half million dollars U.S. per month for a company called GENERAL DEVELOPMENT in Florida. COOPERATING WITNESS stated that the other two groups are involved in commodities and that they were interested in doing equities.

KOTT stated that he also does commodities and financial futures and that he has his records documented by [REDACTED] which certify that for the past 17 months his company has earned 84 percent for its clients after deductions of sales commissions and expenses and 15 percent of gross for profit. KOTT stated that these facts were set forth in an ad that his company was running from Luxembourg.

COOPERATING WITNESS stated that his company also had meetings with [REDACTED] at which point KOTT interrupted stating that his company had the people. He stated that the group is named Bridgewater and that they are advisors to 800 million dollars. KOTT stated that Bridgewater was a very important name and that his company was tied up with them very closely. He stated that the record speaks for itself. KOTT stated that COOPERATING WITNESS could run an ad that people made 84 percent and that it could be documented. KOTT stated that his company was a member of the Luxembourg Stock Exchange. He stated that his company was very conservative, that for every dollar invested they will gross 60 to 70 percent.

COOPERATING WITNESS stated that "his Saudis" who are his principal shareholders, [REDACTED] have put them in touch with [REDACTED] in New York.

KOTT told COOPERATING WITNESS to forget about [REDACTED] that his company could make enough. KOTT stated he could show COOPERATING WITNESS what he has and that he could show COOPERATING WITNESS that everybody wants to tie up with his company under their financial futures. KOTT stated that his head trader won an award for making 5,000 percent over four months. KOTT stated that this was in a competition of all traders around the world and that that could be documented.

COOPERATING WITNESS

1/19/88

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Continuation of FD-302 of _____, On _____, Page _____

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COOPERATING WITNESS told KOTT that he was going to New York and Philadelphia the following Monday for some sessions and asked about the possibility of getting together with KOTT. COOPERATING WITNESS stated that one of his Saudis is coming to Washington and New York and was interested in selling some casino in Atlantic City. COOPERATING WITNESS stated that the guy in Philadelphia has been "flogging" it in Taipei, Hong Kong, and Manila, and is paying 32 percent commission. COOPERATING WITNESS stated that the guy in Atlantic City wanted COOPERATING WITNESS to see it.

KOTT told COOPERATING WITNESS he could get COOPERATING WITNESS his spread, that he had a little company, 26 percent of which is owned by HITACHI. KOTT stated that his company was in a joint venture with N.A. SEMI-CONDUCTORS, and was doing over a hundred million dollars in volume this year. KOTT stated the company had fifth generation software, a "who's who" of shareholders, and is listed on the NASDAQ selling at 45 cents. He stated they were recently written up in "Business Week" magazine, and that they sell to "Fortune 500" companies. KOTT stated that there was a lot of spread in this company. He stated that there were 22 market makers and that it would not be like 144 stock because it is free trading stock. KOTT stated that he had been around too long in the business and that this was the only thing he dealt in "up here". KOTT stated that he knew COOPERATING WITNESS did not want to come to "up here" (to Canada) but that COOPERATING WITNESS should not have a problem.

COOPERATING WITNESS told KOTT that when he got to New York he would call his lawyer and do some checking. KOTT asked COOPERATING WITNESS if he had a lawyer in Canada and COOPERATING WITNESS told him that he did not. KOTT asked what was the problem with [REDACTED] COOPERATING WITNESS told KOTT that that went back to Nassau when [REDACTED] was screwing around with gold certificates and had a newsletter. COOPERATING WITNESS told KOTT that he did not get involved with [REDACTED] and that that was the approximate time [REDACTED] was picked up in Mexico.

COOPERATING WITNESS

1/19/88

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Continuation of FD-302 of _____, On _____, Page _____

KOTT told COOPERATING WITNESS that [] had no problem in coming into Canada, and that [] had been in Montreal three months ago. COOPERATING WITNESS told KOTT he would call him from New York and that his lawyers had some friends in the [] who would check things for him.

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KOTT told COOPERATING WITNESS his son was in New York for the next two weeks and that if he wanted to he could meet with him in New York. He told COOPERATING WITNESS he could see his operation in New York. He stated that the company had four offices in New York, had 12 offices nationally and had 400 salesmen. KOTT told COOPERATING WITNESS he could meet with his son on Monday when he got to New York and that possibly they could travel together to Montreal. KOTT told COOPERATING WITNESS he would give COOPERATING WITNESS a pick of the stocks, that he had approximately 45 different deals to offer. KOTT then furnished COOPERATING WITNESS with telephone numbers where he could be reached in Canada, telephone number [] (home) and telephone number [] (weekends).

At this point the above conversation was terminated.

FEDERAL BUREAU OF INVESTIGATION

1/25/88

Date of transcription _____

At approximately 1:30 PM, a consensually monitored and recorded telephone call was placed from telephone number [redacted] in Newtown Square, Pa., to telephone number [redacted] in Montreal, Quebec, Canada, connecting [redacted] COOPERATING WITNESS, who was in California, with IRVING KOTT, who was in Canada.

COOPERATING WITNESS told KOTT that he would not be arriving in New York until the evening, and he asked KOTT if he would call his [redacted] and tell him that COOPERATING WITNESS would be contacting him the following morning. KOTT told COOPERATING WITNESS not to worry about that, and that he should call KOTT when he arrived in New York and that he would arrange everything for him.

At this point the conversation was terminated.

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1/25/88

Newtown Square, Pa.

PH 196A-2296 (NSRA)

Investigation on _____ at _____ File # _____

SA [redacted]

nmn

1/25/88

by _____ Date dictated _____

1

FEDERAL BUREAU OF INVESTIGATION

b6
b7cDate of transcription 2/1/88

COOPERATING WITNESS (CW) advised that on January 26, 1988 he had met with [REDACTED] [REDACTED] GREEN TREE SECURITIES CORPORATION, INVESTMENT BANKERS, 67 Broad Street, New York City, New York.

CW advised that he discussed his Hong Kong business with [REDACTED], and showed them various financial documents. He stated that this was a repeat of a discussion he had had with [REDACTED] IRVING KOTT one week earlier.

CW stated [REDACTED] told him that they had 12 offices in the United States and approximately 400 salesmen (broker/dealers). He stated that they told him that GREEN TREE SECURITIES would be expanding even more in the near future and was very active in Europe, although they had not yet expanded to Asia.

CW stated that they told him that GREEN TREE SECURITIES had substantial interests and dealings in Luxembourg, and that there were presently two or three companies which were ideally suited for CW needs in the Hong Kong markets. CW stated that from the conversation he had with [REDACTED] it was quite apparent to him that GREEN TREE SECURITIES was a large operation, making markets in several hundred different stocks. He stated that they told him they were presently bringing three to four new issues to market. CW stated that while he was at GREEN TREE SECURITIES, [REDACTED] IRVING KOTT, and that CW spoke to IRVING KOTT, telling him that he was impressed with GREEN TREE's operation and that it appeared his financial problems were solved. He stated that he told IRVING KOTT that when he got together with him they could make a deal. He stated that IRVING KOTT told him that the deal did not have to be done in New York.

CW stated that it was his evaluation of GREEN TREE SECURITIES that the company was "just on the line and wouldn't hesitate to step over".

(X)
FHS

Investigation on 1/27/88 at Newtown Square, Pennsylvania File # Philadelphia 196A-2296 (NSRA)
by SA [REDACTED] :acg Date dictated 1/29/88

FEDERAL BUREAU OF INVESTIGATION

1/21/88

Date of transcription _____

At approximately 3:20 PM, a consensually monitored and recorded telephone call was placed from telephone number [redacted] in Newtown Square, Pa., to telephone number [redacted] in Montreal, Quebec, Canada, connecting [redacted] COOPERATING WITNESS, who was in California, with IRVING KOTT, who was in Canada. b6 b7C

COOPERATING WITNESS told KOTT that he would be in New York on Monday, and would be meeting with a lawyer who would be checking on his possibility of traveling to Canada. KOTT told COOPERATING WITNESS that his son would be in New York also and asked COOPERATING WITNESS where he would be staying. After a discussion about hotels, during which COOPERATING WITNESS repeated his plans and his intentions of traveling to Canada, KOTT told COOPERATING WITNESS that he could find out what COOPERATING WITNESS'S status was concerning a trip into Canada "in a minute". KOTT told COOPERATING WITNESS to give him his birth date and everything and "I can call somebody in New York", who will pull the computer and check things. KOTT stated that there would be no problem as the other guy comes and goes all the time. COOPERATING WITNESS asked [redacted] to which KOTT replied "Yeah". COOPERATING WITNESS asked KOTT if he knew [redacted] (phonetic) or [redacted] (phonetic). KOTT stated that he did not know [redacted] [redacted] used to work for him.

COOPERATING WITNESS told KOTT that he had talked to his people in Hong Kong and to his people at the BCC Bank, and that he thought that he and KOTT had some business to do. KOTT stated that his company does a lot of business with BCC Bank. (X) [initials]

At this point the conversation was terminated.

1/21/88

Newtown Square, Pa.

PH 196A-2296 (NSRA)

Investigation on _____ at _____ File # _____

SA [redacted] :nmn

1/21/88

by _____ Date dictated _____

1

FEDERAL BUREAU OF INVESTIGATION

2/19/88

Date of transcription _____

At approximately 10:15 a.m., a consensually monitored and recorded telephone call was placed from telephone number [redacted] to telephone number [redacted] connecting SOURCE with [redacted]

SOURCE advised [redacted] that he would be in West Palm Beach on the following Wednesday and asked if he could get together with [redacted]. [redacted] advised that he was traveling to New York and would not be available. [redacted] then asked SOURCE if he had ever gotten in touch with "somebody in Luxembourg". SOURCE advised that he had spoken to a Mr. [redacted] but that he would still like to meet with [redacted] or with [redacted] (i.e. [redacted]).

[redacted] advised that the best way to work out an arrangement would be to deal through the people in Luxembourg. SOURCE stated that he understood that but that he would still prefer to speak to [redacted] or to [redacted] before making any arrangements. He advised [redacted] that he would re-contact him on Wednesday, either in Florida or in New York.

At this point the conversation was terminated.

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Investigation on 2/16/88 at Newtown Square, Pennsylvania File # Philadelphia 196A-2296(NSRA)
by SA [redacted] acg Date dictated 2/18/88

FEDERAL BUREAU OF INVESTIGATION

3/4/88

Date of transcription _____

At approximately 10:45 AM, a consensually monitored and recorded telephone call was placed to telephone number [redacted] from telephone number [redacted] connecting COOPERATING WITNESS, who was in Los Angeles, Calif., with an unknown female, who was in Montreal, Quebec, Canada.

The unknown female advised COOPERATING WITNESS that IRVING KOTT was out of town. COOPERATING WITNESS left a message for IRVING KOTT that he was leaving for Hong Kong that evening and asked for KOTT to call him. He then asked and received KOTT'S facsimile number, 514-288-4196, from the unknown female.

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Investigation on 3/1/88 at Newtown Square, Pa. File # PH 196A-2296 (NSRA)
by SA [redacted] nmj Date dictated 3/3/88 *SUB E*

FEDERAL BUREAU OF INVESTIGATION

2/29/88

Date of transcription _____

At approximately 4:15 PM, a consensually monitored and recorded telephone call was placed to telephone number [REDACTED] from telephone number [REDACTED] connecting COOPERATING WITNESS, who was in Los Angeles, Calif., with IRVING KOTT, who was in Montreal, Quebec, Canada.

COOPERATING WITNESS advised KOTT that he had gone to Seattle, but that "after some exercises", he decided he was not "going for it" (i.e., entering Canada via Vancouver). COOPERATING WITNESS told KOTT that he was doing a closing in Hong Kong, and was leaving for Hong Kong the following Monday for seven to eight days. He stated that thereafter he was going to London from which he would return to the United States. He stated that he had a portfolio management company, Asian-American Equities, which was doing very well in Hong Kong and that would soon be ready to do some placements. He requested KOTT to be a little patient with him, adding that he had just gotten another million into the capital structure. He further told KOTT that he had just gotten a broker dealer license and that the company was now in a position to do some serious business. He advised KOTT that he would call him from Hong Kong, and that they would thereafter set a schedule.

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KOTT told COOPERATING WITNESS that he was just on the verge of buying an existing bank in Grand Cayman which managed \$300 million. He stated they are in Latin America, Luxembourg, Grand Cayman, and the United States.

COOPERATING WITNESS advised KOTT that he had just gotten his unofficial approval for sponsorship in Korea.

KOTT advised COOPERATING WITNESS he had two underwritings which just came out and which were highly successful, both of which were up 40 or 50 percent. KOTT told COOPERATING WITNESS he did not care what COOPERATING WITNESS took, but that he would just like to break bread with him and do some business.

Investigation on 2/26/88 at Newtown Square, Pa. PH 196A-2296 (NSRA)
by SA [REDACTED] nmh File # (SUB-E)
Date dictated 2/29/88

COOPERATING WITNESS

2/26/88

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Continuation of FD-302 of _____, On _____, Page _____

COOPERATING WITNESS told KOTT he was going to have his schedule arranged on the following Monday, and that he would call KOTT on Monday and leave it with KOTT'S secretary.

KOTT stated that he was going to Vancouver on Monday at 5:00 PM, in connection with another underwriting that was coming out in the next ten days. He stated that it was a two and a half million dollar underwriting and that COOPERATING WITNESS could take whatever he wanted, from ten shares to a half million. He told COOPERATING WITNESS he would send him a prospectus for the underwriting in Hong Kong.

COOPERATING WITNESS asked KOTT when the bank was going to be done, and KOTT told him at the beginning of next week, in Grand Cayman. He told that the bank had been in business for 12 years, and that it had its own license and building. He stated that the bank is owned by different shareholders who have nothing to do with the United States or Canada.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/11/88

SOURCE placed a telephone call to IRVING KOTT on this date at approximately 10:30 a.m. to telephone number [REDACTED]. The telephone conversation was recorded utilizing a Morantz Recorder as the call was relayed through telephone number [REDACTED].

The following is a summary of that conversation:

SOURCE told KOTT that he was calling from Singapore and that he would be going to Hong Kong on the following day. SOURCE asked KOTT if he had received the thing that he had sent him because he wanted to bring KOTT up to date on what his company was doing. SOURCE advised that the reason he was doing this was so that when he came in for the meeting everything would be prepared.

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KOTT advised that he did receive a package from SOURCE and that he had a new issue breaking April 7th. KOTT told SOURCE that it was a winner and that it would open at a premium and that it is on NASDAQ. KOTT went on to state that it was quite a deal and that he could give SOURCE quite a bit of stock just to get his feet wet on this project and to see what SOURCE could do. SOURCE told KOTT that he liked the idea and that he would be going to Hong Kong for two days and then London for two days, and then he would return to New York. SOURCE asked KOTT if he, KOTT, could get SOURCE anything on the issue and send it out to his Hong Kong Office. KOTT told SOURCE that the prospectuses are being printed now and that they would be out on the following day. KOTT went on to say that when SOURCE returned that he will send all the prospectuses and all the pieces, everything that SOURCE would want on the new issue.

KOTT told SOURCE that he also has another issue for SOURCE which would be a telephone deal that is on the NASDAQ and that they are doing very well with. KOTT stated that the stock has moved from 1 1/2 to 2 3/8, bid, in the last two weeks and it should be going much higher. SOURCE told KOTT that he was anxiously waiting to sit down with him and work out the formulas. KOTT told SOURCE that he is ready for him and that he noticed that he had his license approved in February. SOURCE told KOTT that that was

Investigation on 3/8/88 at Newtown Square, Pennsylvania File # Philadelphia 196A-2296(NSRA)
by SA [REDACTED] acg Date dictated 3/9/88

PH 196A-2296

SOURCE

3/8/88

2

Continuation of FD-302 of _____, On _____, Page _____

correct and that he now needs good counseling where he should go from here. KOTT told SOURCE not to worry, that he would not lead him down the wrong path. SOURCE told him good, and that he would talk to KOTT from London and tell him what his schedule was from there. SOURCE stated that that would be fine and that after that they could meet.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/12/88

SOURCE placed a telephone call to IRVING KOTT on this date at approximately 3:00 p.m. to telephone number [redacted]. This telephone call was recorded utilizing a Morantz Recorder as the call was relayed through telephone number [redacted]. The following is a summary of that conversation:

When KOTT answered the telephone he told SOURCE that he had not left his office for two weeks. SOURCE explained that there was a delay in calling KOTT because SOURCE's mother had passed away. KOTT stated that no more explanation was needed.

SOURCE then stated that proceeding with his program with KOTT, SOURCE's guy told him not to go into Canada. SOURCE told KOTT that he was considering driving across the border in Vancouver. KOTT told SOURCE that that would be the easiest thing in the world. SOURCE told KOTT that he had just finished a deal in Vancouver and that one of his directors is Canadian in Vancouver, yet he is still not sure as to whether he should to into Canada but he would let KOTT know if he planned to do that. SOURCE then asked KOTT that assuming he could not go to Canada, where else in the world could they meet. KOTT told SOURCE that they would then meet somewhere in the states, but that he should find out first whether he was going to Canada. *gkx*

SOURCE told KOTT that he had told his people in Hong Kong that they would soon have some product to sell there. He told KOTT that the product must be able to stand due diligence. KOTT told SOURCE that he would not do it if it would not stand good due diligence. SOURCE told KOTT that the SAUDIES were just starting to buy and that his position for EARTHWARE shares the NASDAC company, in which he picked up 400,000 shares between \$1 and \$1.50, were beginning to sell. SOURCE told KOTT that he did not have anything else to sell at the moment.

KOTT told SOURCE that he had more product than he knew what to do with and SOURCE asked if it was over the counter or NASDAC. KOTT told SOURCE that was all NASDAC listed and had

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Investigation on 2/11/88 at Newtown Square, Pennsylvania File # Philadelphia 196A-2296(NSRA)
by SA [redacted]: acg Date dictated 2/11/88

PH 196A-2296

SOURCE

2/11/88

2

Continuation of FD-302 of _____, On _____, Page _____

earnings. He told SOURCE that he had everything for the stocks. KOTT also stated that he had prepared for SOURCE a review of the stocks from a guy who was quoted in Barrons. He told SOURCE that this guy's record shows 5,000 percent for four months and that that was quoted in Barrons. KOTT also stated that he had some pay telephone where the mark up was excellent on the stock and which was selling for \$3.00 per share. KOTT told SOURCE that he thought that it was going to have a dramatic move there and that he had lined up all the products for SOURCE and that SOURCE should take what he could sell and move slowly if he had to.

SOURCE told KOTT that he will talk to [REDACTED] (phonetic) tonight and see what can be done through [REDACTED] KOTT told SOURCE that he had his associate with him and that if necessary he would fly down to SOURCE and discuss business with him. SOURCE thought that was very good and the conversation was concluded.

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FEDERAL BUREAU OF INVESTIGATION

1/29/88

Date of transcription

SOURCE made a telephone call to IRVING KOTT on this date at approximately 11:20 a.m. to telephone number [REDACTED]. The telephone conversation was recorded utilizing a Morantz Recorder as it was being relayed through telephone number [REDACTED]. The following is a summary of that conversation:

SOURCE told KOTT that he was delighted with all the possibilities that had been discussed when he was talking to [REDACTED]. SOURCE also said that he had a session with [REDACTED] today and he is concerned about SOURCE going to Canada. SOURCE believes that there is still some leftover flack from [REDACTED] and this is the reason he is concerned about going to Canada. SOURCE told KOTT that he was going to meet with [REDACTED] again today.

