U.S. Department of Justice

Federal Bureau of Investigation
Washington, D.C. 20535

[redacted]

[redacted]

FOIPA Request No.: [redacted]
Subject: LEBLANC, DUDLEY

[redacted]

Records responsive to your request were previously processed under the provisions of the Freedom of Information Act. Enclosed is one CD containing 315 pages of previously processed documents and a copy of the Explanation of Exemptions. This release is being provided to you at no charge.

Please be advised that additional records potentially responsive to your subject may exist. If this release of previously processed material does not satisfy your information needs for this request, you may request an additional search for records. Submit your request by mail or fax to – Work Process Unit, 170 Marcel Drive, Winchester, VA 22602, fax number (540) 868-4997. Please cite the FOIPA Request Number in your correspondence.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the Freedom of Information Act (FOIA). See 5 U.S. C. § 552(c) (2006 & Supp. IV (2010). This response is limited to those records 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.

For questions regarding our determinations, visit the www.fbi.gov/foia website under "Contact Us." The FOIPA Request Number listed above has been assigned to your request. Please use this number in all correspondence concerning your request.

You may file an appeal by writing to the Director, Office of Information Policy (OIP), United States Department of Justice, Suite 11050, 1425 New York Avenue, NW, Washington, D.C. 20530-0001, or you may submit an appeal through OIP's FOIAonline portal by creating an account on the following web site: https://foiaonline.regulations.gov/foia/action/public/home. Your appeal must be postmarked or electronically transmitted within ninety (90) days from the date of this letter in order to be considered timely. If you submit your appeal by mail, both the letter and the envelope should be clearly marked "Freedom of Information Act Appeal." Please cite the FOIPA Request Number assigned to your request so it may be easily identified.

You may seek dispute resolution services by contacting the Office of Government Information Services (OGIS) at 877-684-6448, or by emailing ogis@nara.gov. Alternatively, you may contact the FBI's FOIA Public Liaison by emailing foipaquestions@fbi.gov. If you submit your dispute resolution correspondence by email, the subject heading should clearly state "Dispute Resolution Services." Please also cite the FOIPA Request Number assigned to your request so it may be easily identified.

Sincerely,

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 he 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.

FBI/DOJ

FEDERAL BUREAU OF INVESTIGATION

Form No. 1
THIS CASE ORIGINATED AT WASHINGTON FIELD

REPORT MADE AT	DATE WHEN MADE	PERIOD FOR WHICH MADE	REPORT MADE BY
WASHINGTON, D. C.	1/9/53	12/22-24,29-31/52 1/2,5-9/53	WILLIAM C. HIGGINS EIW

TITLE	CHARACTER OF CASE
DUDLEY JOSEPH LE BLANC, ETAL	BRIBERY

SYNOPSIS OF FACTS:

Results of interviews with FTC and FDA attorneys and officials and information re file review at FDA set out. Information re interview with TURNEY GRATZ, former Executive Director, Democratic National Committee, set forth. HORTON'S credit and criminal record set out.

- P -

APPROVED AND FORWARDED:	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
		58-2808-33 RECORDED - 9

COPIES OF THIS REPORT

(3) - Bureau (58-2808) (Encls)
1 - New Orleans (58-91)
2 - Washington Field (58-[illegible])