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KOTT told SOURCE that he did not think there was a problem and that he could pull out any information regarding SOURCE from a computer. SOURCE suggested that KOTT ought to do that. KOTT told SOURCE that he would tell SOURCE if there is anything in the computer and that all SOURCE had to do is give him his full name, address, birth, and everything like that. SOURCE then gave KOTT his full name and address. KOTT told SOURCE that when you come into Canada at the border the authorities do not ask for any identification. KOTT went on to state that they do not ask for birth dates, they ask for nothing. KOTT stated that all you say to the border guards is whether you are there for business or for other reasons, and then the border guard will leave you through. KOTT reiterated that they do not look up anything at the borders and that SOURCE should believe him. He told SOURCE that he was not trying to get him in any trouble. SOURCE told KOTT that he would feel a lot better if KOTT would check through the computer.

KOTT told SOURCE that he was going to do that right now and that SOURCE was to give him his birth date which is the most important thing. SOURCE then gave KOTT his birth date. KOTT asked SOURCE if he was born in the United States and SOURCE told

Philadelphia

1/27/88

Newtown Square, Pennsylvania 196A-2296(NSRA)

Investigation on

SA

at

acg

File #

1/27/88

by

Date dictated

PH 196A-2296

SOURCE

1/27/88

2

Continuation of FD-302 of _____, On _____, Page _____

him that he was. KOTT told SOURCE to forget about everything concerning a fear to come into Canada because KOTT would take care of everything. KOTT told SOURCE that in Canada he would have no problems. KOTT then went on to state that he would call his man in New York who will punch it into the computer and then KOTT would relay that information onto SOURCE. KOTT interrupted the conversation to call his secretary, [REDACTED] and he told her to get [REDACTED] on the phone. KOTT then told SOURCE that he would get a hold of the guy and punch in the queue. SOURCE told KOTT that that would be great. KOTT told SOURCE that he did not care what [REDACTED] says and that if there was something wrong he would tell SOURCE not to come to Canada. KOTT then mentioned that the other guy comes in and out of the country. KOTT told SOURCE that SOURCE should get back to him later in the afternoon.

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FEDERAL BUREAU OF INVESTIGATION

4/6/88

Date of transcription _____

At approximately 2:45 PM, a telephone call was placed from [redacted] in Newtown Square, Pa., to telephone number [redacted] in Montreal, connecting COOPERATING WITNESS, who was in London, England, with IRVING KOTT. The call, which was consensually monitored and recorded, was as follows:

COOPERATING WITNESS asked KOTT if he had received the things that [redacted] had sent, and KOTT stated that he had received a package from a brokerage house in Hong Kong. COOPERATING WITNESS stated that he also had sent something else on the issues that "we were in". KOTT stated that he had not yet received that package.

COOPERATING WITNESS stated that he had made arrangements in Saudi and that the companies, shareholders, and directors were doing another one million dollar capitalization increase for the Hong Kong company so that they would soon be in a fairly good position. COOPERATING WITNESS stated he had discussed a possible joint venture with KOTT'S group if it could be worked out and that the Saudis were very positive to do something in that area.

b6
b7C

KOTT stated that his group was also in Luxembourg, and that they were soon opening in Paris, France with a bank operated by some Lebanese people, mentioning the names [redacted] (phonetic) and [redacted]. COOPERATING WITNESS stated that he knew a [redacted] as the operator of the Lebanese-French bank in France, who was a good friend. COOPERATING WITNESS stated that he also knows [redacted] adding that he is very substantial and that he was the representative for [redacted] in Beirut.

KOTT stated that that was with whom his group was involved and that those individuals were flying over to the United States to make an association with Greentree.

Investigation on 3/25/88 at Newtown Square, Pa. PH 196A-2296 (NSRA)
by SA [redacted] nmj File # (SUB E)
Date dictated 3/31/88

COOPERATING WITNESS

3/25/88

2 *

Continuation of FD-302 of _____

, On _____

, Page _____

COOPERATING WITNESS stated that he was going to be in London for a few more days to line up some brokers and was then returning to the United States. He stated that the first few days after Easter weekend he had meetings scheduled in Washington and New York. He asked KOTT when his new issues were coming out and KOTT responded that he had one COOPERATING WITNESS should not miss. KOTT stated that he was looking for four to five hundred percent gain on this issue. COOPERATING WITNESS asked about the size of the issue and KOTT told COOPERATING WITNESS he did not want COOPERATING WITNESS to worry about the size, he did not want him to take a lot of stock. He told COOPERATING WITNESS to take "just a small piece, just to taste it".

b6
b7C

COOPERATING WITNESS asked what was the stock and KOTT told him that it was a company called SMY (unintelligible), further describing it as what the United States is for manufacturing to put them into competition with the Japanese. He advised that companies such as AT & T, NORTHERN TELECOM, and [] are the type of people involved in the deal. KOTT told COOPERATING WITNESS that he had two companies similar to that and that he wanted to see COOPERATING WITNESS very soon. He described the new issue as over-subscribed but that he figured COOPERATING WITNESS would appear somewhere and that he had held back a few shares in the event COOPERATING WITNESS wanted them. He told COOPERATING WITNESS he could have the shares at the offering underwriting price.

COOPERATING WITNESS told KOTT that that would be a good start for his people and that he would advise KOTT as soon as he returned from London. He told KOTT that he would call him to set a definite schedule upon his return and that he would then be ready to do some business.

FEDERAL BUREAU OF INVESTIGATION

4/19/88

Date of transcription _____

At approximately 10:15 AM, a consensually monitored and recorded telephone call was placed from telephone number [redacted] in Newtown Square, Pa., to telephone number [redacted] in Montreal, Canada, connecting COOPERATING WITNESS, who was in Washington, D.C., with IRVING KOTT.

COOPERATING WITNESS advised KOTT that he was now back in the United States and was calling to see if he could get together with KOTT. He had stated that his managing director from the Hong Kong company, one [redacted] (phonetic), would be coming to the United States in one week.

b6
b7C

KOTT stated that he was ready to do business and that he had a new issue coming out on the 20th of the month which would open at a 40 to 50 percent premium. He told COOPERATING WITNESS that he should participate in the issue and identified it as "CYMM". KOTT stated that the issue had five shares and four warrants at \$5.00 a unit.

COOPERATING WITNESS asked KOTT if he could send him some information on it because he wanted to take a piece of it. KOTT told COOPERATING WITNESS to call his [redacted] at telephone number [redacted] [redacted] that he would take care of COOPERATING WITNESS. He told COOPERATING WITNESS that he would call his son first to tell him to expect COOPERATING WITNESS'S call. He told COOPERATING WITNESS that he had kept some of the issue aside for COOPERATING WITNESS because it is oversold at the present. He stated that his friend who is a partner on the bank in Paris is here (i.e., Canada), and that the brokerage firm is in operation in Luxembourg. KOTT told COOPERATING WITNESS that he wanted to meet with him, but COOPERATING WITNESS stated that he did not know when he would be free. KOTT could then be heard asking another individual at his, KOTT'S, end of the line when he was returning to Luxembourg and addressing this individual as [redacted] KOTT then stated to COOPERATING WITNESS that [redacted] would be with KOTT until the end of the month.

COOPERATING WITNESS told KOTT that he had several days work to do in New York in two weeks when [redacted] came to the United States.

~~COOPERATING WITNESS asked KOTT how his bank in Cayman was going and KOTT told him that he had everything rolling there.~~

Investigation on _____ at _____ File # _____
4/8/88 Newtown Square, Pa. PH 196A-2296 (NSRA)

by SA [redacted] nm Date dictated 4/13/88

FEDERAL BUREAU OF INVESTIGATION

4/19/88

Date of transcription _____

At approximately 10:25 AM, a consensually monitored and recorded telephone call was placed from telephone number [redacted] in Newtown Square, Pa., to telephone number [redacted] in Miami, Fla., area connecting COOPERATING WITNESS, who was in Washington, D.C., with [redacted]

COOPERATING WITNESS told [redacted] that he had just spoken to his [redacted] IRVING, [redacted] acknowledged that he was aware of this. COOPERATING WITNESS asked [redacted] about the issue which was coming out on the 20th and [redacted] stated that it was an issue named "CYMM" which would be sold at \$5.00 a unit, each unit being for common and two warrants. COOPERATING WITNESS stated that he wanted to get three or four prospectuses on the issue, requiring two or so for his Saudi friends and one for his Hong Kong office. COOPERATING WITNESS then furnished [redacted] with an address where the prospectuses could be sent. COOPERATING WITNESS then told [redacted] that he would be in New York the following week with his Hong Kong managing director [redacted] (phonetic) and with one of the Saudi's, and [redacted] stated that he would be sure to be there. COOPERATING WITNESS asked [redacted] how much of the CYMM stock was available and [redacted] stated that he did not know but that he would work backwards from the number COOPERATING WITNESS desired.

b6
b7c

Investigation on 4/8/88 at Newtown Square, Pa. File # PH 196A-2296 (NSRA)
by SA [redacted] :nmn Date dictated 4/13/88

FEDERAL BUREAU OF INVESTIGATION

4/26/88

Date of transcription _____

At approximately 2:45 PM, a consensually monitored and recorded telephone call was placed from telephone number [redacted] in Newtown Square, Pa., to telephone number [redacted] in Montreal, Canada, connecting COOPERATING WITNESS, who was in Beverly Hills, Calif., with IRVING KOTT.

COOPERATING WITNESS advised IRVING KOTT that he had spoken to his [redacted] and had received all the paperwork on Monday and had sent to Saudi. He told KOTT that he would let [redacted] know by the end of the day concerning his interest in purchasing the CYMM stock issue. He stated that he did not know how much the Saudi's would be taking but that [redacted] would let him know how much was available. He told KOTT that his managing general director from Hong Kong, [redacted] (phonetic), and one of the other directors were coming to New York the following week and would be there Wednesday, Thursday and Friday. He asked KOTT if it would be possible to meet with him in New York and KOTT stated that he would be available for such a meeting.

b6
b7C

Investigation on 4/14/88 at Newtown Square, Pa. File # PH 196A-2296 (NSRA)
by SA [redacted] :nmn Date dictated 4/20/88

FEDERAL BUREAU OF INVESTIGATION

4/25/88

Date of transcription _____

At approximately 4:25 PM. a consensually monitored and recorded telephone call was placed from telephone number [redacted] in Newtown Square, Pa. to telephone number [redacted] in New York City, N Y connecting COOPERATING WITNESS with MICHAEL KOTT.

COOPERATING WITNESS advised KOTT that he had received the prospectus sent to him by KOTT and had forwarded it to his friends in Saudi. He stated that he would be talking to his friend in Saudi later in the day and he asked KOTT when the stock issue was coming to market. KOTT advised that he was attempting to get all the money for the issue by the following Friday and COOPERATING WITNESS expressed surprise at the short deadline. He stated that he had to talk to his partners and would get back to KOTT. KOTT advised COOPERATING WITNESS that the absolute deadline would be the following Monday because they did not have much of the issue left. COOPERATING WITNESS indicated that he and his principals would probably take a "small piece" of the issue, possibly \$100,000 or \$200,000. KOTT told COOPERATING WITNESS he would figure it out and would get back to COOPERATING WITNESS.

b6
b7C

COOPERATING WITNESS asked KOTT if all the outstanding 9.3 million shares of the issue were owned by insiders and KOTT advised that they were and would be tied up for 18 months. COOPERATING WITNESS asked KOTT if this was an initial public offering and KOTT said no that a private placement had already occurred with the original insiders. COOPERATING WITNESS asked KOTT if there was any chance of picking up some of the inside issues at a discount and KOTT said that he had nothing to do with that because those shares were owned by the founders of the company. He asked COOPERATING WITNESS what he normally took as a discount on 144 stock and COOPERATING WITNESS stated that because this issue looked pretty good it would probably not be important. COOPERATING WITNESS told KOTT he would get him a commitment before the end of the following day.

Investigation on 4/13/88 at Newtown Square, Pa. File # PH 199A-2296 (NSRA)

by SA [redacted] nm Date dictated 4/19/88

PH 196A-2296

1

DATE: 2/26/88

TIME: 4:15 pm

UF:

[REDACTED]

UF:

[REDACTED]

UF:

[REDACTED]

UF:

IK:

[REDACTED]

IK:

[REDACTED]

IK:

[REDACTED]

IK:

[REDACTED]
IK-IRVING KOTT
UF-UNIDENTIFIED FEMALE
UI-UNINTELLIGIBLE

Good afternoon, 1013.

[REDACTED]

Hello?

Mr. Irving Kott please.

Who's calling?

[REDACTED]

One moment. (Pause) Just a
second.

Hello.

[REDACTED]

I thought you were dead already.

(Laughing) (UI) Irving, you haven't
given up on me have you?

Christ I hear from you, like you,
you appear like from the man from
the blue every once in a while.

[REDACTED]

Right.

196-2296-5563

PH 196A-2296

2

IK:

Right.

IK:

Right.

IK:

Right.

b6
b7C

[REDACTED]

IK:

All right because I'll tell you something we are ah, you know we're also just on the verge of closing, buying a ah, an existing bank in Hong Kong they manage \$300,000,000...

[REDACTED]

IK:

[REDACTED]
...I mean in Grand Cayman, excuse me.

[REDACTED]

IK:

[REDACTED]
Yeah.

[REDACTED]

IK:

[REDACTED]
Okay.

[REDACTED]

IK:

[REDACTED]
Well it's good, it's closing it's gonna close actually next week.

[REDACTED]

IK:

[REDACTED]
So you, you know we're in Latin America, we're in Luxembourg, we're in Grand Cayman we're in the States of course.

[REDACTED]

[REDACTED]

b6
b7C

IK:

[REDACTED]

IK:

[REDACTED]

IK:

[REDACTED]

IK:

[REDACTED]

IK:

[REDACTED]

IK:

[REDACTED]

IK:

Right.

[REDACTED]

We have two underwritings that have come out since then which are very successful, they're up about 40, 50 percent.

[REDACTED]

Yeah.

[REDACTED]

You have to take much, I don't care what you take, it's just the idea I'd like to break bread to do business.

[REDACTED]

Right.

[REDACTED]

I'm going to Vancouver on ah, Monday at 5:00 o'clock.

[REDACTED]

You know I'm telling you there's such, you know, I'm not kidding you

b6
b7C

but there's, there's such things
that we're doing here that we're
just getting in, there's another
underwriting coming through in the
next ten days I mean and they're,
they're increasing their sales tax
I can't, what can I tell you, I can
only tell you what we're doing.

[REDACTED]

IK:

[REDACTED]

It's a two and a half million
dollar underwriting. You can take
it, you can take from ten shares to
a half a million, I don't care, we
don't care what you do.

[REDACTED]

IK:

[REDACTED]

Well that's what I said. I can
send you the prospectus of it.

[REDACTED]

IK:

[REDACTED]

There's no problem send everything
down to me when you call on Monday
give me all the information I'll
send it out to you.

b6
b7C



IK:

The bank is done the beginning of the week.



IK:

No, no, Luxembourg is finished they're up, this is out of Grand Cayman separate entity completely.



IK:

No, no, no, no, we're doing it ourselves. The bank's been in business for ah, 12 years. It's got a license they own their own building. They're one of the (UI)...

b6
b7C



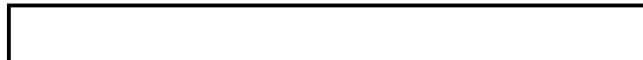
IK:

No, no, no, no, the ownership of the....



IK:

...bank is owned by ah, by, by different share holders which is got nothing to do with the U.S. or anything else like that (UI)...



PH 196A-2296

7

IK:

[REDACTED]

None whatsoever.

[REDACTED]

IK:

[REDACTED]

None whatsoever.

[REDACTED]

IK:

[REDACTED]

Okay so...

[REDACTED]

IK:

[REDACTED]

...I'm waiting for you.

All right there Irving...

IK:

[REDACTED]

Okay?

[REDACTED]

IK:

[REDACTED]

All right my friend.

[REDACTED]

IK:

[REDACTED]

Bye.

[REDACTED]

That was a call to telephone number
[REDACTED] in Montreal on
2/26/88, placed at approximately
4:15 pm.

b6
b7C

PH 196A-2296
1

DATE: 3/1/88
TIME: 10:45

b6
b7C

[REDACTED]
UF-UNKNOWN FEMALE
UI-UNINTELLIGIBLE

UF:

Good morning 1013.

[REDACTED]

Yes, Mr. Kott please.

UF:

I'm sorry he's not here, who's
calling?

[REDACTED]

[REDACTED]

UF:

I have no idea he's out of town
today.

[REDACTED]

[REDACTED]

UF:

I'll tell him you called though if
you leave me your number when he
calls me.

[REDACTED]

[REDACTED]

UF:

Yes.

[REDACTED]

[REDACTED]

UF:

Hm hmmm.

[REDACTED]

[REDACTED]

UF:

Yes we do. The area code is [REDACTED].

[REDACTED]

[REDACTED]

146-2293-5156
4

PH 196A-2296

2

UF:

[REDACTED]

UF:

[REDACTED]

UF:

[REDACTED]

UF:

[REDACTED]

UF:

[REDACTED]

UF:

[REDACTED]

UF:

[REDACTED]

UF:

[REDACTED]

...the FAX number is 288..

[REDACTED]

...4196.

[REDACTED]

Hm hmm.

[REDACTED]

Hm hmm.

[REDACTED]

Very good. Same area code?

[REDACTED]

Okay.

[REDACTED]

Right.

[REDACTED]

You're welcome.

[REDACTED]

The previous call was made by
[REDACTED] to Irving Kott at
telephone number [REDACTED] on
3/1/88, at approximately 10:45.

b6
b7C

④
R/K

SEARCHED	INDEXED
SERIALIZED	FILED
MAY 12 1988	
	ADELPHIA
	R/K

b6
b7C

196A-2296-5 (SUB G)

PH 196A-2296

1

DATE: 4/8/88

TIME: Approximately 10:15 A.M.

UF - UNIDENTIFIED FEMALE

IK - IRVING KOTT

UI - UNINTELLIGIBLE

(Special Agent)

UF:

(UI)

UF:

Hello?

UF:

Yes, Irving Kott please.

Whose calling please?

UF:

One moment.

IK:

Hello.

IK:

Hi

IK:

Hello Irving, how are you?

Fantastic.

IK:

Phenominal.

IK:

Good.

Ah Irving I'm back and I wanted to ah...see what
ah...you're time looked like. I have our managing

(phonetic) coming in a (CLEARS
THROAT) week from today.

IK:

Right.

b6
b7C

[redacted]

IK:

[redacted]

[redacted] I'm ready but...I have a new issue coming out on the twentieth you should participate. It'll open up forty...fifty percent premium.

[redacted]

IK:

[redacted]

Yup.

[redacted]

IK:

[redacted]

It's a Sim (phonetic). It's a...it's with Schlumber-Jack (phonetic) I can send you the prospectus. It's no problem. It's coming out. It's five dollars. It's got four shares and two warrants.

b6
b7C

[redacted]

IK:

[redacted]

Five dollars a unit consists of four shares and two warrants.

[redacted]

[redacted]

IK:

Okay...hold it...can you do me a favor?

[redacted]

[redacted]

IK:

Could you call [redacted]

[redacted]

[redacted]

IK:

I'd like to do 3...0...5.

[redacted]

[redacted]

IK:

[redacted]

[redacted]

[redacted]

IK:

[redacted]

[redacted]

IK:

And I'll tell him you're calling him right away because it's way oversold.

[REDACTED]

[REDACTED]

IK:

And I kept a bid for you now I got my guy...you know I told you about my friend...ah who's ah...going partners with these people. He gave me the name in Paris...right?

[REDACTED]

[REDACTED]

IK:

Yeah he's here and the brokerage firm is in operation in ah...in ah...in ah...in ah...in Luxembourg and he's in town so I'd like you to meet up with him.

b6
b7C

[REDACTED]

[REDACTED]

IK:

That's okay. (SPOKEN TO SOMEONE ASIDE: [REDACTED] when are you going back to Luxembourg?) Oh he's here til the end of the month.

[REDACTED]

[REDACTED]

IK:

Right.

[REDACTED]

[REDACTED]

IK:

Okay. Alright but this...this one here you got to...you remember I said I don't care if you take twenty...(UI)...fifty...whatever you want. I don't give a shit. But I want you to get a taste with us.

PH 196A-2296

4

[REDACTED]

[REDACTED]

IK:

I will send you but you got to tell me what you want.

[REDACTED]

you don't have to take a lot of stuff.

[REDACTED]

[REDACTED]

IK:

A small little piece. Take a small piece to try.

[REDACTED]

[REDACTED]

IK:

Okay. What I'm gonna do...call [REDACTED] in five minutes
I'm going to tell him you're calling him.

[REDACTED]

[REDACTED]

IK:

Fan...everything's going. I got everything rolling here.

[REDACTED]

[REDACTED]

IK:

Yeah.

[REDACTED]

[REDACTED]

IK:

Okay.

[REDACTED]

[REDACTED]

IK:

Yeah. Sure. He'll send you down a bunch of them.

[REDACTED]

[REDACTED]

IK:

Okay?

[REDACTED]

Very good Irving.

IK:

Bye.

[REDACTED]

[REDACTED]

(END OF CONVERSATION)

[REDACTED]

Previous call was made by [REDACTED] to Irving

PH 196A-2296
5

Kott at telephone number on April 8, 1988
at approximately 10:15 A.M.

b6
b7C

PH 196A-2296 SUB G

1

DATE: 3/25/88

TIME: 2:45 PM

TELEPHONE: [REDACTED]

UF - UNKNOWN FEMALE

IK - IRVING KOTT

UI - UNINTELLIGIBLE

UF: 1013.

[REDACTED]

Yes, eh. . .Irving

UF:

[REDACTED]

[REDACTED]

(Coughs) Pardon me Irving Kott please.

UF:

Whose calling?

[REDACTED]

[REDACTED]

UF:

Hold, hold on a second.

IK:

Hello.

[REDACTED]:

[REDACTED]

IK:

Hi

[REDACTED]

[REDACTED]

Hello Irving, how are you?

IK:

Very good, excellent.

[REDACTED]

[REDACTED]

IK:

Yup.

[REDACTED]

[REDACTED]

IK:

I got these things through the brokerage office in Hong

b6
b7C

PH 196A-2296

2

Kong in that, that stuff you sent me.

[REDACTED]

[REDACTED]

IK:

I did not get them.

[REDACTED]

[REDACTED]

IK:

Well I haven't got. . .

[REDACTED]

[REDACTED]

IK:

Right.

[REDACTED]

[REDACTED]

b6
b7C

IK:

Okay. Well [REDACTED] listen, you know, we're. . .hello.

[REDACTED]

[REDACTED]

IK:

Okay. We're also, you know, in Luxemburg ehh, and uhh,
uhhh, ya know, business and we're opening up in France
in Paris with a bank over there.

[REDACTED]

[REDACTED]

IK:

Yeah, the people are Lebanese people that, that
ehh. . .they're involved with.

[REDACTED]

IK:

[REDACTED]
What's his name (UI-TURNS TO TALK TO SOMEONE IN
BACKGROUND [REDACTED] phonetic). [REDACTED]

[REDACTED]

[REDACTED]

IK:

[REDACTED]
Because [REDACTED] phonetic) who has the Lebanese
French Bank there is a good friend.

[REDACTED]

[REDACTED]

IK:

[REDACTED] I dont' know any of these names. I'm
here with somebody.

[REDACTED]

[REDACTED]

IK:

Yeah.

[REDACTED]

[REDACTED]

IK:

Well that, these are the people that ehh my friend here
whose associate with his involvement. That's who were
involved . . .

[REDACTED]

[REDACTED]

IK:

Yeah, well that's who we're involved with.

(UI - BOTH SPEAKING AT SAME TIME)

IK:

They're flying over to ehh, make an association with ehh,
Green Tree.

[REDACTED]

[REDACTED]

b6
b7C

PH 196A-2296

4

IK:

Okay, so I'm just telling you. . .

[REDACTED]

[REDACTED]

IK:

Right.

[REDACTED]

[REDACTED]

IK:

Right.

[REDACTED]

[REDACTED]

IK:

Right.

[REDACTED]

[REDACTED]

IK:

We have one breaking. You should not miss this one on the tenth. I'm looking for four to five hundred percent gain on this one here.

[REDACTED]

[REDACTED]

IK:

Yeah and you shouldn't miss it.

[REDACTED]

[REDACTED]

IK:

It's a three. . .No, you can even take a hundred, take a small, just to taste it. I don't want you to take alot of stock. Take a little bit.

[REDACTED]

[REDACTED]

b6
b7C

IK: Take fifty, a hundred. I don't care what you take. Just, just to, just to taste the, the issue.

[REDACTED]

[REDACTED]

IK: You know I, I want you to meet these people. You'll meet the ehh, ehh, ehh, ehh, my man over here is with me from Luxemburg and ehh, you can meet him, and. . .

[REDACTED]

[REDACTED]

IK: . . .you'll see them. He is the one who has the association and the friendship where they're opening up in Paris.

[REDACTED]

[REDACTED]

IK: So, so I want you to meet, I just want you to take a small piece just to feel it. I don't want nothing much.

[REDACTED]

[REDACTED]

IK: You know [REDACTED] you start slow. Don't start ehhe, don't come to me and say Irving I'll take ten thousand for the (UI), five and quarter is four shares and two warrants, an A and B warrant. So you say. . .

[REDACTED]:

[REDACTED]

IK: . . .I'll take ten thousand units and twenty thousand units is the most you should take. You shouldn't take any more. You know. . .

[REDACTED]

[REDACTED]

IK: . . .which company. . .

[redacted]

IK:

Irving which company is it?

It's a company called SIM, it's computer inter. . .it's what, it's what the United States is for manufacturing to put them into competition and it's there with the, against the Japanese. And it's [redacted] (phonetic), it's umm AT&T, Northern Telecom, these are. [redacted] is, these are the type of people. It's all over, these are the people involved. This is not garbage deals.

[redacted]

IK:

[redacted]
Well, I, I wouldn't get involved unless it's . . .

[redacted]

IK:

[redacted]
Well that's what I got. I got two like that I gotta see you. This one here, the reason I'm telling you, there, there's one that's coming that's way, way over sold. It's way, way over subscribed. I know it's going to open the premium. But I always, you know, I figured it would appear somewhere. I kept a few shares, you know, they always keep back a few shares then I have some for me so that if anybody wants them, here I got them. I'm not. . .I say here take me at the offering and underwriting price and good luck.

[redacted]

IK:

[redacted]

So. . .

[redacted]

[redacted]

b6
b7C

PH 196A-2296

7

IK:

[REDACTED]
Okay my friend.

[REDACTED]

[REDACTED]

b6
b7C

IK:

Okay [REDACTED]

[REDACTED]

[REDACTED]

IK:

Okay, I look forward to seeing you.

[REDACTED]

[REDACTED]

IK:

Okay. Bye.

[REDACTED]

SA [REDACTED]

[REDACTED]

That was a call to telephone number [REDACTED] on
March 25, 1988 placed at approximately 2:45 PM.

(END OF CONVERSATION)

Q
FK

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MAY 12 1988	
ELPHIA	

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196A-2296-6 (SUB G)

PH 196A-2296

2

[REDACTED]

Good. I just talked to Irving. Did he reach you?

[REDACTED]

(ON OTHER PHONE) (UNINTELLIGIBLE) .

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

196A-2296 (SUB G) - 8 JFR

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MAY 5 1988	
FBI - PHILADELPHIA	

JFR

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PH 196A-2296

1

#16

DATE: 4/14/88

TIME: 2:45 PM

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UF-UNIDENTIFIED FEMALE

IK-IRVING KOTT

UI-UNINTELLIGIBLE

UF:

Good afternoon 1013.

UF:

Hello?

UF:

Yes, Irving Kott please.

Who's calling please?

UF:

One moment please.

IK:

Hello.

IK:

Hi

Hi Irving, how are you?

IK:

Fine, yourself?

IK:

Good my friend.

IK:

Right.

IK:

Right.

PH 196A-2296

2

IK:

Right.

IK:

Right.

IK:

Okay.

IK:

Right.

IK:

Right.

IK:

I'll be here or New York, I'll be
somewhere...

IK:

...you can always reach me here.

IK:

You can always reach me here.

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3

[Redacted]

IK:

[Redacted]

IK:

[Redacted]

IK:

[Redacted]

IK:

[Redacted]

IK:

[Redacted]

IK:

[Redacted]

IK:

[Redacted]

IK:

[Redacted]

[Redacted]

Hundred percent.

[Redacted]

Right.

[Redacted]

We'll, we'll (UI)...

[Redacted]

No problem.

[Redacted]

Okay my friend.

[Redacted]

Okay my friend.

[Redacted]

Right.

Good Irving.

Bye.

[Redacted]

The previous call was made by

[Redacted] to Irving Kott at

telephone number [Redacted] on

4/14/88, at approximately 2:45 pm.

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FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1260588-0

Total Deleted Page(s) = 7
Page 48 ~ Referral/Consult;
Page 174 ~ Referral/Consult;
Page 175 ~ Referral/Consult;
Page 176 ~ Referral/Consult;
Page 275 ~ Referral/Consult;
Page 276 ~ Referral/Consult;
Page 277 ~ Referral/Consult;

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FM PHILADELPHIA (196A-NEW) (NSRA) (P)

TO DIRECTOR ROUTINE

BT

U N C L A S

ATTENTION: SUPERVISORY SPECIAL AGENT (SSA)

FINANCIAL CRIMES UNIT; UNDERCOVER AND SELECTIVE OPERATIONS UNIT.

SCAMMONIA; FBW; MF; ITSP; (OO: PHILADELPHIA);

FOR INFORMATION OF THE BUREAU, ON DECEMBER 22, 1987,
PHILADELPHIA'S UNDERCOVER REVIEW COMMITTEE, WITH CONCURRENCE OF
SAC, APPROVED A PROPOSAL TO ESTABLISH CAPTIONED MATTER AS
DIRECTLY FUNDED GROUP II UNDERCOVER OPERATION (UCO) IN AMOUNT OF

UCO PROPOSAL, WHICH IS BEING FURNISHED TO THE BUREAU UNDER
SEPARATE COVER, OUTLINES AN INVESTIGATION WHICH WILL BE DIRECTED
AT THE ACTIVITIES OF ILLEGAL STOCK MANIPULATORS IN THE UNITED
STATES. SPECIFIC INDIVIDUALS TO BE INVESTIGATED ARE:

(196A-NEW) (NSRA)

JH: Lps
(1) Lps

Note changes on page 2

Star
SN

TELETYPE
APPROVED: <i>WGD/KS</i>
TRANSMITTED: <i>115 2253</i> (no.)(time)
PER: <i>Qd</i> <i>12/23/87</i>

196A-22961
12/24/87

357/0009

12/23/87

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^PAGE TWO, PH 196A-NEW, U N C L A S

[] A FORMER SUBJECT OF INVESTIGATIONS BY THE NEW YORK OFFICE AND BOSTON, WHO IS NOW ALLEGEDLY OPERATING IN NEW YORK, MONTREAL, AND LONDON [] IS ALSO AN ALLEGED ASSOCIATE OF NEW YORK OC —FAMILIES); IRVING ^KCOTT, A CANADIAN LIVING IN MONTREAL, FOR WHOM THERE IS AN OUTSTANDING WARRANT ISSUED BY THE NETHERLANDS CHARGING COTT WITH STOCK FRAUDS IN EXCESS OF ONE HUNDRED SIXTY MILLION DOLLARS; AND OTHERS YET TO BE IDENTIFIED.

UCO HAS A COOPERATING WITNESS (CW), WHO HAS [] — [] AND ^KCOTT FOR SEVERAL YEARS, AND WHO WILL INTRODUCE UCAS TO THEM AS HIS ASSOCIATES. UCAS WITH NEGOTIATE — WITH [] AND ^KCOTT TO USE THEIR ARTIFICIALLY VALUED STOCK SHARES AS COLLATERAL FOR BANK LOANS TO UCO'S COMPANY. UCO'S COMPANY AND UCAS WILL INCUR NO CIVIL LIABILITY AT ANY STAGE OF UCO DEALINGS WITH SUBJECTS.

— UCAS WILL ALSO ENDEAVOR TO MEET WITH ^KCOTT IN THE UNITED STATES AND THEREAFTER EFFECT HIS PROVISIONAL ARREST PURSUANT TO AN OUTSTANDING REQUEST BY THE NETHERLANDS TO OFFICE OF INTERNATIONAL AFFAIRS, UNITED STATES DEPARTMENT OF JUSTICE.

UCO WILL, THROUGH CW'S INTRODUCTIONS, TARGET OTHER INDIVIDUALS INVOLVED IN STOCK MANIPULATION INCLUDING AUTHORS OF

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^PAGE THREE, PH 196A-NEW, U N C L A S

NEWSLETTERS WHO, FOR CASH FEES OR STOCK SHARES, PROMOTE THE
ARTIFICIAL INFLATION OF STOCK VALUES BY FURNISHING UNBASED AND
FRAUDULENT FINANCIAL ANALYSES AND REVIEWS.

THE BUREAU IS REQUESTED TO APPROVE [] DIRECT FUNDING
IN THIS MATTER. IF APPROVED, IT IS FURTHER REQUESTED THAT FUNDS
BE WIRE TRANSFERRED TO: FIDELITY BANK, WIRE TRANSFER DEPARTMENT,
BROAD AND WALNUT STREETS, PHILADELPHIA, PENNSYLVANIA, ATTENTION:
[] INDEPENDENCE OFFICE, SIXTH
AND MARKET STREETS, PHILADELPHIA, PENNSYLVANIA, ROUTING NUMBER
03100503.

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FEDERAL BUREAU OF INVESTIGATION

12/8/87

Date of transcription _____

Cooperative Witness (CW) furnished the following information.

When IRVING KOTT comes to New York it is usually unexpectedly and he rarely tells anyone that he is traveling to New York City (NYC). Once KOTT is in NYC he does make contact with people including CW at times. KOTT usually stays at the PLAZA ANTHONY HOTEL located at 61st Street off Madison Avenue. He is driven around New York by an ex New York police officer who drives him in a limousine. When he travels to NYC he uses the Eastern Shuttle which flies from Montreal to NYC. When KOTT comes into NYC he usually is accompanied by approximately ten other people and when they go to the PLAZA ANTHONY HOTEL all the employees at the PLAZA ANTHONY know who KOTT is. CW believes that KOTT is worth approximately \$63 million dollars. When KOTT eats in NYC he usually eats at Tre Scallini, located on East Side Park in NYC.

KOTT normally visits GREEN TREE SECURITIES located in an office building on the 22nd floor at 61 or 65 Broadway. KOTT has a front man that he uses in the States and his name is [redacted] who is Pakistani who travels on a Greek Passport and who is currently in Luxembourg. NAZZERELLI has a residence in Vancouver and in North Jersey where he has some family.

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The chief executive officer of GREEN TREE SECURITIES is [redacted] of IRVING KOTT. [redacted] of GREEN TREE SECURITIES. [redacted] separated herself from GREEN TREE SECURITIES because the United States Securities Exchange Commission (SEC) was looking at [redacted] for possible violations and she wanted to avoid scrutiny of GREEN TREE SECURITIES by the SEC. [redacted] is still running the show at GREEN TREE SECURITIES because [redacted] does not have the intellect to actually run a security brokerage company. IRVING KOTT has a daughter in Detroit who is married to a doctor. IRVING KOTT also has another son whose name is IAN who owns a chain of men's clothing stores in Montreal and East Canada. CW

Investigation on 12/4/87 at Neshaminy, Pennsylvania File # Philadelphia 196A-NEW (NSRA)
by SAs [redacted] acg Date dictated 12/7/87
2296

PH 196A-NEW

COOPERATIVE WITNESS

12/4/87

Continuation of FD-302 of _____

On _____

Page 2

was told by IRVING KOTT that he and his [] were responsible for smuggling illegal drugs into Tampa, Florida. CW was told that by KOTT in August 1987. KOTT is married and his [] and she lives with KOTT in Montreal, Canada. KOTT also has a mistress whose name is [] and she lives approximately one block away from KOTT in Montreal, Canada, and travels with him whenever he comes to NYC. b6 b7C

CW has also met [First Name Unknown <FNU>] [] (phonetic) who was KOTT's [] for the stock brokerage company that KOTT was involved in in Amsterdam and who is currently working for KOTT in Montreal. CW believes that [] is wanted by Amsterdam authorities and he currently resides in Montreal and has opened a []. KOTT has also met [] who was also involved in KOTT's illegal dealings in Amsterdam. CW believes that [] was arrested by Netherlands authorities but he was released.

CW knows that KOTT owns millions of shares of stock in a company known as INFERGENE (phonetic) located in San Francisco, which trades on the NASDEC Exchange and which began selling at \$3 or \$4 a share but is currently at \$3/8 per share.

CW has recently been in telephonic contact with [] who is interested in opening a phone room in the Philadelphia area. CW expects to meet [] within the next week or two in the Princeton area. CW expects to show [] areas where he can set up a phone room and he will report back following that contact with [].

CW also has learned that [] will be coming from Europe into the United States in January. [] is currently living in Cannes, France, and he has a main office in Milan. [] has 13 phone rooms hyping stocks all over Europe including phone rooms in England and Dublin, Ireland.

CW has also learned that [] has a phone room in Marbella, Spain, which is currently not active. [] wants CW, [] to reopen a phone room in Marbella, Spain, for him.

memorandum

DATE:

11/10/87

REPLY TO
ATTN OF:

SA [REDACTED]

SUBJECT:

SCAMMONIA

TO:

SAC, 196A-NEW (NSRA) (P)

1. PURPOSE: Authority is requested to establish a directly-funded Group II White Collar Crime Undercover Operation to be conducted in the Philadelphia Division by the Newtown Square Resident Agency for a period of six months at a total budgeted cost of [REDACTED] Proposed UCO title would be code named "SCAMMONIA" [REDACTED]

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2. OBJECTIVES OF THE UCO: The proposed UCO will be directed to investigate a fraudulent situation wherein a Bureau cooperating witness has had dealings with [REDACTED] IRVING KOTT, and others who have been involved in artificially raising the value of corporate stock, setting up "boiler room" operations and selling those stocks to unsuspecting clients. The cooperating witness is aware of the procedures followed in the past for such a fraud and the involvement that organized crime has had in this type of operation.

With the cooperation of the cooperating witness who has gained credibility as a person knowledgeable in stock manipulations, access to [REDACTED] KOTT, and others will be attained by UCA as an associate of the cooperating witness. KOTT already is a fugitive from The Netherlands for financial crimes and is currently living in Canada. Cooperating witness has met with KOTT on several occasions whereupon they talked about going into business together. Cooperating witness also stated that [REDACTED] and KOTT would furnish fraudulent securities, for an example, stocks with artificially stated value, to be used to bolster the assets in a financial statement in order that loans could be obtained on the basis of the financial statement. UCAs will attempt through contacts with [REDACTED] KOTT, and others to identify persons involved in this type of fraudulent activity and establish a situation whereby successful prosecution could be made of these subjects.