JAN 12 1953

WFO 58-417

B. INTERVIEW WITH TURNEY GRATZ

Mr. TURNEY GRATZ, 209 Dale Drive, Silver Spring, Maryland, former Executive Director of the National Democratic Committee, was interviewed at his office at 1627 K Street, N. W. Mr. GRATZ by way of background advised that he had been second in command in the National Democratic Committee up until his acceptance of the position as Vice President of the Hadacol Company in March of 1951. Mr. GRATZ stated that he met DUDLEY LeBLANC a short time before this when LeBLANC came into the Democratic Party National Headquarters and introduced himself. GRATZ stated that shortly after their meeting, in casual conversation, he told LeBLANC that he intended to get out of politics and enter private business. Whereupon LeBLANC stated that he would hire GRATZ. Mr. GRATZ advised that LeBLANC offered him the position as Vice President of the Hadacol Company and that he was to have charge of all the export business. GRATZ advised that he told LeBLANC at the time of his acceptance of this vice presidency that the only thing he wanted to be connected with and handle would be the export business and that he would not use his personal friends and contacts for any special favors for LeBLANC. GRATZ stated that there was no doubt in his mind but that LeBLANC wanted to make him Vice President of the Hadacol Company because of his (GRATZ') knowledge of people in public life. Mr. GRATZ advised that LeBLANC had several pending matters in Washington, D. C., that he wanted GRATZ to handle. GRATZ stated that these matters were not those pertaining to the export business, and he merely did them as favors for LeBLANC. He stated that in one situation he attempted to get alcohol rebates expedited for LeBLANC but was unsuccessful. He went on to explain that in this instance the LeBLANC industry, which was a large user of alcohol, was entitled to a tax rebate inasmuch as the alcohol which they purchased was for medicinal purposes. Under the existing regulations, LeBLANC had to pay the regular tax on the alcohol at the time of purchase, but, upon application at the Internal Revenue Bureau, the LeBLANC industry would be reimbursed for the amount of excess tax which they had paid. Mr. GRATZ advised that, as a result of this system, the LeBLANC industries had thousands of dollars tied up in alcohol tax rebates. According to Mr. GRATZ, LeBLANC was considerably upset over this situation and presented the problem to GRATZ and requested that GRATZ contact the Alcohol Tax Unit and see what could be done to expedite these payments. Mr. GRATZ stated that, as a result of this request by LeBLANC, he approached the Alcohol Tax Unit and asked if they could expedite the payments. Mr. GRATZ did not recall the name of the individual he contacted. He stated he was advised that LeBLANC would receive his payment in the due course of business just like any other claimant and that no special effort would be made to push his ahead of other payments.

58 2908-[illegible]33

WFO 58-417

Mr. GRATZ stated that on another occasion LeBLANC requested him to attempt to get the Office of Price Stabilization to render a favorable decision regarding the price of Hadacol. Mr. GRATZ stated that in this instance LeBLANC had made arrangements to purchase bottles, machinery, and labels in order to reduce the size of the bottle of Hadacol; however, he wanted to retain the former sales price of the larger bottles of Hadacol. Mr. GRATZ stated that he personally contacted Mr. MIKE DiSALLE concerning this situation and was advised by DiSALLE that he would have to file an application for the change of price. GRATZ stated he had received no special consideration at that time. Mr. GRATZ advised that, to the best of his knowledge, nothing further had been done about this situation.

Mr. GRATZ pointed out that on another occasion LeBLANC approached him on the problem of getting honey rebates from the Department of Agriculture. Mr. GRATZ explained that in order to help the "bee industry" the Government was offering rebates or subsidies to firms that found a new use for honey. He stated that this was apparently set up so that the bee industry would become more prosperous. The Hadacol Company used approximately 12 drops of honey per bottle of Hadacol as a flavoring agent in order to make the medicine palatable. As a result, the Hadacol Company, according to Mr. GRATZ, became the largest user of honey in the United States. Because of this, Mr. LeBLANC was of the opinion that this subsidy should be paid to his firm. Mr. GRATZ stated that he went to the Department of Agriculture with DUDLEY LeBLANC and in several conferences with the Department of Agriculture attempted to get these payments. Here again, Mr. GRATZ advised, he was unsuccessful in getting payments for LeBLANC. Mr. GRATZ could not recall whom he had contacted or had conferences with in the Agriculture Department concerning this matter.

Mr. GRATZ advised that DUDLEY LeBLANC wanted him to go to the Federal Trade Commission and the Food and Drug Administration on his behalf and attempt to use his knowledge of the people connected with these agencies for LeBLANC's benefit. Mr. GRATZ said that the only contact he would make with the Federal Trade Commission would be to find out what they wanted the Hadacol Company to do and that, thereafter, LeBLANC and his company would have to comply with the regulations as set forth. He stated that he emphatically told LeBLANC that he could get him no special favors. Mr. GRATZ advised that he knew Senator MEAD, Chairman of the Federal Trade Commission, only as a political acquaintance. He had no connection with him socially or officially and that the only time he had ever been in MEAD's office was in answer to a request of MEAD for information during the investigation conducted by JOHN H. BASS.

58 2808- 33

He stated that he considered MEAD to be a friend in a political sense. He stated that his purpose for telling DUDLEY LeBLANC that MEAD was a personal friend of his was to lay the groundwork for telling LeBLANC that he would not use his personal friends and political connections to LeBLANC's advantage. He stated that he recalled Senator MEAD's calling him regarding some political matter and that, at that time, he told Senator MEAD he was resigning from the National Democratic Committee to accept a vice presidency with the Hadacol Company. Mr. MEAD had told him that they had had considerable difficulty with the Hadacol Company. GRATZ continued that, at that time, Senator MEAD "told me he was awful glad that someone was getting in there who would make him (LeBLANC) behave." GRATZ stated that he told Senator MEAD he "would make LeBLANC comply with Federal Trade Commission regulations and stipulations or he would resign from the company."

Mr. GRATZ advised that he could not recall LeBLANC's talking to him or requesting him to attempt to get an individual favorable to the Hadacol firm appointed as a member of the Federal Trade Commission. He further stated that he had never at any time attempted to secure the appointment of anyone to the Federal Trade Commission.

Mr. GRATZ recalled that LeBLANC had wanted to get someone favorable to "patent medicine" appointed to the Food and Drug Administration. In this regard, he had requested that GRATZ help him get someone appointed to this Administration. GRATZ stated that he had asked for a biography of an individual and gave a lot of thought to someone who could be appointed to this Administration and that, as a result, he had introduced MAC HEDRICK to OSCAR EWING, Federal Security Administrator, but he did not recall making any recommendation of anyone for the appointment to the Food and Drug Administration. Mr. GRATZ stated that he is not positive on this point; that he may have recommended some individual, but that he could not recall the name of anyone that he had recommended for a position with the Food and Drug Administration. He stated that he recalled that the meeting he had with OSCAR EWING at the time of the introduction of HEDRICK was rather brief and that EWING had introduced them to some subordinate in the Food and Drug Administration. He stated that this was his only contact with the Food and Drug Administration in regard to the LeBLANC industries.

On another occasion, Mr. GRATZ advised, LeBLANC asked him to make arrangements for LeBLANC to have his picture taken with President HARRY TRUMAN. GRATZ stated he told LeBLANC that he was not that well

acquainted with the President and that he could not make such arrangements. He stated that LeBLANC wanted to get this picture so that he could put it on the labels for the bottles of Hadacol. Mr. GRATZ stated that subsequently he received a letter from LeBLANC in which LeBLANC made the statement that he (GRATZ) had told LeBLANC that he would get such a picture. Mr. GRATZ pointed out that he explained to LeBLANC that such a thing was out of reason, and one could not use the high office of the President for such matters.

Mr. GRATZ pointed out that LeBLANC had given him full authority to set up a Washington, D. C., office representing the LeBLANC industries with authority to buy the best of everything. He stated that he was, by this time, becoming suspicious of Mr. LeBLANC and proceeded very cautiously in this regard. Instead of setting up the office under the name of the LeBLANC industries, he purchased the space and furniture under his own name. He stated he did it this way because he was no longer confident that LeBLANC would do as he said he would. Mr. GRATZ stated that, in fact, he had taken a five-year lease on the offices at 915 15th Street and that he is presently subleasing this space.

Mr. GRATZ pointed out that he had been employed with the Hadacol Company for a period of approximately six weeks and that he resigned on April 20, 1951. He stated that all the foregoing incidents occurred during that time and that his entire amount of personal contact with DUDLEY LeBLANC would not total more than 100 hours at the most. Mr. GRATZ pointed out that he "walked out on a quarter million dollars a year because it smelled." He further related that he quit because of several reasons:

1. Because his reputation was suffering from his association with LeBLANC and the Hadacol firm.

2. The export business which LeBLANC had promised to him was not being set up, and no efforts were being made on the part of LeBLANC to do anything in this regard.

3. LeBLANC would not divorce politics from his business and on one occasion on a visit to Louisiana, LeBLANC had introduced him to a public gathering as Executive Director of the National Democratic Committee. On this occasion, he had rebuked LeBLANC and told him that, if he ever introduced him in this manner again, he would publicly refute the statement.

4. He stated that he found on his visit to Louisiana that the bank account of the Hadacol Company was overdrawn and that their financial structure was tottering.

Mr. GRATZ advised that he was acquainted with RICHARD BROWN, whom he described as a conscientious, sincere young fellow, who was attempting to keep the Hadacol Company on a sound footing. He stated that he was also acquainted with MAC HEDRICK, whom he described as a former newspaper and advertising man, who represented himself as being the only man who could "handle" LeBLANC. He stated that HEDRICK on several occasions requested that he (GRATZ) take HEDRICK to meet Senator MEAD at the Federal Trade Commission. Mr. GRATZ stated that he had never taken HEDRICK to the Federal Trade Commission and did not know if he had ever become acquainted with Senator MEAD. He stated on another occasion DUDLEY LeBLANC had advised him that HEDRICK had no official connection with the firm. He further advised that he had no knowledge of any money having been given to HEDRICK to "buy influence." Mr. GRATZ stated that L. E. TOWNER and MAC HEDRICK at one time were the advertising agents for the LeBLANC industries and as such would have had access to a considerable amount of money. He stated that he could furnish no information regarding any attempts by anyone connected with the firm to buy influence in Washington or do anything else wrong in connection with Government contacts.