② 196A-NEW (NSRA)

JEF/nmn
(2) *nmn*

196A-2296-8

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OPTIONAL FORM NO. 10
(REV. 1-80)
GSA FPMR (41 CFR) 101-11.6
5010-114

☆ GPO : 1985 O - 490-498 (9)

6. INFORMANT/SOURCES/COOPERATING WITNESSES:

The UCO intends using the cooperating witness, [] as the main source. [] has met with the targets of the UCO and is familiar with their fraudulent activities. Also, available, if necessary, are two symbolized informants [] both of whom have contributed extensively to prior UCOs worked by the NSRA. Both symbolized sources have been approved by the Bureau's Criminal Undercover Operations Review Committee for use in prior investigations and have made significant reliable contributions to those matters. Their proposed role in the UCO, as has been the case in the past, will be to lend credibility to the UCO by assisting with their expertise in specific business fields. Throughout their involvement, however, their participation will be carefully directed and monitored by the agents who operate them. No service contracts are required and no special authorizations are anticipated for these sources.

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7. RESOURCES AVAILABLE: The two NSRA agents will utilize the following false identities during the UCO:

SA []
SA []

Business fronts available to UCAs are: Westtown Limited and Flanders Group, Inc.

These companies have been legally incorporated in the Commonwealth of Pennsylvania and are available to UCAs as business reference for back-stopping purposes. The specific business purpose for each is financial consulting. No leases, contracts will be required for either these front organizations. It is anticipated that an exemption may be needed to open a checking account in order to pay bills resulting from the UCO.

PH 196A-NEW

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8. FINANCIAL CONSIDERATIONS: It is anticipated that the major expenses to be incurred during the UCO will be those connected with the travel, food, lodging, entertainment, vehicle rental, and operation, etc., of UCAs, cooperating witness, and subjects.

A directly-funded budget in the amount of for the period of six months is as follows:

ANTICIPATED EXPENSE

AMOUNT

- Telephone lines for use at UCAs' homes and for remote call forwarding; extensive long-distance use anticipated
- UCA travel, food, lodging, entertainment (anticipated as necessary when UCAs are required to meet with subjects)
- UC automobile rental (two vehicles - for UCA use. Confiscated cars will be obtained from the PH Division when they are available)
- UC vehicle expenses (gas, oil, etc.)

- Miscellaneous expenses (tolls, postal service, etc.)

500.00

TOTAL:

PH 196A-NEW

9. GROUP I FEASIBILITY: There is a potential that this UCO will meet Bureau requirements for conversion to Group I status. This potential will be evaluated once the UCO is underway and results can be documented.

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10. U.S. ATTORNEY'S OPINION: Captioned Group II has been discussed with U.S. Attorney EDWARD DENNIS and Assistant U.S. Attorney (AUSA) [REDACTED] Eastern District of Pennsylvania (EDPA). USA DENNIS is committed to the undercover approach to sophisticated White Collar Crime and has pledged his support to provide experienced members of his staff to handle prosecution. USA DENNIS foresees no entrapment regarding captioned matter.

memorandum

DATE: 1/4/88
 REPLY TO
 ATTN OF: SA [redacted]
 SUBJECT: SCAMMONIA
 TO: SAC (196-NEW)

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Re: Memo of SA [redacted] 11/10/87 (attached).

On 12/22/87 the PH Undercover Review Committee (URC), consisting of ASACs MONTGOMERY and LEARY, SSAs [redacted] and SAs [redacted] met to discuss attached proposal. SSRA [redacted] and SA [redacted] case agent, appeared to explain the UCO.

I. BACKGROUND

SA [redacted] said the UCO was a spin-off from a previous NSRA UCO. He said the targets are well documented con men whose predisposition to WCC is known through available intelligence and through discussion with CW and two informants.

II. DISCUSSION

One target, IRVING KOTT, is a fugitive from the Netherlands who has avoided extradition because, as a Canadian citizen, residing in Canada, he is not susceptible to third country process. The UCO envisions luring KOTT to the U.S. after we obtain our own process for KOTT. Once apprehended, he would then be extradicted directly to Holland.

SSA [redacted] said liability would be minimized because

- ① 196-NEW
 1 - 92-4258 Sub A
 1 - PLA
 1 - ASAC ROSS

JRT:kag
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12/22/87

no stock would ever be sold. The UCO would go right up to the brink of selling stock and stop short. In that way no bogus paper generated by the UCO could land in the hands of the innocent public.

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SA [] explained that he anticipated acting as a UCA and acting as the bookkeeper for the UCO. Since there is no other accountant in NSRA and since the proposal could easily wind up as a time consuming Group I, it was felt that SA [] should play only one role, not two.

III. DELIBERATION

The URC agreed that the only exemption for this Group II proposal is the authorization to deposit appropriated funds in a commercial bank and to operate a checking account. The URC also found that:

- A. The investigative activity is warranted under AG Guidelines;
- B. The UCO appears to be an effective means of obtaining evidence based upon the analysis of previous investigations (see page 2, attached memo);
- C. The UCO will be conducted with minimal intrusion consistent with the need to collect evidence in a timely and effective manner;
- D. The utilization of CW and any informants will be consistent with AG Guidelines;
- E. There is no present expectation of sensitive circumstances or fiscal circumstances (AG Guidelines, paras. A and B) arising.

IV. RECOMMENDATION

The URC unanimously agreed to recommend that the SAC approve the Group II proposal as submitted with the caveat that the accountant for the proposal should not be an active UCA.

PH 196A-NEW

system. The customers which the "boiler room" operation would be selling to would be Europeans but the calls would come from the United States.

The cooperating witness has also met with IRVING KOTT who is a fugitive from The Netherlands for financial securities violations there and who is currently living in Canada. Though the fugitive status of KOTT has been confirmed by [] it is unknown why Canada has not extradited him to The Netherlands but the reasons may lie in the extradition treaty between Canada and The Netherlands.

5. MANPOWER: The UCO will use as its manpower pool two Special Agents in the NSRA who have a total of 39 years experience in the Bureau. Both have been closely associated with prior Group I and II UCOs in this division and have served in various UCA capacities in the past six and one half years. One has attended the Bureau's Undercover Seminar and one is an experienced accountant thoroughly familiar with UCO requirements in that area. SAs who will be assigned the UCO include:

SA [] will work as the primary UCA. SA [] will also act as the case accountant. Assignments in this matter will be of the highest priorities and once the case is underway, SA [] will be assigned to this case on a full-time basis.

SA [] will function as the administrative case agent and alternate UCA. Assignments in this matter will be of the highest priorities, however, his services will be available to other cases as needed.

3. PRIOR INVESTIGATION/CONVENTIONAL INVESTIGATIVE TECHNIQUES: Traditional methods of investigating cases of this type typically result in the identification of the fraudulent operation once money has been lost by unsuspecting investors resulting in the subjects having amassed millions of dollars in fraudulent profits. Also, the fraudulent operation usually has closed down so that the subjects can move to a different territory to continue their activity. Rarely are the organized crime ties uncovered and successful prosecution attained. Using an undercover scenario whereby the UCA will be aware of all the aspects of the organization and participants of a fraudulent operation prior to its inception, wire fraud, conspiracy, and mail fraud cases can be made without losses to unsuspecting investors. Also with an undercover operation there should be a significant reduction in the amount of agent work hours necessary to bring about a successful prosecution in a case of this type.

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4. BACKGROUND INFORMANTS/CRIME PROBLEM: According to the cooperating witness [] and IRVING KOTT have conducted fraudulent operations as explained above in Europe and the U.S. These operations if conducted in the United States would include Interstate Transportation of Stolen Property of Falsely Made, Forged, Altered Securities, Wire Fraud, Mail Fraud and other securities violations. With the undercover operation, there is a potential that Bank Fraud and Embezzlement and RICO cases also could be developed against the subjects.

Both [] and KOTT have met with the Bureau cooperating witness and they would like to expand their operations using the cooperating witness [] operation in the United States. [] has told cooperating witness that he would furnish some of the money needed to set up such an operation. [] who is from New York, has organized crime ties there, who are responsible for providing the artificially priced corporate stocks which would be sold by the []. The organized crime members share in the profits from the sales of these stocks. [] would like the cooperating witness to set up a telephone sales office in the Eastern District of Pennsylvania (EDPA) because he has had difficulty with the European telephone

that is not registered for sale with the Securities & Exchange Commission. But Uncle Sam's securities laws extend only as far as his borders. Here's what Bruckman did: Acting as a broker/dealer, he sold restricted stock to European dealers for, say, 40% of the U.S.-quoted price. The dealers marked up the shares—maybe to 60% of the U.S.-quoted price—and sold them to individuals. Restrictions on the shares could come off after nine months to two years overseas, and the shares resold in the U.S. markets. But if the company went to pot in the meantime, too bad for the European investor.

Although the Chartwell operation is now grounded (by action of Swiss and German authorities), Tommy Quinn is a dealmaker with alternatives. He was seen last year in New Mexico, where he was working on a deal to open greyhound racing on an Indian reservation. The racing may well be an outgrowth of his North American Bingo deal.

As we said earlier, Americans have a long history of fleecing European suckers. Heinz Gerlach, owner of Kapitalanlage-Informationszentrum GmbH, West Germany's semiofficial clearing agent for securities information, credits Americans with creating a force of international door-to-door retail securities salesmen 20 years ago. The salesmen first pushed investment funds, such as Investors Overseas Services. Then IOS fell apart. "Investment fund" became the word for losing money," Gerlach says. Legitimate funds found raising money practically impossible. Then a variety of other products were created for the salesmen to push. "Commodities" became a word for losing money, and then "options" became a word for losing money. Says Gerlach: "It will be the same for o-t-c."

Gerlach says Meyer Blinder of Blinder, Robinson & Co., patriarch of the wild and woolly Denver penny stock market, was the first to open in Germany and demonstrate that Germans could be persuaded to buy relatively unknown U.S. stocks. But Blinder was crushed by bad publicity resulting from a fraud prosecution later dismissed. The dismissal is being appealed by the public prosecutor.

Now Blinder associates are trying to set up an affiliate in London as part of what they claim will be a 24-hour, around-the-world o-t-c market. Blinder tried to open a London office once before, but his gamey reputation apparently proved too much for the British. This time around he has a proxy—an American named John Cox. Cox was once a supervisor of antifraud efforts at the NASD. Now he is a vice president at Blinder, Robinson, as well as special assistant to Meyer Blinder. Cox says he wants to underwrite small English and European companies.

Chartwell has vanished. Meyer Blinder has taken a low profile, but the pickings remain rich abroad. U.S. securities violators continue to fly around the world to dump their wares. Attempts to curb them remain

feeble. The Netherlands Finance Ministry, inexperienced in o-t-c supervision, is grappling with the problem of writing regulations that are flexible but tight—to slow the crooks without stifling genuine entrepreneurial capitalism.

The British have also been trying to figure out what to do about the transatlantic migration of con men. With the Amsterdam salesmen ringing up a lot of British pensioners, the U.K.'s outgoing minister for corporate and consumer affairs, Alex Fletcher, began calling on officials in The Hague to talk about international securities regulation. International boundaries pose a real problem.

Someone in one country sells worthless securities from a second country to someone in a third country. "So who prosecutes?" he asks. "Who is going to handle the case?"

Unfortunately, with the multitude of jurisdictions not only between countries but within countries—say from one Swiss canton or German state to another—any international coordination of effort would require a major commitment. And that doesn't even start to address the questions posed by different points of view on how much of what kind of securities regulation and enforcement there should be. Right now, in most cases officials can only allege fraud, and that, law enforcers say, is very difficult to prove with a speculative paper product.

In London, Neal Bruckman is under siege by a steady stream of lawyers and private detectives demanding their clients' money. Police cars, sirens blaring, recently rushed to Bruckman's offices in the pricey Mayfair section as Trafalgar employees threatened a private detective's photographer who was snapping photographs outside.

But the game goes on. They tell a tale about Tommy Quinn that reveals a lot about the ethics of the business and the quality of the merchandise. Quinn, it is said, learned that some of his salesmen were faking sales in order to claim commissions they hadn't earned. Was he furious? He simply shrugged. What was the difference, he reportedly said, as long as they bring in more money than they take out.



Intrig Kout in 1984
Man in Amsterdam

With the multitude of jurisdictions not only between countries but within countries—say from one Swiss canton or German state to another—any international coordination of effort would require a major commitment.

RETEL DESCRIBED NEWARK INVESTIGATION OF AMERICAN BIO
MATERIALS, INC. (ABI) AND REQUESTED NEWARK RECEIVE FULL USE OF AN
INDIVIDUAL CURRENTLY SERVING AS A COOPERATING WITNESS IN AN
ONGOING PHILADELPHIA GROUP II UNDERCOVER OPERATION (UCO) IN ORDER
TO EFFECTIVELY PURSUE THAT NEWARK INVESTIGATION AND OTHER TARGETS
OF SIGNIFICANCE IN THE NEWARK DIVISION. IN PROVIDING ITS
JUSTIFICATION FOR THE NOTED REQUEST, NEWARK INDICATED THAT IT WAS
NOT FULLY AWARE OF THE BASIS OR FOCUS OF PHILADELPHIA'S GROUP II
UCO. IN ORDER TO RESPOND TO THAT REQUEST AND PROVIDE SAC, NEWARK
AND THE BUREAU WITH ADDITIONAL BACKGROUND INFORMATION REGARDING
THIS MATTER, THE FOLLOWING INFORMATION IS BEING SET FORTH.

IN AUGUST, 1987, [REDACTED]

CONTACTED PHILADELPHIA THROUGH HIS ATTORNEY, WHO HAD PREVIOUSLY SERVED AS AN ASSISTANT UNITED STATES ATTORNEY IN THE EASTERN DISTRICT OF PENNSYLVANIA AND WAS FAMILIAR WITH PRIOR SUCCESSFUL PHILADELPHIA INVESTIGATIONS OF MAJOR NATIONAL AND INTERNATIONAL CON MEN. [REDACTED] REQUESTED A MEETING TO DISCUSS HIS KNOWLEDGE OF FINANCIAL CRIMES OF BOTH AN INTERSTATE AND INTERNATIONAL CHARACTER IN WHICH HE BELIEVED THAT THE FBI MIGHT HAVE AN INTEREST.

IN A SERIES OF CONTACTS, [REDACTED] OUTLINED HIS KNOWLEDGE OF THE ACTIVITIES OF A NUMBER OF WELL KNOWN CON MEN, CERTAIN OF WHOM HAVE BEEN THE SUBJECT OF INVESTIGATIONS IN PHILADELPHIA AND OTHER DIVISIONS. IN RETURN FOR HIS COOPERATION WITH THE FBI, [REDACTED] SOUGHT ASSURANCES THAT THE FBI WOULD ENDEAVOR TO ASSIST HIM IN [REDACTED]

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[REDACTED] AT THAT TIME, [REDACTED] INDICATED THAT HE BELIEVED THAT LOCAL AUTHORITIES IN MIDDLESEX TOWNSHIP, N.J., WERE PURSUING AN INVESTIGATION OF HIS EMBEZZLEMENT. [REDACTED] INDICATED HIS WILLINGNESS TO ENTER A GUILTY PLEA IN FEDERAL COURT IN NEW JERSEY TO CHARGES ASSOCIATED WITH HIS CRIMINAL ACTS IN THE EMBEZZLEMENT IF AN APPROPRIATE PLEA AGREEMENT COULD BE REACHED.

INITIALLY [REDACTED] PROVIDED INFORMATION REGARDING THE FORMATION OF A NEW PENNSYLVANIA CORPORATION DBA UNITED CAPITAL GROUP (UCG). THE FIRM WAS FORMED BY [REDACTED] AND GERALD

PH FILE: 196A-2296, PAGE: 3, U N C L A S

JACALOW, FORMERLY OF DEERFIELD BEACH, FLA. HE ADVISED THAT

[] AND JACALOW ALSO OPERATED EQUITY FUND VENTURE, GREENTREE
BROKERAGE INC. AND AMERICAN ASSURANCE COMPANY. ACCORDING TO
[] UCG WAS FORMED TO BE USED AS A FRONT FOR STOCK
MANIPULATION AND VENTURE CAPITAL SCHEMES INVOLVING ITS
PRINCIPALS AND OTHER INDIVIDUALS.

[] JACALOW AND IRVING KOTT WERE
DEVISING A SCHEME TO SELL \$20 MILLION WORTH OF AMERICAN ASSURANCE
COMPANY STOCK IN EUROPE. ACCORDING TO [] AAC WAS UNLICENCED
AND THE VALUE OF ITS STOCK HAD BEEN ARTIFICIALLY GENERATED BY
[] AND JACALOW. KOTT IS A NOTORIOUS STOCK MANIPULATOR WHO
CURRENTLY RESIDES IN CANADA AND IS SOUGHT BY DUTCH AUTHORITIES AS
A FUGITIVE FOR HIS INVOLVEMENT IN A MAJOR FRAUD INVOLVING IN
EXCESS OF \$150 MILLION.

PHILADELPHIA DETERMINED THAT [] AND JACALOW WERE

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[]
[] ACCORDING TO [] WAS OFFERING
\$150,000 TO FORMER FLORIDA GOVERNOR CLAUDE KIRK IN AN ATTEMPT TO
CIRCUMVENT THE SEC'S INVESTIGATION OF HIS ACTIVITIES IN FLORIDA.

UPON RECEIPT OF THAT INFORMATION, [] ALLEGATIONS
WERE VIGOROUSLY PURSUED BY MIAMI AND PHILADELPHIA WITH FBIHQ
COORDINATION. ON SEPTEMBER 18, LAST, A PHILADELPHIA UCA MET WITH
[] AT THE PHILADELPHIA AIRPORT IN A MEETING ARRANGED BY
[] AND OFFERED TO BE OF ASSISTANCE TO HIM IN HIS DEALINGS
WITH THE SEC IN FLORIDA. AT THAT TIME, [] WAS ENROUTE TO

PH FILE: 196A-2296, PAGE: 4, U N C L A S

EUROPE TO PICK UP SEVERAL MILLION DOLLARS IN AMERICAN ASSURANCE COMPANY CERTIFICATES OF STOCK. SUBSEQUENTLY ON SEPTEMBER 24, LAST, [] AGREED IN CONSENSUALLY MONITORED TELCALLS WITH PHILADELPHIA'S UCA TO PAY THE UCA \$60,000 FOR HIS ASSISTANCE WITH SEC CONTACTS IN WASHINGTON, D.C., WHICH WOULD PRECLUDE THE SEC INQUIRY IN FLORIDA. [] AGREED TO DELIVER THE MONEY TO THE UCA WHEN HE RETURNED FROM EUROPE ON OCTOBER 4, LAST, HOWEVER, THE MEETING NEVER TOOK PLACE.

BY TEL DATED NOVEMBER 7, LAST, MIAMI NOTIFIED PHILADELPHIA THAT JACALOW WAS NOW REPRESENTED BY AN ATTORNEY FROM CHICAGO AND HAD SPLIT WITH [] IN ADDITION, MIAMI INDICATED THAT [] WAS CLOSING THE OPERATION OF THE AMERICAN CAPITAL GROUP AND MIGHT BE RELOCATING FROM FLORIDA TO ANOTHER AREA.