WFO 58-417
RKL/adg

C. REVIEW OF FILES OF THE FOOD AND DRUG ADMINISTRATION

Mr. JAMES PIERSON, Division of Regulatory Management, Food and Drug Administration, Federal Security Agency, made available the Food and Drug files concerning Hadacol to SA WILLIAM K. FENIMORE and SA ROBERT K. LEWIS.

These files were divided into two sections, the first section consisting of five volumes under number 19119. These volumes contained various labels from Hadacol bottles and numerous Hadacol advertisements.

The files reflect a memorandum dated October 21, 1948, reporting an interview between DUDLEY J. LeBLANC, WALTER L. RUBENS, of the Rubens Advertising Company, Chicago, and GEORGE P. LARRICK, Deputy Commissioner, Food and Drug Administration. The memorandum indicates that LeBlanc left a letter with the Food and Drug Administration commenting on the future course of conduct to be followed in the distribution of Hadacol. This letter, dated October 20, 1948, contained in the file, states in part: "I am anxious to comply with every requirement of the law." The letter points out that the Hadacol advertising will be altered, the product will be given control tests, and the booklets entitled "Good Health" will be recalled.

The file contains a memorandum dated October 4, 1948, reflecting that J. SHELLY WRIGHT, Assistant United States Attorney, New Orleans, called R. E. DUGGAN, New Orleans Station, Food and Drug Administration, stating that he wished to bring a court action against Hadacol and wanted to know what Food and Drug was doing on the matter. The memorandum reflects that WRIGHT was informed that reports were being submitted to Washington for decision and also that the Federal Trade Commission was probably interested in the case.

The file contains communications from Louisiana representatives EDWIN E. WILLIS, HENRY D. LARCADE, JR., and F. EDWARD HEBERT, all dated in November 1948, requesting information concerning the proposal of the Food and Drug Administration that the name Hadacol be changed. The files contain a similar communication from Louisiana Senator ALLEN J. ELLENDER dated November 26, 1948. The Food and Drug Administration replied to all these inquiries that it had suggested a change of name but had no legal action pending.

A memorandum dated December 9, 1948, reflects a conference between DUDLEY J. LeBLANC, WALTER L. RUBENS, Dr. GEORGE W. HOOVER, and Dr. PAUL B. DUNBAR, Commissioner, Food and Drug Administration. This

[redacted] 58-417
[redacted]/adg

best copy available

[redacted] LeBLANC [redacted] entitled "[redacted]. LeBLANC [redacted] that [redacted] Advertising Agency [redacted] be in charge [redacted] over [redacted] would [redacted] could be continued. [redacted] stated he [redacted] and a new [redacted] made. [redacted] HOOV[redacted] [redacted] time [redacted] impressed by LeB[redacted] the [redacted] experiments [redacted] had made [redacted] under [redacted] time he [redacted]. DUN[redacted] concluded [redacted] that [redacted] the name Hadacol would [redacted] but [redacted] would [redacted] by [redacted].

[redacted] from [redacted] for information [redacted] and [redacted] advertising [redacted]. [redacted] letters [redacted] why the [redacted] and Drug [redacted] had not taken some [redacted] action against [redacted]. The [redacted] and [redacted] replies to these various complaints pointed [redacted] the jurisdiction of Food and Drug was limited to violations of [redacted] labeling laws [redacted] that the Hadacol labels did not conflict with the law. Analyses [redacted] by the Food and Drug Administration showed that the product [redacted] what its label claimed.

The second section of files [redacted] seizure [redacted] of various lots of [redacted]. These files were numbered 6[redacted], [redacted]-41 I, 13-162L, 23-573K, 23-[redacted], 23-433K, 23-[redacted]. 23-12LA, 45-[redacted], [redacted] and 23-5[redacted] through 572K. These files contained information [redacted] place and method of seizure, analysis of the product, and reasons for disapproval of the seizures. It is noted that all of the seizures were disapproved since analysis of the product failed to show any violation of the labeling laws.

D. INTERVIEWS WITH FOOD AND DRUG ADMINISTRATION OFFICIALS

The following interviews were conducted by [redacted] and SA ROBERT K. LEWIS:

Mr. RALPH F. KNEELAND, Jr., Assistant to the Commissioner, Food and Drug Administration, Federal Security Agency, stated that he has held his present position since 1940 and was active in the handling of the Hadacol case. He stated that Food and Drug originally thought they could make a case against the LeBLANC Corporation on the theory th

the booklet entitled "Good Health" which accompanied Hadacol shipments could be considered as a label. He stated this booklet contained numerous violations of the Pure Food and Drug Laws but that before any action could be brought a Circuit Court decision held that such booklets accompanying products could not be classed as labels. He added that shortly thereafter LeBLANC recalled all these booklets and Food and Drug was therefore unable to bring any action.

KNEELAND stated that he does not recall that he ever met LeBLANC but added that LeBLANC may have called upon Mr. LARRICK, Deputy Commissioner, or Dr. DUNBAR, Commissioner, regarding his problems. He stated that with the exception of Dr. GEORGE HOOVER, he was never contacted by any representative of the LeBLANC Corporation. He stated that Dr. HOOVER had contacted him three or four times strictly on the question of labeling. He stated Dr. HOOVER who was formerly Chief of the Drug Division, Federal Security Agency, did not attempt to exert any influence or pressure in behalf of LeBLANC and in fact desired that the Hadacol label conform with the law.

KNEELAND stated he had never received any gifts from LeBLANC, had no knowledge of any parties held by LeBLANC and had no knowledge of any influence exerted at Food and Drug Administration by anyone in behalf of LeBLANC.

Mr. MORRIS L. YAKOWITZ, Assistant to the Commissioner, Food and Drug Administration, Federal Security Agency, advised he has been in his present position a little over four years and was active in the Hadacol case until recently. He stated that when Hadacol was first marketed, highly exaggerated claims were made for it, and Food and Drug considered action on the basis of booklets entitled "Good Health" which if classed as labels were in violation of the Food and Drug Laws. He stated that no action was brought since LeBLANC withdrew all these booklets.

Mr. YAKOWITZ stated that he met DUDLEY LeBLANC on only one occasion which was an official matter regarding labeling of Hadacol. He stated LeBLANC did not attempt any pressure or undue influence at the time of this contact. He also advised that he had been contacted by Dr. GEORGE HOOVER, employed by LeBLANC, whose views tended to support those of the Food and Drug Administration. He stated that HOOVER tried to get LeBLANC to come within the bounds of good conduct.

He stated that he was never contacted by any other representatives of the LeBLANC Corporation with the exception of a HAROLD W. BROWN who had been employed by LeBLANC as a Label Consultant. He stated he met BROWN who had come to Food and Drug on a different matter and was not then employed by LeBLANC and BROWN mentioned to him that LeBLANC had once stated to him that he had brought a large amount of money to Washington and if necessary he would spend it to be allowed to stay in business.

YAKOWITZ stated that ten or twelve Louisiana Congressmen had made inquiry of Food and Drug concerning Hadacol and he said that while inquiries from Congressmen were usually normal and routine, he felt that the large number inquiring about Hadacol was unusual and might have been considered an attempt to influence the Food and Drug Administration.

YAKOWITZ stated he never received any gifts from LeBLANC, had no knowledge of any parties given by LeBLANC, and had no knowledge of any attempt by anyone to influence the Food and Drug Administration on the Hadacol matter.

FEDERAL BUREAU OF INVESTIGATION

CASE ORIGINATED AT: WASHINGTON FIELD			FILE NO.	
REPORT MADE AT: NEW ORLEANS, LA.	DATE WHEN MADE: 1-30-53	PERIOD FOR WHICH MADE: 1-12,22,23,26-53	REPORT MADE BY: EARL COX	EC:FS
TITLE: DUDLEY JOSEPH LE BLANC, ETAL			CHARACTER OF CASE: BRIBERY	

SYNOPSIS OF FACTS:

Results of interview with E. C. BOUDREAUX, in charge FDA, New Orleans, La., and information from file review of FDA at New Orleans set out. BOUDREAUX met LE BLANC only once; knows of no attempts, undue influence or bribery and feels sure no such attempts were made in New Orleans District with FDA. He knows of no reason to suspect such attempts being directed at officers of FDA in Washington, D. C. File review reflects large collections of labels and advertising data on hadacol and reflects copies of considerable correspondence from FDA officials in Washington to La. members of U. S. Congress in reply to inquiries regarding hadacol investigation.

- R U C -

DETAILS:

AT NEW ORLEANS, LOUISIANA

In connection with the preparation of this report, Mr. E. C. BOUDREAUX, in Charge Food and Drug Administration, was interviewed and files of FDA at New Orleans were reviewed, consisting of Factory Inspection File #2671 and sample reports on samples of hadacol taken from May, 1945 to May of 1952.