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THROUGH CONTACTS WITH NEWARK, PHILADELPHIA DETERMINED THAT [] WAS LOCATED IN NORTHERN NEW JERSEY IN TERRITORY WITHIN THE RESPONSIBILITY OF ITS FRANKLIN TOWNSHIP RA. ON NOVEMBER 10, LAST, PHILADELPHIA TELEPHONICALLY APPRISED SSRA

[] FRANKLIN TOWNSHIP RA, OF []

[] IN MIDDLESEX TOWNSHIP, N.J. IN VIEW OF []

[] THEREAFTER, PHILADELPHIA PERSONNEL

AND [] MET WITH A NEWARK SA ON DECEMBER 7, LAST, TO INITIATE THAT ACTION.

NEWARK INDICATED THAT IT HAD NO INVESTIGATIVE INTEREST IN [] AT THAT TIME AND A READINESS TO REPRESENT PHILADELPHIA'S INTERESTS IN [] [] WITH THE U.S. ATTORNEY'S OFFICE IN NEWARK.

HAVING ALREADY EMPLOYED [] TO FACILITATE MIAMI'S ONGOING INVESTIGATION OF [] JACALOW AND OTHER SUBJECTS, PHILADELPHIA DEVELOPED A WELL PLANNED UNDERCOVER SCENARIO WHICH IS BEING EMPLOYED IN A PHILADELPHIA GROUP II UCO TO TARGET SEVERAL SIGNIFICANT CON MEN WHO ARE KNOWN TO BE STOCK MANIPULATORS. THESE TARGETS ARE INDIVIDUALS AND/OR FIRMS WITH WHOM [] HAS AN ESTABLISHED RELATIONSHIP. PHILADELPHIA WAS WELL AWARE AT THAT TIME THAT CERTAIN OF ITS UCO TARGETS MIGHT CURRENTLY FACE EXPOSURE TO CRIMINAL PROSECUTION AS A RESULT OF THEIR PRESENT, PAST, OR FUTURE ACTS IN SEVERAL DIFFERENT U.S. AND FOREIGN JURISDICTIONS. INASMUCH AS THE TARGETS WERE WELL KNOWN CON MEN OF NATIONAL, IF NOT INTERNATIONAL STATURE, PHILADELPHIA BELIEVED AND CONTINUES TO BELIEVE THAT THEY REPRESENT VIABLE INVESTIGATIVE TARGETS FOR PHILADELPHIA AS WELL AS OTHER OFFICES. THIS APPROACH IS SIMILIAR TO THAT EMPLOYED IN ORGANIZED CRIME MATTERS WHEREIN MULTIPLE DIVISIONS PURSUE INVESTIGATIONS WHICH FOCUS ON THE SAME LCN TARGETS FOR DIFFERENT BUT RELATED ACTS. IN THAT REGARD, IT IS NOTEWORTHY THAT THE FRAUDULENT ACTS OF THOSE INVOLVED IN STOCK MANIPULATIONS CLEARLY AFFECT VICTIMS IN MULTIPLE JURISDICTIONS. FOR EXAMPLE, SUBJECTS IDENTIFIED BY NEWARK IN ITS INVESTIGATION OF [] I.E. KOTT, [] GREENTREE SECURITIES, INTER ALIA, CAN ALSO BE ASSOCIATED WITH THE MIAMI

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PH FILE: 196A-2296, PAGE: 6, U N C L A S

INVESTIGATION DESCRIBED ABOVE. SINCE MIAMI'S INVESTIGATION IS ONGOING AND NEWARK'S INVESTIGATION OF ABI HAS RECENTLY BEEN INITIATED, IT IS NOT CERTAIN THAT EITHER CASE WILL RESULT IN SUCCESSFUL AND MEANINGFUL PROSECUTION OF THE KEY TARGETS IN EITHER JURISDICTION. 7

THE TARGETS OF THE CAPTIONED UCO INCLUDE THE FOLLOWING INDIVIDUALS: IRVING KOTT, SUPRA [REDACTED] A STOCK MANIPULATOR WHO IS CURRENTLY LIVING IN FRANCE AND ACTIVE IN THIS COUNTRY; GREENTREE SECURITIES OF NEW YORK, A FIRM OPERATED BY A RELATIVE OF KOTT WHICH IS ALSO ALLEGED TO HAVE HAD AN ASSOCIATION WITH ABI; AND THE UNITED CAPITAL GROUP AND ITS PRINCIPALS. [REDACTED] WAS INITIALLY SURFACED AS A POTENTIAL STOCK MANIPULATOR IN PHILADELPHIA'S GALLSTONE UCO, A HIGHLY SUCCESSFUL GROUP I UCO FAMILIAR TO BOTH NEWARK AND THE BUREAU. QUINN HAS REQUESTED

[REDACTED]
[REDACTED] IN THE UNITED STATES WHICH WOULD SELL STOCK AT INFLATED PRICES TO EUROPEANS.

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SUBSEQUENT TO ITS MEETING WITH PHILADELPHIA AND [REDACTED] IN EARLY DECEMBER, NEWARK AGENTS MET SEPARATELY WITH [REDACTED] WITHOUT THE INVOLVEMENT OF PHILADELPHIA PERSONNEL. DURING THE APPARENTLY EXTENSIVE DEBRIEFING OF MACKAY REGARDING NEWARK INTERESTS WHICH ENSUED, IT IS APPARENT THAT [REDACTED] ASSERTED THAT KOTT HAD SOME TYPE OF INVOLVEMENT IN A FRAUD ASSOCIATED WITH ABI. PHILADELPHIA IS UNAWARE OF THE EXACT NATURE OF THAT INVOLVEMENT AND WHETHER OR NOT KOTT'S ACTIONS DURING HIS ASSOCIATION WITH ABI CONSTITUTE ACTS FOR WHICH HE MAY BE FEDERALLY PROSECUTED. IN

PH FILE: 196A-2296, PAGE: 7, U N C L A S

VIEW OF THE CAPTIONED PHILADELPHIA INVESTIGATION AND MIAMI'S INVESTIGATIVE INTEREST IN THE INDIVIDUALS IDENTIFIED IN RENKTEL, NEWARK IS REQUESTED TO PROVIDE BOTH MIAMI AND PHILADELPHIA WITH A DETAILED ACCOUNT OF THE RESULTS OF ITS DEBRIEFING OF [] IN CONNECTION WITH NEWARK'S ABI INVESTIGATION.

ON DECEMBER 22, LAST, NEWARK AND PHILADELPHIA SUPERVISORY AND SA PERSONNEL MET AT PHILADELPHIA TO DISCUSS THEIR MUTUAL INTEREST IN USING [] IN FURTHERANCE OF THE INVESTIGATIVE INTERESTS IN BOTH DIVISIONS. AT THAT TIME, NEWARK PERSONNEL INDICATED THAT THEY HAD LEARNED THAT [] WAS AN ACQUAINTANCE OF [] OF NOVA-TECH [] IS ALLEGED TO BE A FRONT MAN FOR NEW JERSEY FINANCIER [] AND IS SUSPECTED TO BE INVOLVED IN ILLEGAL ACTIVITIES IN ASSOCIATION WITH BRENNAN. PRIOR TO THAT MEETING, PHILADELPHIA WAS UNAWARE OF ANY CONNECTION BETWEEN MACKAY AND [] ACCORDING TO NEWARK PERSONNEL, [] HAS NOT CLAIMED TO BE PERSONALLY ACQUAINTED WITH [] HOWEVER, THEY OPINED THAT [] COULD POSSIBLY BE OF ASSISTANCE TO THE NEWARK OFFICE IN AN INVESTIGATION OF THE ACTIVITIES OF [] NEWARK REQUESTED PHILADELPHIA TO PROVIDE THEM UNFETTERED ACCESS TO [] AT THAT TIME TO PURSUE AN INVESTIGATION OF BRENNAN EFFECTIVELY. INASMUCH AS NEWARK INDICATED THAT NO SPECIFIC SCENARIO HAD BEEN CONSTRUCTED AT THAT TIME REGARDING THE EXACT MANNER IN WHICH [] WOULD BE EMPLOYED, PHILADELPHIA INDICATED THAT IT WOULD CONTINUE TO USE [] IN CONNECTION WITH THE CAPTIONED MATTER BUT WOULD MAKE HIM AVAILABLE TO ASSIST NEWARK WHENEVER DEEMED NECESSARY.

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PH FILE: 196A-2296, PAGE: 8, U N C L A S

ON DECEMBER 23, LAST, NEWARK REQUESTED PHILADELPHIA TO FOREGO ITS USE OF [] IN ITS ONGOING GROUP II INVESTIGATION IN FAVOR OF NEWARK'S USE OF [] IN ITS EFFORTS TO SUCCESSFULLY INVESTIGATE [] ALLEGED ILLEGAL ACTIVITIES IN NEW JERSEY. AS PREDICATION FOR ITS RECOMMENDATION, NEWARK INDICATED THAT THEY DID NOT BELIEVE PHILADELPHIA TARGETS WERE AS SIGNIFICANT AS [] IN VIEW OF THE FOLLOWING CONSIDERATIONS: KOTT, ALTHOUGH A FUGITIVE, IS CURRENTLY PENDING PROSECUTION IN THE NETHERLANDS, [] IS SOON TO BE INDICTED IN A NEWARK INVESTIGATION; AND [] IS THE TARGET OF AN ONGOING MIAMI INVESTIGATION WHICH APPEARS TO BE SUBSTANTIALLY RESOLVED. INASMUCH AS [] ASSOCIATION WITH [] APPEARED SOMEWHAT TENUOUS, PHILADELPHIA INDICATED THAT IT WOULD CONTINUE TO EMPLOY [] IN ITS UCO UNTIL SUCH TIME THAT NEWARK HAD DEVELOPED SPECIFIC PLANS FOR [] USE IN ITS INTENDED INVESTIGATION OF [] I.E. FORMULATED A UCO SCENARIO OR OTHER SPECIFIC COURSE OF ACTION REQUIRING [] ASSISTANCE. AT SUCH TIME AS NEWARK REQUIRED [] ASSISTANCE, PHILADELPHIA INDICATED THAT IT WOULD MAKE [] AVAILABLE TO ASSIST NEWARK. NEWARK INDICATED THAT THEY CONSIDERED [] TO BE A VERY SIGNIFICANT TARGET AND NOTED THAT THE U.S. ATTORNEY IN NEWARK WAS PERSONNALLY INTERESTED IN ITS EFFORTS TO INVESTIGATE [] ACTIVITIES AND SUPPORTED ITS USE OF [] IN FURTHERANCE OF THAT OBJECTIVE. ON DECEMBER 24, LAST NEWARK INDICATED THAT U.S. ATTORNEY SAMUEL ALITO HAD INDICATED THAT HE WOULD REQUIRE ANY PLEA AGREEMENT REACHED BY HIS OFFICE WITH [] TO REQUIRE THAT THE FOCUS OF [] COOPERATIVE

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PH FILE: 196A-2296, PAGE: 9, U N C L A S

EFFORTS WITH THE GOVERNMENT BE DIRECTED TOWARD SUPPORT OF THE

[] INVESTIGATION. DURING THE WEEK OF DECEMBER 28, LAST, U.S. ATTORNEY ALITO PERSONALLY CONTACTED THE PHILADELPHIA OFFICE IN CONNECTION WITH THIS MATTER. HE INDICATED THAT HE BELIEVED AN INVESTIGATION OF THE ALLEGED ILLEGAL ACTIVITIES OF []

[] WAS OF SIGNIFICANT IMPORTANCE TO HIS DISTRICT. IN THAT REGARD, HE NOTED THAT [] MIGHT BE ABLE TO PROVIDE A MEANS TO FACILITATE NEWARK'S INVESTIGATION OF [] ACTIVITIES. IN VIEW OF THAT FACT, HE WISHED TO INSURE THAT ANY OPPORTUNITY WHICH

[] MIGHT PRESENT TO FACILITATE THE INVESTIGATION OF [] WAS NOT FOREGONE BECAUSE OF [] PREOCCUPATION WITH OTHER MATTERS. [] NOTED THAT HE BELIEVED THE ISSUE WAS ACTUALLY A MATTER OF LOGISTICS FOR THE FBI IN NEWARK AND PHILADELPHIA TO WORK OUT TO THEIR MUTUAL SATISFACTION. PHILADELPHIA ASSURED MR.

[] THAT IT FULLY INTENDED TO MAKE [] AVAILABLE TO SUPPORT NEWARK'S INVESTIGATION OF [] WHEN THAT BECAME NECESSARY.

HOWEVER, INASMUCH AS NEWARK WAS IN THE PROCESS OF DEVELOPING A SCENARIO IN WHICH [] MIGHT BE EMPLOYED AND HAD NOT REQUESTED PHILADELPHIA TO MAKE [] AVAILABLE TO PERFORM SPECIFIC INVESTIGATIVE ASSIGNMENTS FOR NEWARK ON AN IMMEDIATE BASIS,

PHILADELPHIA WOULD CONTINUE TO EMPLOY [] IN ITS UCO. IN THAT REGARD, PHILADELPHIA NOTED THAT [] HAD ESTABLISHED CONTACT WITH KOTT AND RECORDED CONSENSUALLY MONITORED PHONE

CONVERSATIONS. [] WAS ASSURED THAT EVERY EFFORT WOULD BE MADE BY PHILADELPHIA TO EMPLOY [] SERVICES IN A MANNER WHICH WAS IN THE BEST INTEREST OF BOTH NEWARK AND PHILADELPHIA.

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BASED UPON PHILADELPHIA'S REQUEST FOR NEWARK TO PROVIDE ITS SPECIFIC PLAN FOR THE USE OF [] IN ITS [] INVESTIGATION, NEWARK PROVIDED RETEL WHICH OUTLINES NEWARK'S INTENT TO USE [] IN ITS ABI INVESTIGATION AS WELL AS A MEANS TO APPROACH [] THROUGH HIS ASSOCIATE [] RATHER THAN PROVIDING A SPECIFIC TIME FRAME REGARDING THE DATE OR DATES ON WHICH [] SERVICES WILL BE REQUIRED BY NEWARK TO SUPPORT ITS INVESTIGATIVE EFFORTS, NEWARK HAS INDICATED THAT IT HAS A NEED FOR TOTAL CONTROL OF [] ACTIVITIES AND INFERS THAT [] EFFORTS SHOULD BE DEVOTED SOLELY IN SUPPORT OF NEWARK'S INVESTIGATIVE EFFORTS.

PHILADELPHIA CONCURS WITH U.S. ATTORNEY ALITO THAT EVERY EFFORT SHOULD BE MADE TO PURSUE AVAILABLE INVESTIGATIVE OPPORTUNITIES TO ESTABLISH WHETHER [] HAS BEEN OR IS INVOLVED IN FRAUDULENT OR OTHERWISE CRIMINAL ACTIVITIES. MOREOVER, IT AGREES THAT [] MAY BE ABLE TO ASSIST NEWARK IN ITS INVESTIGATIVE EFFORTS THROUGH HIS RELATIONSHIP WITH [] ASSOCIATE [] HOWEVER, IT ALSO BELIEVES THAT THE RELATIVE IMPORTANCE OF [] TO NEWARK'S INVESTIGATION OF [] REMAINS TO BE DETERMINED. USE OF [] IN THE [] INVESTIGATION WOULD REQUIRE THE DEVELOPMENT OF A WELL PLANNED UNDERCOVER SCENARIO BY NEWARK IN ORDER TO INSURE [] SAFETY AND THE EFFECTIVENESS OF THE UCO. PHILADELPHIA IS UNAWARE OF THE EXACT STATUS OF NEWARK'S EFFORTS TO DEVELOP SUCH A SCENARIO AT THIS TIME. IN VIEW OF THAT FACT, IT BELIEVES NEWARK'S REQUEST FOR FULL ACCESS TO [] AND CONTROL OF HIS ACTIVITIES MAY BE SOMEWHAT

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PH FILE: 196A-2296, PAGE: 11, U N C L A S

PREMATURE.

IN VIEW OF THE STATUS OF TARGETS OF THE CAPTIONED UCO AS NATIONAL/INTERNATIONAL CON MEN INVOLVED IN FRAUDULENT STOCK TRANSACTIONS, PHILADELPHIA DOES NOT BELIEVE THAT THE CAPTIONED UCO SHOULD BE DISCONTINUED AT THIS TIME IN FAVOR OF NEWARK'S PROPOSED HISTORICAL INVESTIGATION OF ABI. IN THAT REGARD, IT IS NOT POSSIBLE TO ASSESS WHETHER THE APPROACH SUGGESTED BY NEWARK REPRESENTS A MORE EFFECTIVE ONE THAN THAT WHICH IS CURRENTLY BEING PURSUED BY PHILADELPHIA.

PHILADELPHIA INTENDS TO UTILIZE [] PRIMARILY FOR INTRODUCTION OF ITS UCAS TO ITS TARGETS AND TO FACILITATE THE DEVELOPMENT OF SCENARIOS TO BE EMPLOYED BY THE UCAS AS THEY EXPAND THEIR RELATIONSHIP WITH THE TARGETS AND SEEK TO ACHIEVE THE ESTABLISHED INVESTIGATIVE OBJECTIVES FOR THE UCO. IN VIEW OF THAT APPROACH, PHILADELPHIA CONTINUES TO BELIEVE THAT ITS USE OF [] SHOULD NOT IMPEDE NEWARK IN ITS DEVELOPMENT OF EITHER A UCO SCENARIO OR DEVELOPMENT OF AN INVESTIGATIVE APPROACH TO CAPITALIZE ON [] ASSOCIATION WITH [] AS A MEANS TO ADDRESS [] ACTIVITIES.

NEWARK IS REQUESTED TO COORDINATE ITS NEEDS FOR [] ASSISTANCE WITH PHILADELPHIA'S NEWTOWN SQUARE RESIDENT AGENCY IN ORDER TO INSURE THAT THE MOST EFFECTIVE USE IS MADE OF [] AVAILABLE TIME AND CAPABILITIES. IN THAT REGARD, PHILADELPHIA REQUESTS TO BE ADVISED BY NEWARK OF ANY CONSIDERATION IT MAY HAVE TO USE [] IN AN UNDERCOVER SCENARIO INVOLVING THE TARGETS OF THE CAPTIONED CASE, OR PLANNED USE OF

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PH FILE: 196A-2296, PAGE: 12, U N C L A S

IN A MANNER WHICH MIGHT JEOPARDIZE PHILADELPHIA'S ONGOING
UCO OR THE SAFETY OF ITS UCAS.

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FEDERAL BUREAU OF INVESTIGATION

1/13/88

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Date of transcription _____

CONFIDENTIAL SOURCE advised that he is familiar with IRVING KOTT and with KOTT'S reputation in international financial matters. SOURCE advised that he is also aware that KOTT made a "large score" in Europe in the past two years and that he has legal problems, possibly in the Netherlands.

SOURCE advised that while he is not personally acquainted with KOTT, he has a very close personal associate, one [redacted] a Pakistani, who is intimately acquainted with KOTT.

SOURCE advised that he would make inquiries, through [redacted] in an effort to establish contact with KOTT and arrange for a personal meeting with KOTT in the United States.

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1/4/88

Newtown Square, Pa.

PH 196A-2296 (NSRA)

Investigation on _____ at _____ File # _____

SA [redacted] :nmn

1/7/88

by _____ Date dictated _____

FEDERAL BUREAU OF INVESTIGATION

1/14/88

Date of transcription _____

At approximately 9:55 AM, a consensually monitored and recorded telephone call was placed to telephone number [redacted] from telephone number [redacted] connecting CONFIDENTIAL SOURCE with an unknown female. SOURCE asked for MR. KOTT and was asked by the unknown female to call telephone number [redacted] and to ask for a [redacted] (phonetic). The unknown female then changed her mind and asked SOURCE to wait for someone to return the call to him. SOURCE then furnished the unknown female with telephone number [redacted] as the number where he could be reached for the next hour.