EXPEDITE PROCESSING

Mr. E. C. BOUDREAUX, in charge of New Orleans District FDA, advised that FDA had conducted considerable investigation in an

APPROVED AND FORWARDED:	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
		58-2808-38

COPIES OF THIS REPORT

3 - Bureau (58-2808)
2 - Washington Field (58-417)
1 - New Orleans (58-91)

RECORDED 13

5 FEB 25 1953

38

attempt to make a case against DUDLEY JOSEPH LE BLANC, but most of the data that had been compiled had to do with advertising of the product hadacol rather than with the labeling and therefore was a matter falling within the jurisdiction of the Federal Trade Commission rather than FDA. Mr. BOUDREAUX stated that FDA would have to make its case on mislabeling of the product as to contents and composition or on false claims for the product appearing on the label or some pamphlet accompanying the product. He stated further that it appeared in 1948 that FDA had a case against LE BLANC based upon a pamphlet that was being distributed which made fantastic claims for the therapeutic qualities of hadacol but that copies of the pamphlet were recalled by the LE BLANC Corporation and its use discontinued. Mr. BOUDREAUX stated that subsequent to this a number of samples of hadacol were submitted to FDA, in Washington, D. C. for laboratory analysis to determine whether the product conformed to contents shown on the label, but in each instance it was determined that there was substantial compliance in this regard. Mr. BOUDREAUX stated that he recalls meeting LE BLANC only once, on which occasion Mr. LE BLANC came to the FDA Office in New Orleans to inquire about the FDA investigation of hadacol. BOUDREAUX stated that he told LE BLANC that an investigation was under way because of interstate shipment of the product; that he could make no detailed discussion of the matter pending final decisions in connection with the investigation.

BOUDREAUX stated that LE BLANC indicated that he was making a trip to Washington, D. C. to discuss the matter with FDA officials there in an attempt to clear the matter up. He advised further that to his knowledge, LE BLANC had no further contact with the FDA Office in New Orleans, but apparently directed his attention to officials of FDA and FTC.

Mr. BOUDREAUX stated that he has no knowledge of any attempts being made by LE BLANC or his representative to bribe or influence unduly any officials connected with the Hadacol Corporation. He stated that he feels sure that if any such attempts had been made, prosecutive action would have been undertaken at once as "We were all very anxious here to make a case in this matter." BOUDREAUX stated further that he had no reason to believe that LE BLANC had attempted to bribe or unduly influence any person in Washington, D. C. connected with the investigation. Mr. BOUDREAUX emphasized that investigation conducted in the New Orleans District had to do largely with collections of advertising and labeling data and selections of samples for laboratory analysis and that there was very little contact between local employees of FDA and LE BLANC as LE BLANC conferred frequently with FDA officials in Washington, D. C.

58 2808- 38

NO #58-91

REVIEW OF FACTORY INSPECTION FILE NO. 2671, NEW ORLEANS DIVISION, FEDERAL FOOD AND DRUG ADMINISTRATION

A review of Factory Inspection File #2671 of FDA, New Orleans, reflects a large collection of advertising and labeling data on the product hadacol, copies of which were forwarded to FDA in Washington, D. C., and in the case of advertising data the New Orleans Office of the FTC. There is included in this file a large quantity of advertising material on hadacol which was received from other field offices of FDA throughout the country and a great many letters of inquiry about hadacol and/or complaints about the product. These letters were answered to the effect that FDA is concerned with conducting investigations relating to violations of labeling laws and that FTC has jurisdiction over violations that might arise in connection with advertising matters. Those inquiring were further advised that the product hadacol contained approximately what the label indicated, according to a number of laboratory analyses made of samples of the product. This file also contains copies of numerous letters from FDA officials in Washington, D. C. to U. S. Senators from Louisiana and Louisiana Congressmen who had made inquiries on behalf of LE BLANC about the Hadacol Corporation investigation during 1948 and 1949. Among those to whom this correspondence was directed were Senator ELLENDER, Senator LONG and Representatives WILLIS, LARCADE, HEBERT, BOGGS and BROOKS.

A memo by Mr. E. C. BOUDREAUX dated October 13, 1948, indicates that LE BLANC visited the FDA Office in New Orleans on October 13, 1948 and conferred with Mr. BOUDREAUX and Mr. B. L. EDGERTON. He is indicated as stating that he planned to extend operations in the product hadacol and he wanted to know how he stood with Federal laws. This memo reflects that LE BLANC stated that he had contacted FTC officials in Washington, D. C. and felt that everything was "okeh" with FTC. The memorandum further indicates that LE BLANC was advised by Mr. BOUDREAUX that investigation was under way but that he, BOUDREAUX, was not in a position to discuss the matter fully pending final decisions. It was indicated that LE BLANC was considering contacting FDA officials in Washington.

The file contains an inspection report dated February 8, 1949 made to FDA in Washington, D. C., calling attention to the use of sound trucks in the advertising of hadacol on which trucks appeared advertising which was believed to be in violation of Food and Drug regulations. The local office requested advice regarding possible violations in this regard. Also contained in this file is a copy of a letter dated June 16, 1949 from LE BLANC to GEORGE LARRICK, FDA Official, regarding the advertising which was printed on the above. This letter indicates that the objectionable printing on all of the other trucks of the LE BLANC Corporation had been painted over and this one truck which had not been re-painted through neglect on part of the garage man, had been used through inadvertence on this one occasion when it was photographed by inspectors of

NO #58-91

FDA. There also appears in this file a copy of a letter dated June 30, 1949 from Mr. GEORGE P. LARRICK, FDA, replying that he was glad to learn that claims involving a number of serious diseases which appeared on the above truck used to transport hadacol remained on the truck through inadvertence.

The file also reflects a memorandum dated July 30, 1951, indicating that Mr. I. H. LUTZKER, representative of WALTER E. HELLER and Company, and Mr. MORRIS L. YARKOWITZ, Assistant to the Commissioner, FDA, discussed the hadacol investigation in connection with inquiry made by LUTZKER whose firm had been requested to act as "factors" for the LE BLANC Corporation. LUTZKER is reported to have stated that he had talked with Mr. HORTON of FTC and got a copy of the stipulation between the LE BLANC Corporation and FTC. LUTZKER indicated that HORTON had said that FTC was about to investigate the present advertising of hadacol to ascertain whether it complied with the cease and desist agreement of August, 1950.

This file further indicates that a Factory Inspection of the Hadacol Corporation is contemplated in the near future to determine the conditions in the plant and the extent and method of present operations.

SAMPLES OF PRODUCT HADACOL SUBMITTED FOR LABORATORY ANALYSIS

A review of these files indicate that a great many samples of hadacol were submitted to the FDA in Washington, D. C., for laboratory analysis to determine whether there was any deficiency in the contents and composition of the product as indicated on the labels. In each instance it was found that there was substantial compliance with the law and the product contained approximately what was indicated on the label.

Samples were submitted on the following dates for analysis:

March 15, 1945
March 8, 1948
July 24, 1948
September 22, 1948
September 24, 1948
September 25, 1948
September 28, 1948 (2 separate samples)
September 29, 1948
October 11, 1948
January 10, 1949
June 10, 1949
May 2, 1941

As was stated above, these samples were found to comply substantially with the laws enforced by FDA and therefore, no further investigation was conducted in connection with the various samples.

- R U C -

NO #58-91

REFERENCES:

Washington Field teletype to the Bureau and New Orleans dated January 8, 1953

Washington Field Airtel to the Bureau and New Orleans dated January 13, 1953.

58 2808- 38

FEDERAL BUREAU OF INVESTIGATION

No. 1
CASE ORIGINATED AT WASHINGTON FIELD

REPORT MADE AT	DATE WHEN MADE	PERIOD FOR WHICH MADE	REPORT MADE BY	
WASHINGTON, D. C.	12/4/52	11/25,26;12/2/52	WILLIAM C. HIGGINS	PCN

TITLE
DUDLEY JOSEPH LeBLANC; THE LeBLANC CORPORATION; [redacted]; UNKNOWN SUBJECT, RFC EMPLOYEE, NEW ORLEANS, LOUISIANA

CHARACTER OF CASE
BRIBERY

b6 Per FTC
b7C

RECONSTRUCTION FINANCE CORPORATION

SYNOPSIS OF FACTS:

Chairman JAMES M. MEAD, FTC, furnished WFO with copies of two memoranda prepared at His direction setting forth a history narrative and a legal record of the Hadacol Case. Chairman MEAD advised he had assigned JOHN BASS to investigate allegations in LeBlanc deposition regarding FTC officials and would furnish FBI a copy of BASS' report.

- P -

DETAILS: AT WASHINGTON, D. C.

On November 26, 1952, the writer contacted JAMES M. MEAD, Chairman, Federal Trade Commission, at the latter's request, who, in the presence of Mr. JOHN WHEELOCK, Legal Advisor to the Chairman, advised that in the interest of further clarification in this case, he had instructed his department to prepare a "History Narrative" and a "Legal Record of Case" concerning the relationship between Hadacol and the Federal Trade Commission from the inception of this relationship up to and including the present date.