Investigation on 1/6/88 at Newtown Square, Pa. File # PH 196A-2296 (NSRA)
by SA [redacted] :nmn Date dictated 1/12/88

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/7/88

At approximately 4:10 p.m. a consensually monitored and recorded telephone call was placed from telephone number [] to telephone number [] connecting SOURCE with IRVING KOTT.

SOURCE told KOTT that he had an associate, one [] from Dusseldorf who he wanted to have call KOTT. SOURCE explained to KOTT that [] represented a European insurance group with a large pension plan which it would like to place in the stock market. KOTT indicated that he was interested and agreed that SOURCE would receive a commission if such was forthcoming. KOTT told SOURCE that as long as the deal was on the up and up it would be no problem. SOURCE told KOTT that [] would call him the following day.

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Investigation on 1/5/88 at Newtown Square, Pennsylvania File # Philadelphia 196A-2296(NSRA)
by SA [] acg Date dictated 1/6/88

FEDERAL BUREAU OF INVESTIGATION

1/21/88

Date of transcription _____

CONFIDENTIAL SOURCE advised that at approximately 2:30 PM, he had spoken to [redacted] at telephone number [redacted] while he, SOURCE, was in the Miami, Fla., area. He advised that he made an appointment to meet with [redacted] at 11:30 AM, on January 14, 1988, for the purpose of a discussion preliminary to a follow-up meeting with [redacted] IRVING KOTT.

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1/12/88 Newtown Square, Pa. PH 196A-2296 (NSRA)
Investigation on _____ at _____ File # _____
SA [redacted] :nmn 1/15/88
by _____ Date dictated _____

FEDERAL BUREAU OF INVESTIGATION

1/21/88

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Date of transcription _____

At approximately 12:40 PM, a consensually monitored and recorded telephone call was placed from telephone [] to telephone [] connecting CONFIDENTIAL SOURCE with an unknown female. SOURCE asked for IRVING KOTT and was advised that KOTT could be reached at telephone number []. SOURCE reiterated that he desired to speak to IRVING KOTT and the unknown female advised that KOTT'S [] could be reached at this number and that he could furnish SOURCE with the telephone number for IRVING KOTT.

1/11/88

Newtown Square, Pa.

PH 196A-2296 (NSRA)

Investigation on _____ at _____ File # _____

SA []

nmn

1/15/88

by _____ Date dictated _____

FEDERAL BUREAU OF INVESTIGATION

1/25/88

Date of transcription _____

CONFIDENTIAL SOURCE advised that he met with [] on January 14, 1988, in [] office at GREENTREE SECURITIES, INC, Boca Raton, Fla. This meeting took place following arrangements made for it by [] IRVING KOTT. SOURCE advised that he and [] explored several business opportunity possibilities, but specifically discussed a need of some principals SOURCE represents to re-invest approximately 15 million dollars in German marks in the U.S. stock market. SOURCE advised that [] was most receptive to these discussions, and assured SOURCE that he would relay SOURCE'S needs to his father.

SOURCE advised that he told [] he would send [] a non-disclosure, non-circumvention agreement for signature by him and []. He told [] that he would return to the United States from Dusseldorf, West Germany in the next three to four weeks with his German principals, at which time he would expect to be able to meet with IRVING KOTT personally inasmuch as IRVING KOTT is the individual to whom SOURCE was referred. He advised [] that his German principals had an itinerary in North America which included a stop-over in Philadelphia, Pa., and, because of scrutiny by competitors, it would not be possible for his principals to deviate from this itinerary without arousing the suspicion of competitors.

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SOURCE advised [] that he was leaving for Germany in the next few days, and would be in touch with him and his father by telephone or facsimile.

Investigation on 1/15/88 at Newtown Square, Pa. File # PH 196A-2296 (NSRA)
by SA [] nm Date dictated 1/21/88

FEDERAL BUREAU OF INVESTIGATION

1/21/88

Date of transcription _____

At approximately 12:45 PM, a consensually monitored and recorded telephone call was placed from telephone [redacted] to telephone [redacted] connecting CONFIDENTIAL SOURCE with an unknown female at GREENTREE SECURITIES. SOURCE asked for [redacted] and was advised that [redacted] was tied up and would return a call to SOURCE. SOURCE left a number where he could be reached with the unknown female and asked that [redacted] be told that SOURCE was attempting reach IRVING KOTT for business in Asia and that he and IRVING KOTT had mutual friends going back approximately 20 years.

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Investigation on 1/11/88 at Newtown Square, Pa. File # PH 196A-2296 (NSRA)
by SA [redacted] :nmn Date dictated 1/15/88

SOURCE

12/15/87

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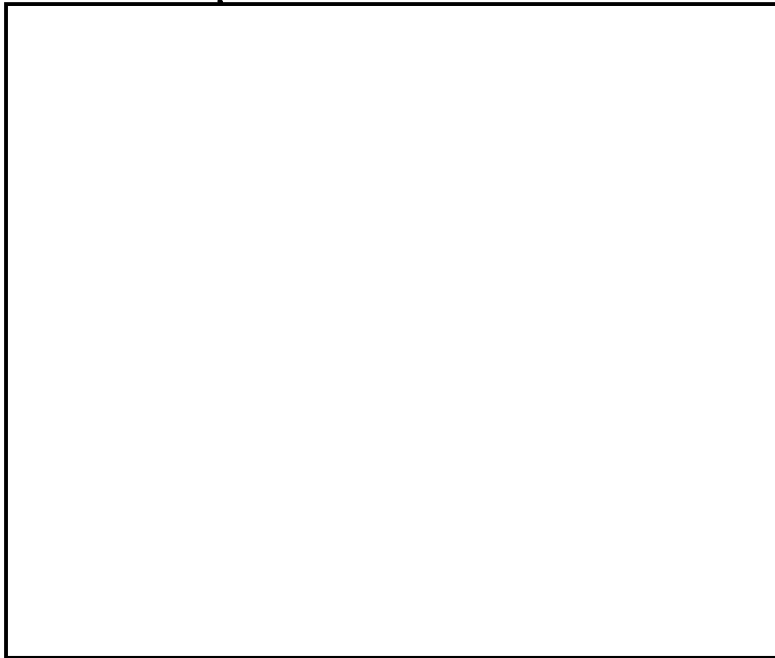
Continuation of FD-302 of _____, On _____, Page _____

SOURCE furnished the following names of persons with whom he is associated with and their telephone numbers:

IRVING KOTT

514-281-1013 (office)
514-937-4696 (townhouse)
514-228-2781 (country home)
514-228-2775 (country home)
101 Sherbert West
20th Floor
Montreal, Canada
(office address)

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032/0006

FM SAC, PHILADELPHIA (196A-2296) (NSRA) (P)

TO DIRECTOR, FBI (Priority) ←

off 2/1/88
done

SAC, NEWARK (196-2695)

SAC, MIAMI (196B-3101)

BT

U N C L A S

ATTENTION: (FBIHQ) SSA [REDACTED]

- FINANCIAL CRIMES

UNIT

SCAMMONIA; FRAUD BY WIRE; MAIL FRAUD; ITSP; OO: PHILADELPHIA

RE NEWARK TELETYPE TO BUREAU, JANUARY 1, 1988 AND
PHILADELPHIA TELETYPE TO BUREAU, JANUARY 13, 1988; PHILADELPHIA
(ASAC EDWARD R. LEARY) TELEPHONE CALL TO NEWARK, JANUARY 15,
1988.

IN ACCORDANCE WITH AN AGREEMENT WITH NEWARK AND IN ORDER TO
FACILITATE THE BEST POSSIBLE OPPORTUNITY FOR NEWARK TO SUCCEED IN
THE PURSUIT OF ITS INVESTIGATION OF [REDACTED] PHILADELPHIA

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① 196A-2296

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SMP
NSRA:jlv

(2) jlv

196-2296-24
TELETYPE

NSRA

APPROVED: WGD/SMP/jlv

TRANSMITTED: 0006 1925
(no.) (time)

PER: PJS

SEARCHED
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^PAGE TWO PH 196A-2296 UNCLAS

IS RELINQUISHING CONTROL OF COOPERATING WITNESS [REDACTED]
EFFECTIVE JANUARY 28, 1988.

INASMUCH AS [REDACTED] WAS INSTRUMENTAL IN INTRODUCING ANOTHER
PHILADELPHIA SOURCE AND UNDERCOVER AGENT TO IRVING KOTT, A TARGET
OF CAPTIONED UNDERCOVER OPERATION, PHILADELPHIA MAY REQUIRE
"BACKSTOPPING" SUPPORT FROM [REDACTED] IN THE FUTURE. ANY SUCH
REQUEST WILL BE COORDINATED THROUGH THE NEWARK DIVISION.

NEWARK IS REQUESTED TO APPRISE BOTH PHILADELPHIA AND MIAMI
OF ANY COVERT APPROACHES NEWARK MAY DEVISE WHICH INCLUDES
PREVIOUSLY IDENTIFIED PHILADELPHIA AND MIAMI TARGETS, IRVING
KOTT, [REDACTED] GERALD JACALOW, AND [REDACTED] TO AVOID
COMPROMISE OF OTHER SOURCES AND JEOPARDY TO UNDERCOVER AGENTS.
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OUTBOX.1 (#1212)

TO: HQ2 @ EMH2, NK @ EMH1, MM @ EMH2

FROM: PH @ EMH2

SUBJECT: 032/0006 PRIORITY

DATE: 1 FEB 88 19:19:57 GMT

CC:

TEXT:

VZCZCPH0006

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PP HQ NK MM

DE PH #0006 0322018

ZNR UUUUU

P 011920Z FEB 88

FM SAC, PHILADELPHIA (196A-2296) (NSRA) (P)

TO DIRECTOR, FBI (PRIORITY)

SAC, NEWARK (196-2695)

SAC, MIAMI (196B-3101)

BT

U N C L A S

ATTENTION: (FBIHQ) SSA [REDACTED] - FINANCIAL CRIMES

UNIT

SCAMMONIA; FRAUD BY WIRE; MAIL FRAUD; ITSP; OO: PHILADELPHIA

RE NEWARK TELETYPE TO BUREAU, JANUARY 1, 1988 AND
PHILADELPHIA TELETYPE TO BUREAU, JANUARY 13, 1988; PHILADELPHIA
(ASAC EDWARD R. LEARY) TELEPHONE CALL TO NEWARK, JANUARY 15,
1988.

196-2296-24

IN ACCORDANCE WITH AN AGREEMENT WITH NEWARK AND IN ORDER TO
FACILITATE THE BEST POSSIBLE OPPORTUNITY FOR NEWARK TO SUCCEED IN
THE PURSUIT OF ITS INVESTIGATION OF [REDACTED] PHILADELPHIA

[REDACTED]

PAGE TWO DE PH 0006 UNCLAS

IS RELINQUISHING CONTROL OF COOPERATING WITNESS [REDACTED]

EFFECTIVE JANUARY 28, 1988.

INASMUCH AS [REDACTED] WAS INSTRUMENTAL IN INTRODUCING ANOTHER PHILADELPHIA SOURCE AND UNDERCOVER AGENT TO IRVING KOTT, A TARGET OF CAPTIONED UNDERCOVER OPERATION, PHILADELPHIA MAY REQUIRE "BACKSTOPPING" SUPPORT FROM [REDACTED] IN THE FUTURE. ANY SUCH REQUEST WILL BE COORDINATED THROUGH THE NEWARK DIVISION.

NEWARK IS REQUESTED TO APPRISE BOTH PHILADELPHIA AND MIAMI OF ANY COVERT APPROACHES NEWARK MAY DEVISE WHICH INCLUDES PREVIOUSLY IDENTIFIED PHILADELPHIA AND MIAMI TARGETS, IRVING KOTT, [REDACTED], GERALD JACALOW, AND [REDACTED] TO AVOID COMPROMISE OF OTHER SOURCES AND JEOPARDY TO UNDERCOVER AGENTS.

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039/0023
2/8/88

FM SAC, PHILADELPHIA (196A-2296) (NSRA) (P)

TO DIRECTOR, FBI (ROUTINE)

LEGAT BONN (ROUTINE)

BT

U N C L A S

ATTENTION: FBIHQ, FINANCIAL CRIMES UNIT

SCAMMONIA; FBW; MF; ITSP; OO: PHILADELPHIA

CAPTIONED CASE IS PHILADELPHIA UNDERCOVER OPERATION (UCO)
TARGETING PERSONS INVOLVED IN FRAUDULENT STOCK MANIPULATIONS.
ONE TARGET IS IRVING KOTT, WHITE MALE, DATE OF BIRTH OCTOBER 12,
1930, CANADIAN CITIZEN, RESIDENCE MONTREAL, CANADA. KOTT IS
BEHIND GREENTREE SECURITIES, U.S. STOCK BROKERAGE COMPANY,
HEADQUARTERED IN NEW YORK, OPERATED BY [REDACTED]
GREENTREE SECURITIES IS UNDER INVESTIGATION BY U.S. SEC FOR
SECURITIES VIOLATIONS.

ON SEPTEMBER 22, 1987, R.E. [REDACTED]

b6
b7c

① 196A-2296 (NSRM)

SLP.DS
(11)

196-2296-26

TELETYPE
APPROVED: <u>UD: SFP: UN</u>
TRANSMITTED: <u>20 2358</u> (no.) (time)
PER: <u>AW 2-2-88</u>

Sept 16, 1987

Index

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^PAGE TWO PH 196A-2296 UNCLAS

[REDACTED]

[REDACTED] THEY ADVISED AN ARREST WARRANT WAS ISSUED IN NETHERLANDS AGAINST KOTT FOR MISAPPROPRIATION; FRAUD; FORGERY OF DOCUMENTS; FRAUD IN UTTERANCE AND PARTICIPATION IN AN ILLEGAL ASSOCIATION. WARRANT DATE IS JANUARY 8, 1987 AND WARRANT NUMBER IS 3984/86. PUBLIC PROSECUTOR IS MR [REDACTED] KOTT ALLEGEDLY EARNED 100 MIL POUNDS FROM FRAUDULENT STOCK SALES IN THE NETHERLANDS. INVESTIGATORS [REDACTED] HAD INFORMATION THAT KOTT OCCASIONALLY TRAVELS TO THE UNITED STATES AND REQUESTED THAT IF LOCATED IN THE UNITED STATES, KOTT BE ARRESTED.

[REDACTED]

REQUEST OF LEGAT BONN: CONTACT INVESTIGATORS AT AMSTERDAM, FRAUD SQUAD, AND OBTAIN POLICE REPORTS AND COMPLAINT AND WARRANT INFORMATION IN ORDER THAT SUFFICIENT INFORMATION IS AVAILABLE IN PHILADELPHIA FOR UNITED STATES WARRANT TO BE ISSUED.

^PAGE THREE PH 196A-96 UNCLAS

SEND INFORMATION TO PHILADELPHIA BY MOST EXPEDITIOUS MEANS
AS A MEETING WITH KOTT MAY OCCUR IN THE NEAR FUTURE.

ADVISE PROSECUTOR [REDACTED] IF NECESSARY HE MAY
TELEPHONE ASSISTANT U.S. ATTORNEY [REDACTED]
PHILADELPHIA, PENNSYLVANIA TELEPHONE NUMBER [REDACTED]
BT

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OUTBOX.1

OUTBOX.1 (#349)

TO: HQ2 @ EMH2

FROM: PH @ EMH2

SUBJECT: 039/0023 ROUTINE

DATE: 8 FEB 88 23:51:18 GMT

CC:

TEXT:
VZCZCPH0023

RR HQ2

DE PH #0023 0390050

ZNR UUUUU

R 082352Z FEB 88

FM SAC, PHILADELPHIA (196A-2296) (NSRA) (P)

TO DIRECTOR, FBI (ROUTINE)

LEGAT BONN (ROUTINE)

BT

U N C L A S

ATTENTION: FBIHQ, FINANCIAL CRIMES UNIT

SCAMMONIA; FBW; MF; ITSP; OO: PHILADELPHIA

CAPTIONED CASE IS PHILADELPHIA UNDERCOVER OPERATION (UCO)
TARGETING PERSONS INVOLVED IN FRAUDULENT STOCK MANIPULATIONS.
ONE TARGET IS IRVING KOTT, WHITE MALE, DATE OF BIRTH OCTOBER 12,
1930, CANADIAN CITIZEN, RESIDENCE MONTREAL, CANADA. KOTT IS
BEHIND GREENTREE SECURITIES, U.S. STOCK BROKERAGE COMPANY,
HEADQUARTERED IN NEW YORK, OPERATED BY [REDACTED]
GREENTREE SECURITIES IS UNDER INVESTIGATION BY U.S. SEC FO
SECURITIES VIOLATIONS.

ON SEPTEMBER 22, 1987, R.E. [REDACTED]

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[Handwritten signature]

196-2296-26

[Handwritten initials]

[Handwritten initials]

PAGE THREE DE PH 0023 UNCLAS

SEND INFORMATION TO PHILADELPHIA BY MOST EXPEDITIOUS MEANS
AS A MEETING WITH KOTT MAY OCCUR IN THE NEAR FUTURE.

ADVISE PROSECUTOR [REDACTED] IF NECESSARY HE MAY
TELEPHONE ASSISTANT U.S. ATTORNEY [REDACTED]
PHILADELPHIA, PENNSYLVANIA TELEPHONE NUMBER [REDACTED]

BT

#0023

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FEDERAL BUREAU OF INVESTIGATION

1/19/88

Date of transcription _____

At approximately 11:05 AM, a consensually monitored and recorded telephone call was placed to telephone [redacted] from telephone [redacted] connecting CONFIDENTIAL SOURCE with an unknown female. SOURCE asked for MR. KOTT, who came on the line after a brief wait. SOURCE told KOTT that he was calling pursuant to a conversation he had had previously with a mutual acquaintance, [redacted]. SOURCE told KOTT that he would like to get together with him and that he had some investment plans for some German money which was looking to come back to the United States in view of the recent drop in the U.S. dollar. SOURCE asked KOTT how and when they could get together.

KOTT advised that he was in Montreal and he then asked for SOURCE'S travel plans. SOURCE advised KOTT that he would be in New York, Florida, the Caribbean and Europe within the next two weeks. KOTT then asked SOURCE what kind of funds he was handling in Germany and SOURCE advised that he was close to the management side of approximately 15 million dollars in U.S. money which he and his principals intended to place in the United States before the end of January. He represented to KOTT that the funds were from a major insurance company. SOURCE told KOTT that he would like to meet with him to enter into a non-disclosure and non-circumvention agreement to which KOTT agreed.

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KOTT then asked SOURCE where he would be in Florida and when advised by SOURCE that SOURCE would be staying at the Marriott in the Miami Airport, KOTT advised that [redacted] was in the brokerage business and that he had an office in Florida. He told SOURCE that he would like [redacted] to contact SOURCE and furnished SOURCE [redacted] telephone number, [redacted]. He told SOURCE that [redacted] was [redacted] and that he would call him immediately and tell him to expect a contact from SOURCE. SOURCE advised that he would be in Miami on approximately January 12, 1988, and that he would contact [redacted] at that time. SOURCE then asked if there was a

1/6/88

Newtown Square, Pa.

PH 196A-2296 (NSRA)

Investigation on _____ at _____ File # _____

SA [redacted] :nmn

1/12/88

by _____ Date dictated _____

Continuation of FD-302 of SOURCE, On 1/6/88, Page 2*

possibility he and KOTT could meet and KOTT agreed to this after [redacted]
[redacted] and SOURCE had met and discussed the matter in some detail.

SOURCE then furnished KOTT with a telephone number where he could be reached in Dusseldorf, West Germany, [redacted] and with a facsimile number at that location, 594893.

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FEDERAL BUREAU OF INVESTIGATION

1/5/88

Date of transcription _____

On this date COOPERATING WITNESS (CW) place a telephone call through the Newtown Square Resident Agency to IRVING KOTT at telephone number [] at 2:30 p.m. and this conversation was recorded at the Newtown Square Resident Agency utilizing a Superscope Recorder. The following is a summary of the telephone call:

CW greeted KOTT and KOTT told CW that he was going into the circus business. KOTT explained that he had a big deal with the marketing and merchandising of a circus with major stores.

CW told KOTT that he called for two purposes: the first was in regards to a company which has a product that kills the AIDS virus in hospitals. CW suggested to KOTT that this would be a beautiful deal to merchandise. The second reason that [] called was that he had a guy from England who was an administrator of a pension fund and who wanted to put a portion of the pension fund into the market. CW suggested to KOTT that it would be a perfect thing for [] to be interested in for his city operation. KOTT responded by saying that CW knew where he was and for CW to give him a call. CW told KOTT that he would call him the following week.

KOTT asked CW what was new with BIO and CW told him that U. S. SURGICAL was going to court with them on Tuesday. KOTT asked CW why that was happening and CW told KOTT that they were trying to take them over and that this guy [] is giving them a tough time and [] would not listen to reason. KOTT asked CW if he thought that it eventually would work out and CW told him that he thought that it would eventually. CW then asked again of KOTT what was happening with him and KOTT told him nothing at all and that he had some people in the office and that he had to say goodbye. The conversation was then terminated.

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Investigation on 12/31/87 at (Telephonic) Newtown Square, Pennsylvania File # Philadelphia 196A-2296 (NSRA)
by SA [], JR.:acg Date dictated 1/4/88

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FEDERAL BUREAU OF INVESTIGATION

1/26/88

Date of transcription _____

At approximately 12:30 p.m. a consensually monitored and recorded telephone call was placed to telephone number [redacted] from telephone number [redacted] connecting SOURCE with IRVING KOTT.

SOURCE advised KOTT that he had sent a facsimile to his [redacted] to which KOTT responded that he had not yet seen it. SOURCE told KOTT that the facsimile made reference to a contract proposal for a non-circumvention and non-disclosure agreement which he had discussed with [redacted] in Boca Raton, Florida during the previous week. SOURCE asked KOTT when he could plan to get together with IRVING KOTT in the next 10 to 14 days.

IRVING KOTT asked SOURCE if he was then in Dusseldorf and when advised that [redacted] was, KOTT told SOURCE to write down telephone number [redacted]. He told SOURCE to call that number and ask for a [redacted] (phonetic), or to call him at a hotel in Luxembourg, telephone number [redacted]. KOTT told SOURCE that this was the number of the Intercontinental Hotel in Luxembourg where [redacted]. He told SOURCE that during the week SOURCE could reach [redacted] at the brokerage house in Luxembourg, and that "he handles everything".

SOURCE told KOTT that he would have liked to have gotten together with KOTT. KOTT agreed that this was possible, but stated that he was in Montreal. SOURCE told KOTT that he was going to be in Philadelphia in 10 to 14 days, to which KOTT responded, "Well let's meet then". SOURCE then asked KOTT if he saw a chance for him to meet KOTT in Philadelphia and KOTT responded, "one hundred percent". SOURCE told KOTT that he would give [redacted] a call as a courtesy, but KOTT interrupted stating that he, SOURCE, could wait until he came "here", and discuss it here, adding that that would be no problem. SOURCE told him he would prefer that, and KOTT stated that there was then nothing further to discuss, and told SOURCE to call him when he got to Philadelphia, upon which they could arrange to get together.

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Investigation on 1/22/88 at (Telephonic) Philadelphia
Newtown Square, Pennsylvania 196A-2296(NSRA)
by SA [redacted] acg Date dictated 1/22/88

UNDERCOVER ACTIVITIES
CRIMINAL MATTERS

15. Succinct Summary of:

1. Significant meetings, payoffs, buys or bribes involving designated targets: During January, 1988, Confidential Source (CS) has had telephonic contact with IRVING KOTT, a fugitive who is wanted by Netherlands authorities for a multi-million dollar stock fraud conducted in that country. CS has attempted to set up a meeting with IRVING KOTT in the United States in an effort to have him arrested for extradition to the Netherlands. KOTT is currently living in Montreal, Canada and he is a Canadian citizen. CS has introduced to IRVING KOTT a deal whereby \$15 million would be allegedly invested with KOTT'S brokerage company in the United States doing business as GREENTREE SECURITIES. IRVING KOTT has put CS in touch with [redacted] who is operating GREENTREE SECURITIES in the United States. Efforts are being made by CS to meet with IRVING KOTT in the United States and also identify the fraudulent activities of GREENTREE SECURITIES through contacts with [redacted] IRVING KOTT.

Also, another Philadelphia cooperating witness has contacted IRVING KOTT and attempted to set up a meeting with IRVING KOTT in the United States. IRVING KOTT has put the Philadelphia cooperating witness in touch with his [redacted] KOTT and a meeting between the cooperating witness and [redacted] has taken place in January, 1988. Efforts are being made by the cooperating witness to set up a meeting with IRVING KOTT in the United States and also to extract information from [redacted] regarding fraudulent activities of which GREENTREE SECURITIES is involved.

2. Prosecutable cases developed: Efforts are being made to develop information which would lead to the prosecution of [redacted] IRVING KOTT or those associated with GREENTREE SECURITIES regarding any fraudulent stock manipulations which may be occurring through that brokerage company.

3. New targets developed: None.

4. Additional techniques utilized: None.

memorandum

DATE:

3/3/88

REPLY TO
ATTN OF:

SA [REDACTED]

SUBJECT:

SCAMMONIA
FBW; MF; ITSP;
(OO:PH)

TO: SAC, (196A-2296)(NSRA)(P)

On 1/27/88, [REDACTED] who identified himself as an investigator with the AMSTERDAM POLICE in the Netherlands, advised that he was calling concerning IRVING KOTT and the FBI's efforts to arrest KOTT in the United States for the Netherlands.

[REDACTED] whose name was known to the writer as the investigator of the matter in the Netherlands, concerning IRVING KOTT, and as the individual, on whose investigative efforts, the Dutch Warrant for KOTT's arrest was issued, was told that the U.S. Department of Justice would not authorize a provisional arrest of KOTT in the United States until further information establishing sufficient probable cause was furnished to the U.S. Department of Justice by Dutch authorities.

[REDACTED] stated that he understood this, and that he was calling to advise the FBI that due to an investigation of KOTT by Canadian authorities, it was the desire of Dutch authorities that KOTT not be arrested in the United States for at least three weeks. [REDACTED] further stated that upon the resolution of the Canadian investigation, a [REDACTED] the Dutch Prosecutor, would be in touch with the U.S. Attorney's Office in Philadelphia.

[REDACTED] then advised that he was considering requesting authority to travel to the United States to discuss this matter in detail with the FBI. [REDACTED] advised that he thought this would be of benefit inasmuch as a discussion of the matter could be held more easily in person than by telephone.

[REDACTED] stated that he would be in contact with the FBI, and that if necessary, he could be reached at telephone number [REDACTED]

(2)(196A-2296)(NSRA)

FJK:acg
(2)
acg

196A-2296-38

SEARCHED	INDEXED
SERIALIZED	FILED
MAR 3 1988	
FBI - PHILADELPHIA	

OPTIONAL FORM NO. 10
(REV. 1-80)
GSA FPMR (41CFR) 101-11.6
5010-114
U.S. GPO: 1985-491-248/20552

FORMS.TEXT HAS 1 DOCUMENT

INBOX.1 (#474)

TEXT:

VZCZCMM0005

RR HQ AFO

DE MM #0005 0691559

ZNR UUUUU

R 0691604Z MAR88

FM MIAMI (196A-3193) (P) (WCC-2)

TO DIRECTOR ROUTINE

QUANTICO ROUTINE

ALL FIELD OFFICES ROUTINE

BT

UNCLAS

ATTENTION FBIHQ/FINANCIAL CRIMES UNIT, SSA [REDACTED]

ATTENTION QUANTICO/ECONOMIC/FINANCIAL UNIT, SSA [REDACTED]

O comping and my
EGGSHELL. FBW(A)-MF; SECURITIES FRAUD - CONSPIRACY. OO:MIAMI.

RE MIAMI TEL TO FBIHQ FEB. 2, 1988.

FOR INFORMATION OF RECEIVING OFFICES, EGGSHELL INVOLVES
INVESTIGATION OF FRAUD CONSPIRACIES IN OVER-THE-COUNTER (OTC)
SECURITIES MARKETS AMONG A GROUP OF BROKERAGE FIRMS, SHELL AND
BLIND POOL PROMOTERS, PENNYSTOCK NEWSLETTER WRITERS AND
PUBLISHERS. INVESTIGATION TO DATE HAS IDENTIFIED PARTICIPANTS
SUCH AS [REDACTED] DBA NEWSLETTER MANAGEMENT, INC., BOCA RATON,

INDICES

FOIMS *imb*

MANUAL *imb*

319

196A-229039

SEARCHED	INDEXED
SERIALIZED <i>19</i>	FILED <i>21</i>
MAR 9 1988	
-PHILADELPHIA	

X

PAGE TWO DE MM 0005 UNCLAS

FLORIDA, WHICH PUBLISHES AN ESTIMATED 100 - 200 PENNYSTOCK

NEWSLETTERS REACHING SOME 250,000 SUBSCRIBERS; BROKERAGE

PRINCIPALS [REDACTED] ETC.), [REDACTED]

[REDACTED] (STUART, JAMES, INC.), [REDACTED] (MORGAN,

GLADSTONE), [REDACTED] (FIRST SOUTHERN), [REDACTED] (R. H.

STEWART & CO., AND AMERICAN CAPITAL CONSULTANTS), IRVING KOTT

(GREENTREE SECURITIES), [REDACTED] (FITZGERALD, DE ARMIN &

ROBERTS), [REDACTED] FORMER NEW YORK CITY PROMOTER NOW

OPERATING FIRMS IN EUROPE, [REDACTED] (UNITED ATLANTIC

INVESTMENTS), AND OTHERS. PARTICIPANTS HAVE BEEN IDENTIFIED IN

MIAMI, NEW YORK, NEWARK, PHILADELPHIA, BOSTON, TAMPA, DENVER,

SALT LAKE CITY, LOS ANGELES, AND SEATTLE DIVISIONS.

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ON FEB. 23, 1988, MIAMI HOSTED SEMINAR WITH FBI SPECIAL
AGENTS FROM TEN FIELD OFFICES AND SECURITIES AND EXCHANGE (SEC)
REPRESENTATIVES FROM MIAMI, ATLANTA, AND WASHINGTON, D.C.; SSA

[REDACTED] FINANCIAL CRIMES UNIT, FBIHQ, AND AUSA, MIAMI, TO
DISCUSS INVESTIGATIVE AND PROSECUTIVE STRATEGIES. [REDACTED]

[REDACTED] SEC REGIONAL ASSOCIATE DIRECTOR, MIAMI, OFFERED TO
COMPILE A SEMINAR, PROVIDED BY SEC AND NATIONAL ASSOCIATION OF
SECURITIES DEALERS (NASD) OFFICIALS, FOR THE PURPOSE OF PROVIDING

PAGE THREE DE MM 0005 UNCLAS

FBI INVESTIGATORS WITH BASIC DISTRIBUTION AND TRADING OF OTC SECURITIES.

[] HAS PROVIDED MIAMI WITH A PROPOSED TWO-DAY COURSE OUTLINE, SCHEDULED AT THE SHERATON BRICKELL POINT HOTEL, MIAMI, ON TUESDAY - WEDNESDAY, APRIL 5-6, 1988. COURSE FACULTY INCLUDES SEC STAFF ATTORNEYS, COMPLIANCE EXAMINERS, INVESTIGATORS, AND SEC ENFORCEMENT PERSONNEL; NASD REGIONAL COUNSEL (ATLANTA), EXAMINERS AND OFFICIALS.

COURSE OUTLINE INVOLVES FIRST DAY REVIEW OF SECURITIES MARKETS REGULATIONS; REGISTRATION PROCESS; BROKER-DEALER DOCUMENTS; UNDERWRITERS; INTRODUCING AND/OR CLEARING BROKERS; TRANSFER AGENTS; TRADING DOCUMENTATION; PINK SHEETS; TRANSFER AGENTS; BROKER DEALER RECORDS; OTC FRAUD STRATEGIES; TRADING SUSPENSIONS; AND CRIMINAL SECURITIES PROSECUTIONS (AUSA [] [] MIAMI, FORMER SEC STAFF ATTORNEY). SECOND DAY WILL INVOLVE WORKSHOP TO REVIEW TWO SPECIFIC EXAMPLES OF OTC FRAUDS TO STUDY DOCUMENTARY EVIDENCE AND INVESTIGATORY TECHNIQUES.

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TENTATIVE PARTICIPANTS INCLUDE THE FOLLOWING:

MIAMI: SSA [] SA [] AND SA []
[] BOSTON: SA [] NEW YORK: SA []

PAGE FOUR DE MM 0005 UNCLAS

NEWARK: SSA [] AND SA [] PHILADELPHIA:

SA [] SALT LAKE CITY: SSA [] SA []

[] AND SA [] DENVER: SSA [] AND SA T. J.

HARRINGTON; FBIHQ: SSA [] QUANTICO: SSA []

TAMPA: SA [] CHICAGO: SA [] AND

KNOXVILLE: SA []

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SEC HAS ADVISED SEMINAR COULD ACCOMMODATE 20 - 25 FBI AGENT
PERSONNEL.

MIAMI RECOMMENDS INCLUDING PARTICIPANTS FROM LOS ANGELES AND
SEATTLE OFFICES, BASED UPON INFORMATION BEING DEVELOPED IN
EGGSHELL, THROUGH FBI INFORMANTS AND COOPERATING WITNESSES THAT
INVOLVE THOSE DIVISIONS. OTHER DIVISIONS HAVING PENDING
INVESTIGATIONS INVOLVING OTC/PINK SHEET/PENNYSTOCK FRAUD DESIRING
TO HAVE PERSONNEL ATTEND SCHEDULED SEMINAR AT MIAMI, APRIL 5-,
1988, CONTACT SSA [] WCC-2, MIAM, FTS [] OR
[] OR SA [] ATTNDANCE
WILL BE LIMITE TO 25.

BT

#0005

NNNN

106/0004

4-15-88

FM PHILADELPHIA (196A-2296) (NSRA) (P)

TO DIRECTOR, FBI (ROUTINE)

BT

U N C L A S

ATTENTION: SUPERVISOR [REDACTED] - FBIHQ, FINANCIAL
CRIME UNIT, WHITE COLLAR CRIME SECTION
SCAMMONIA; ITSP-RICO; OO: PHILADELPHIA

CAPTIONED UCO IS CURRENTLY TARGETING IRVING KOTT THROUGH [REDACTED]
[REDACTED] WHO HAS HAD NUMEROUS TELEPHONE CALLS WITH KOTT. [REDACTED]
[REDACTED] HAS ALSO MET WITH [REDACTED] AT GREENTREE SECURITIES IN
NEW YORK. [REDACTED] HAS SCHEDULED TO MEET WITH IRVING KOTT,
[REDACTED] AND OTHERS AT GREENTREE SECURITIES HEADQUARTERS IN
NEW YORK CITY IN THE NEAR FUTURE. COOPERATING WITNESS WILL ENTER
INTO A DEAL WITH IRVING KOTT AND [REDACTED] TO BEGIN PURCHASING
AND MARKETING NEW ISSUE STOCKS MARKETED BY GREENTREE SECURITIES.
COOPERATING WITNESS ANTICIPATED THAT AS MORE DEALS ARE WORKED

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(1) 196A-2296 (new)

SMP: MAPJ

(1)

196-2296-46

TELETYPE
APPROVED <i>[Signature]</i>
TRANSMITTED: 0004 4:00 (no.) (time)
PER: <i>[Signature]</i>

^PAGE TWO PH 196A-2296 UNCLAS

BETWEEN GREENTREE AND COOPERATING WITNESS'S COMPANY A CONFIDENCE WILL BE DEVELOPED BETWEEN COOPERATING WITNESS AND KOTT WHEREBY THE COOPERATING WITNESS WILL BE ABLE TO DISCUSS AND IDENTIFY ANY FRAUDULENT ACTIVITIES BEING CONDUCTED BY THE KOTTS AND GREENTREE SECURITIES. COOPERATING WITNESS WILL THEN ATTEMPT TO IDENTIFY FRAUDULENT ACTIVITIES SIMILAR TO THAT WHICH BROUGHT KOTT \$160 MILLION IN PROFITS FROM KOTT'S FRAUDULENT STOCK SALES IN THE NETHERLANDS. AT THAT TIME UCAS CAN BE INTRODUCED INTO THE SCHEME TO PRODUCE EVIDENCE OF THE FRAUD.

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UCO IS ALSO TARGETING [REDACTED] [REDACTED] FERNMAR INTERNATIONAL INSURANCE, ATLANTA, GA. [REDACTED] [REDACTED] INSURANCE COMPANIES IN ENGLAND AND HAS ATTEMPTED TO GET AN INSURANCE COMPANY KNOWN AS AMERICAN TRUST INSURANCE COMPANY LICENSED IN THE UNITED STATES THROUGH SEVERAL STATES AND THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS. IN ATTEMPTING TO GET THIS LICENSE, [REDACTED] HAS FURNISHED FINANCIAL STATEMENTS WHICH HAVE STOCKS LISTED AS ASSETS WORTH MILLIONS YET THESE STOCKS HAVE BEEN SHOWN TO BE WORTHLESS THROUGH SEC AUTHORITIES. [REDACTED] HAS BEEN TURNED DOWN FOR A LICENSE BY ALL WHO HAVE RECEIVED HIS SUBMISSION. THROUGH [REDACTED] JCA PLANS TO ARRANGE A MEETING WITH [REDACTED] TELLING HIM

^PAGE THREE PH 196A-2296 UNCLAS

THAT UCA CAN FACILITATE GETTING [] AN INSURANCE LICENSE.
NEGOTIATIONS WITH [] WILL TAKE PLACE, THE FRAUDULENT NATURE OF
HIS FINANCIAL STATEMENT WILL BE IDENTIFIED, AND A WIRE FRAUD
AND/OR MAIL FRAUD CASE WILL BE INVESTIGATED AGAINST []

UCO IS ALSO ABOUT TO ASSIST THE BOSTON AND TAMPA OFFICES OF
THE FBI IN THEIR INVESTIGATIONS TARGETING DOMINION SAVINGS AND
TRUST, DALLAS, TEXAS; AMERIBANK, CALIF.; [] AND
NUMEROUS OTHERS WHO ARE INVOLVED IN A MULTI-MILLION DOLLAR FRAUD
AGAINST THE FEDERAL GOVERNMENT. THESE PERSONS AND ENTITIES ARE
INVOLVED IN PROVIDING FRAUDULENT PERSONAL FINANCIAL GUARANTEES TO
CONTRACTORS WHO HAVE BEEN ABLE TO OBTAIN FEDERAL GOVERNMENT
CONTRACTS. THE FINANCIAL GUARANTEES ARE PRESENTED BY THE
CONTRACTORS IN LIEU OF PERFORMANCE BONDS ISSUED BY LEGITIMATE
TREASURY LISTED INSURANCE COMPANIES. THIS PRACTICE IS ACCEPTABLE
BY THE CONTRACT AWARDING AGENCIES ACCORDING TO FEDERAL GOVERNMENT
REGULATIONS. IN FACT, THE FINANCIAL GUARANTEES ARE FULL OF
FRAUDULENT ASSETS AND THE PERSONS PROVIDING THE GUARANTEES ARE *not*
WORTH WHAT THEY PRESENT ON THEIR FINANCIAL STATEMENTS. THIS
PRACTICE HAS BEEN IDENTIFIED BY SOURCES BEING WORKED BY THE TAMPA
AND BOSTON OFFICES. CAPTIONED UCO WILL TARGET THE PERSONS

^PAGE FOUR PH 196A-2296 UNCLAS

INVOLVED BY MEETING THE SUBJECTS AND GAINING THESE PERSONAL
FINANCIAL STATEMENTS AND IDENTIFYING THE FRAUDULENT NATURE OF
THESE STATEMENTS.

BT

OUTBOX.1 (#1028)

TO: HQ2 @ EMH2

FROM: PH @ EMH2

SUBJECT: 106/0004 ROUTINE

DATE: 15 APR 88 19:55:33 GMT

CC:

TEXT:
VZCZCPH0004

RR HQ

DE PH #0004 1062049

ZNR UUUUU

R 152035Z APR 88

FM PHILADELPHIA (196A-2296) (NSRA) (P)

TO DIRECTOR, FBI (ROUTINE)

BT

U N C L A S

ATTENTION: SUPERVISOR [REDACTED] - FBIHQ, FINANCIAL
CRIME UNIT, WHITE COLLAR CRIME SECTION
SCAMMONIA; ITSP-RICO; OO: PHILADELPHIA

CAPTIONED UCO IS CURRENTLY TARGETING IRVING KOTT THROUGH [REDACTED]
[REDACTED] WHO HAS HAD NUMEROUS TELEPHONE CALLS WITH KOTT. [REDACTED]
[REDACTED] HAS ALSO MET WITH [REDACTED] AT GREENTREE SECURITIES IN
NEW YORK. [REDACTED] HAS SCHEDULED TO MEET WITH IRVING KOTT,
[REDACTED] AND OTHERS AT GREENTREE SECURITIES HEADQUARTERS IN
NEW YORK CITY IN THE NEAR FUTURE. COOPERATING WITNESS WILL ENTER
INTO A DEAL WITH IRVING KOTT AND [REDACTED] TO BEGIN PURCHASING
AND MARKETING NEW ISSUE STOCKS MARKETED BY GREENTREE SECURITIES.
COOPERATING WITNESS ANTICIPATED THAT AS MORE DEALS ARE WORKED

Searched
Serialized
Indexed
Filed

b6
b7C
b7D

1
827

196-2296-46

[redacted] FIRST SOUTHERN, INC., now CROMWELL, KNIGHT, INC., operated by [redacted] associate [redacted] BRADSTREET SECURITIES, INC., operated by [redacted] and later taken over by [redacted] and JERALD JACOBOW; in which, the office manager was [redacted] JAMESON GROUP, INC., Coral Springs, Fla.; AMERICAN CAPITAL CONSULTANTS/ [redacted] & JACOBOW); GREENTREE SECURITIES, INC., owned by [redacted] and IRVING KOTT, Canadian stock manipulator, and run by KOTT'S [redacted] BROOKS, WEINGER, INC., recently taken over by IRVING KOTT. ATWATER, WELLS, INC., operated by [redacted]

Investigation in AMERICAN CAPITAL CONSULTANT case has revealed that although securities were sold by ACC Salesmen, in Florida, all transactions appear to have been negotiated through WAKEFIELD FINANCIAL, INC., a New York City brokerage operated by [redacted] and [redacted] associates of [redacted]

Miami anticipates expansion of current investigation with continued assistance of Philadelphia Cooperating Witness and source and development of additional witnesses as a result of ongoing Miami investigation. Some 15 - 20 witnesses subpoenaed by SEC, Miami, in connection with AMERICAN CAPITAL CONSULTANTS investigation invoked Fifth Amendment Rights based upon instruction from [redacted] New York. AUSA Miami, currently negotiating with several attorneys seeking to plea bargain in this matter which will result in additional subjects and targets in these investigations.

OTC stocks believed involved in [redacted] include the following: INFODATA; CANDY MOUNTAIN GOLD; AMERICAN ASSURANCE UNDERWRITERS; SEARCH, INC.; QUARTS MOUNTAIN GOLD; SUN RIVER GOLD; GOLDCOR, INC.; NOBLE METAL RECOVERY; ENERGEX MINERALS, LTD.; VAAL REEFS; BALMORAL MINES; GETTY RESOURCES; NEWHAWK GOLD; MADELINE MINES; ACQUISITOR MINES; CAL GRAPHITE; INTERNATIONAL RESOURCES; TEXCEL INTERNATIONAL; CHECK ROBOT; MOGUL INTERNATIONAL NOCOP; TIMBERLINE SOFTWARE; MANAGEMENT TECHNOLOGIES; MAGIC GOLD; TENSIDYNE; TRIUMPH CAPITAL; ENVIROPACT; CREATIVE MEDICAL; S. TAYLOR COMPANIES; PASTA VIA INTERNATIONAL; CYBERTEK COMPUTER; PHOENIX FINANCIAL; AMERICAN MIDLAND; NEW AMERICAN GROUP; SPRINGBOARD SOFTWARE; GREAT WESTERN SYSTEMS; VIDEO LIBRARY; NATIONAL FLEET GROUP; BEAVER RESOURCES; IMPACT INTERNATIONAL; MEDAC; LKA INTERNATIONAL; CHANCELLOR FUNDING; ACUSON; AMOUR/BARD; ARGONAUT RESOURCES; MEDIZONE; TOTH ALUMINUM CORP.; VECTOR DEVELOPMENT; CHECK ROBOT; AND UNITED SOUTHLAND EUROPEAN ORIGINAL NY SELTZER.

memorandum

DATE:

5/13/88

REPLY TO
ATTN OF:

SA [REDACTED]

SUBJECT:

SCAMMONIA
(OO:PH)

SAC, (196A-2296)(NSRA) (P)

Re 5/10/88 memo of SSRA [REDACTED]

During the 4/12/88 conference with ASAC EDWARD R. LEARY, concerning progress/targets in the captioned matter, the specific focus of the captioned investigation was discussed. These areas include the introduction of a UCA to IRVING KOTT, a Canadian con man and stock manipulator, or his associates, by a cooperating witness who has established contact with KOTT at the direction of the case agents. While this is still considered to be entirely feasible, a problem has arisen in that the cooperating witness will be furnishing testimony in a trial beginning 5/17/88. This trial emanates from a previous Philadelphia Group I UCO entitled "SCRAPPLE". Because of this, the cooperating witness is extremely reluctant to undertake any directed contact with KOTT or his associates until the SCRAPPLE trial is resolved and the witness' public exposure can be assessed.

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The other areas of focus of the instant investigation, outlined for ASAC LEARY, were an insurance business operated by one [REDACTED] who is attempting to obtain insurance licensing based on multi-million dollar financial statements containing worthless assets, and the participation in an investigation with the Boston and Tampa Divisions wherein fraudulent personal financial guarantees to contractors have been submitted to the Department of Defense to enable these contractors to secure contracts with the Federal Government. Both these investigations continue to be highly viable, but have not developed as quickly as anticipated. The [REDACTED] investigation requires the

② - (196A-2296)(NSRA)

FJK:acg
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JFK

196A-2296-53

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MAY 12 1988	
PHILADELPHIA	

introduction of UCAs to [] by a confidential source who has been unable to arrange a suitable introduction to date. The third investigation, code named [] by Boston, also hinges on suitable introductions of Philadelphia UCAs as areas of venue are identified.

As noted above, the case agents continue to believe that the captioned matter has identified several areas which merit continued investigative attention. It is recognized, however, that the projected timetable established is no longer realistic. Noting these facts, it is recommended that this investigation be continued at the same time financial expenditures in the case be sharply curbed. Therefore, a rental vehicle will be eliminated on May 20, 1988, thereby reducing the monthly financial outlay in this case, by 50 percent. Authority is requested to continue to incur other expenses in this investigation, primarily telephone charges, until the 6/22/88 expiration of this investigation's six month approval period is reached.

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// Telephones are being used in this and other cases. Costs are minimal at this time. The additional 30 days will produce a clearer picture of where we stand with both sources in this case - []

ASAC Notes :

Approved
Eke
5-17-88

W.H. 004W.216

FM FBI PHILADELPHIA (196A-2296) (NSRA) (P)

TO DIRECTOR FBI/ROUTINE/

LEGAT BONN (196A-241)/ROUTINE/

BT

UNCLAS

CITE: //3620:4246//

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SUBJECT: SCAMMONIA; FBW, MF, ITSP, OO: PHILADELPHIA.

RE PHILADELPHIA TELETYPE TO THE BUREAU, FEBRUARY 8, 1988,
LEGAT BONN TELETYPE TO THE BUREAU, JULY 27, 1988.

PHILADELPHIA SOURCES DISASSOCIATED THEMSELVES FROM IRVING
KOTT UPON ABSENCE OF INFORMATION REQUESTED FROM DUTCH AUTHORITIES
DURING JANUARY 27, 1988, TELEPHONE CALL OF DUTCH FEDERAL POLICE,
AND INVESTIGATOR [REDACTED] TO FBI PHILADELPHIA, AND AS
SET FORTH IN PHILADELPHIA TELETYPE TO LEGAT BONN, FEBRUARY 8,
1988. COVERT STAGE OF CAPTIONED UCO COMPLETED. FURNISHING OF

0021

#71

WGO/9mm

① 196A-2296 (NSRA)
FTK lyh
(1) lyh

196A-2296-56

2/8/88

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DOCUMENTS NECESSARY FOR ISSUANCE OF PROVISIONAL ARREST WARRANT
FOR KOTT BY U.S. DJ LEFT TO DISCRETION OF DUTCH AUTHORITIES. NO
FURTHER INVESTIGATION REQUESTED LEGAT BONN.

BT

196A-2296

Eighth Floor
Federal Office Building
600 Arch Street
Philadelphia, Pennsylvania 19106
November 21, 1988

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b7C

Mr. Michael M. Baylson
United States Attorney
Eastern District of Pennsylvania
3310 U. S. Courthouse
Independence Mall West
601 Market Street
Philadelphia, Pennsylvania 19106

Attention:
Assistant United States Attorney

RE SCAMMONIA

Dear Mr. Baylson:

On November 8, 1988, captioned case was discussed by Special Agent (SA) with Assistant United States Attorney (AUSA) advised AUSA that the initial objective of this case was to develop a business relationship with Irving Kott who is living in Canada and have Kott come to the United States where he could be arrested by the Federal Bureau of Investigation (FBI). The arrest would be based on a warrant issued by law enforcement authorities in the Netherlands for fraud in connection with stock manipulations there. In August of 1987 law enforcement authorities requested through Interpol in Washington, D.C. that law enforcement authorities in the United States be on the lookout for Irving Kott and place him under arrest in the United States if he were located there. Although this request was made by Netherlands authorities when the same authorities were asked if they could furnish more information for a provisional arrest warrant in the United States, they were reluctant to furnish any information which would allow for a warrant to be issued.

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JSF

1-Addressee
1-Phila 196A-2296 (NSRA)

JEF:acg
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Close
11/21/98
Detroy

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FBI-PHILADELPHIA	

A second objective was initiated at this time and that objective was to develop a case against Irving Kott which would involve stock manipulations in the United States. A confidential source was used to assist the FBI in developing a case which would result in this objective. The confidential source did make contact with Irving Kott and the source was developing valuable information. Due to the source having been prosecuted, the judge who sentenced the source mandated that the source not play an active role in an FBI investigation.

Because of the above reasons an investigation regarding captioned matter could not be continued. AUSA [] declined prosecution in this matter because there was insufficient evidence to support a prosecution of Irving Kott.

Very truly yours,

Edward R. Leary
Acting Special Agent in Charge

By:

[]
Supervisory Senior Resident Agency

UNITED STATES GOVERNMENT

Memorandum

TO : Director, FBI

DATE: 3-11-72

FROM : SAC, Cleveland (92-new)

SUBJECT: IRVING KOTT
AR

On 2/10/72, Mr. GEORGE HAUER, former FBI Agent and SAC Contact who is employed as Assistant to Managing Partner Ernst & Ernst, a worldwide accounting firm based in Cleveland, Ohio, furnished information that had come to his attention through Research Associates, Inc., a private investigative firm located in Cleveland.

Mr. HAUER advised confidentially that Ernst & Ernst as a matter of policy investigates individuals who avail themselves of Ernst & Ernst services. Of necessity, they are required to utilize private investigators for this purpose, and do so with the agreement that they will not question the sources utilized by those investigative services. It is, therefore, impractical to seek further information from the original source concerning the information set forth below.

Mr. HAUER particularly stressed the need that this information be handled most discreetly, so as to protect Ernest & Ernst, and also the fact that Ernst & Ernst investigates potential clients.

For the information of Newark, Research Associates is headed by WENDELL V. SWEET, a former FBI Agent.

Information was received by Ernst & Ernst, Cleveland, on 1/21/72 in connection with an audit client, Shattuck Denn Mining Corporation. The Newark office advised that another firm, Belgium Standard Ltd., Toronto, Canada, had acquired 23% of the stock of Shattuck, and Belgium Standard now wanted to place two individuals on Shattuck's board. One of the principal stockholders of Belgium Standard was identified as IRVING KOTT, who was also associated with Onyx Investment Ltd., Montreal. In addition, he has an interest in the brokerage firm L. J. Forget. who is currently a Director of Belgium Standard, was to be one of the two individuals placed on board. The other was of the Belgium Standard Ltd.

2-Bureau
2-Newark

1-Cleveland

JWB:DG

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On 1/26/72, information was received verifying that "KOTT does have Mafia connections and is an associate of the Mafia chieftain in Canada". Further information indicates that KOTT "handles hot stocks", and the three firms that he is associated with--Belgium, Onyx and Forget, are used as fronts for these stocks. [redacted] are associated with KOTT and are his "front men".

On 1/28/72, Ernst & Ernst learned that there is considerable interest being expressed in their inquiry on the part of all Canadian authorities as to the activities of KOTT, his firms, and his associates. These sources have in their possession a great deal of intelligence information that they at this time could not prove in court. Quite naturally, they are somewhat reluctant to release this information, as it could jeopardize years of undercover intelligence work. Ernst & Ernst is continuing its efforts to find some public record information that would confirm the above intelligence information, so that Shattuck could take something in writing to the Securities and Exchange Commission. Information was subsequently received by Ernst & Ernst indicating that Shattuck had obtained information in Canada to the effect that KOTT had Mafia connections. At that point, Shattuck approached Ernst & Ernst seeking their assistance and confirming this information so that same could be provided to the Securities and Exchange Commission in an effort to thwart the efforts of KOTT and his associates to acquire stock of Shattuck.

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Mr. HAUER stated confidentially that Shattuck then was the subject of a prospective client investigation by Ernst & Ernst in October 1971. No derogatory information was developed concerning Shattuck at that time. Information was developed, however, concerning [redacted] the former president of Shattuck, who had some difficulty with the Securities and Exchange Commission. [redacted] although no longer associated with Shattuck, led an unsuccessful stock fight to regain control. It has been rumored that [redacted] sold his stock in Shattuck to the KOTT group.

The Cleveland office possesses no identifiable information concerning IRVING KOTT or his associates [redacted] It is noted, however, Bulet to Albany 8/7/58 captioned "Jewel Theft Investigations"

CV 92-new

lists top jewel thieves, including IRVING KOTT, FBI #776491, oo: New York.

It would appear information concerning these individuals was developed by Research Associates from sources within the [redacted]. If the information alleged is true, it would appear organized crime money may be being channeled through KOTT and his organizations for investment in legitimate concerns. In addition, KOTT and his firms may be involved in fencing stolen securities.

Subsequent to receipt of the above information, Mr. HAUER furnished additional highly confidential information concerning IRVING KOTT and his associates as follows:

IRVING KOTT is reportedly a close associate of [redacted] who, according to source, controls the rackets in Canada. [redacted] reportedly was the original member of organized crime in Canada; however, he remained in the background while other members of organized crime became more prominent. As the latter experienced difficulty with Canadian authorities and were deported, [redacted] again emerged. [redacted] reportedly is suing a publishing firm for publishing a story that alleges he is connected with and/or controls organized crime activities in Canada.

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According to sources (possibly [redacted]) KOTT is the individual who handles stock for organized crime. He utilizes Belgium Standard Ltd., L. J. Forget, and Onyx Investment Ltd. as fronts to promote these stocks. Other individuals identified by source as associates of CATRONI, who are also involved in stocks, are [redacted] and [redacted]. [redacted] is described in an article appearing in the "Wall Street Journal" on 1/28/72, entitled "Canadian Caper", as an individual who has a "colorful background", including several brushes with regulatory authorities. Three years ago, [redacted] was named as one of the twenty-three defendants whom the SEC sought to enjoin from further violations of the registration provisions of the United States Securities Act of 1933. This action came in connection with the alleged sale to United States investors of three million unregistered shares of

Capital Holding Corporation, and its predecessor, Empire Oil Company. [] agreed to a consent judgment without admitting or denying the truth of the allegations.

The article goes on to state that a year later [] was named, but not indicted, as a co-conspirator in a tax evasion case against [] who has been described in Senate testimony as a major New Jersey mob figure. The article further states that [] and [] allegedly bought and sold securities in such a fashion as to conceal the investments and income of []. According to the article, this case is still pending, although [] is serving a sentence of 12-15 years after having been convicted of conspiracy and bribery of public officials. [] is the subject of an inquiry in Canada involving an alleged stock fraud of Pan American Mines.

According to source, KOTT is also known to aid companies in financial difficulty or in need of funds for expansion. He deals in the promotion of public stock through L. J. Forget Ltd. of Montreal. He is reported to control this brokerage house financially through his many dealings and promotions in various stock issues.

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[] of Belgium Standard, and [] the president, are purported to be associates of KOTT and front men. KOTT and his associates reportedly push "hot stocks", and if there is anything crooked or questionable in stocks, they go through KOTT and his associates.

Source also reports that KOTT is known to be associated with [] who deals in stocks and real estate. Source reports that [] is known for dealing with organized crime, and is associated with [] both of whom are directly connected with organized crime. [] is also a partner with one [] in the ownership of the Corporate Bank and Trust Company in Freeport, Nassau, Bahamas. [] and one [] own and operate a garbage disposal company in Ottawa, Ontario under the name of [].

Source further reports that [] and IRVING KOTT reportedly acquired the International Bank and Trust Company in Nassau, and source states a method of scheming is involved whereby funds are filtered from the

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CANADA

CV 92-new

United States and Canada into the International Bank and Trust Company in Nassau. From this point, the funds are transferred to unlisted Swiss bank accounts from where European moneys are returned in the form of foreign investments. It is reported that the money coming back into the United States comes in through the Corporate Bank and Trust Company in Freeport, and then back into Canada. KOTT is looked upon by source as being a specialist for organized crime in fraudulent schemes to acquire control of firms either through the providing of financial support or through acquisition of shares through the brokerage firm of L. J. Forget.

Due to the nature of the information furnished on a highly confidential basis, no effort should be made by the Newark office to contact either Ernst & Ernst Newark office, or the Shattuck Denn Mining Corporation unless suitable pretext can be developed that will fully protect Cleveland's contact. The Bureau should be furnished any information available to Newark which would substantiate or negate the information set forth above.

Cleveland will maintain contact with Mr. HAUER in the event additional information can be developed to amplify the allegations set forth above.