Chairman MEAD furnished the writer with the original copies of these two memoranda.

The memorandum entitled in pencil "History Narrative" and which is undated and unsigned reads as follows:

APPROVED AND FORWARDED: | SPECIAL AGENT IN CHARGE | DO NOT WRITE IN THESE SPACES

58-2808-18

SE 43

RECORDED

INDEXED

COPIES OF THIS REPORT
3 - Bureau
- New Orleans (58-91) (Info)
- Birmingham (Info)
Washington Field (58-417)

58 2808-2

WFO 58-417

"HISTORY NARRATIVE

"In re: Hadacol
Informal File No. 1-20984,
Docket No. 5925

b6 Per FTC
b7C

"The original respondents in this matter were the LeBlanc Laboratories, Inc., DUDLEY J. LEBLANC, [redacted] who had their place of business in Lafayette, Louisiana. These parties were originally selling a number of medicinal preparation in the swamp country of Louisiana. Most of the advertising was in Cajun French addressed to the French speaking people in that region. These parties sold a preparation designated 'Hadacol' and other products designated 'Min-So-Late' (an ointment for external applicatio 'Dixie Dew Cough Syrup', 'Happy Day Aspirin', Dr. Day Root Beer Concentrate' and 'Happy Day Headache Powders.'

"The Commission investigated the sale and advertising of these preparations and found that most of the sales were within the State of Louisiana, but because the local newspapers circulated across the lines of the adjoining states, and the advertising over the local radio stations was heard by persons residing in other states, the Commission had jurisdiction over the parties.

"The Commission had some difficulty translating the advertisemen from the Cajun French to English. Ordinarily the Commission does not take jurisdiction over local matters even though there is technical jurisdiction unless the advertisements are rather flagrant. The advertisements disseminated by these parties appeared to be flagrant false.

"Pursuant to the investigation, files were referred to the old Bureau of Litigation of the Commission in July of 1948 for the drafting of a complaint charging the parties with the dissemination of false advertisements. A draft of complaint was prepared in September of 1948 and submitted to the Commission. (Chairman MEAD had underlined the words September of 1948 and had inserted in the margin alongside the notation 'MEAD was not on the F.T.C. in 1948')

In the meantime DUDLEY LeBLANC who controlled the activities of the corporation and who apparently was a dynamic and flamboyant figure and who has referred to himself in a booklet as 'author, statesman, and humanitarian'; and as 'a profound scholar and student' and the 'creator' of Hadacol, knowing that the matter was under investigation, came to Washington and conferred with officials of the Commission's Bureau of Litigation. This was in the fall of 1948 before the Commission acted on the recommendation that complaint issue.

"Mr. LeBLANC informed the Bureau of Litigation that he had employed a new advertising agent who would only take the account with the definite understanding that all objectionable advertising would be eliminated by LeBLANC and his corporation. Mr. LeBLANC also informed the representatives of the Commission that he was retaining a medical consultant and would abide by the judgment of this expert on matters relative to advertising. As at that time the sales of these parties were only local in the Louisiana region and as Mr. LeBLANC had promised, presumably in good faith, to eliminate all objectionable advertising and be guided by advertising and medical experts, the Commission did not deem it necessary to issue a complaint at that time. If a complaint had been issued charging that the advertisements formerly used by these parties were false and if in the meantime the parties were to use a new and different advertising approach, a trial of the old advertising may have been a useless expenditure of public funds. The Commission at that time therefore, took LeBLANC's good faith assurances that he would not advertise Hadacol falsely. By that time the parties had discontinued selling the other preparations mentioned above and confined their activities to the sale of Hadacol.

"LeBLANC thereafter apparently used a new advertising approach that is, to play up the minerals and vitamins in Hadacol and to sell it as a vitamin and mineral supplement. The Commission directed that the matter be placed on suspense for 90 days and that thereafter a check be made to ascertain whether or not LeBLANC and his associates were actually complying with their promises to the Commission.

"In the meantime, LeBLANC and associates initiated a greatly expanded advertising program. They enlisted Hollywood actors and

pushed their advertising campaign into various sections of the country. In the meantime, the Commission was again investigating LeBLANC's advertising practices. Apparently LeBLANC would hire one advertising agent and for some reason discharge him and thereafter he would hire another advertising agent. During the next few months, LeBLANC apparently employed 3 or 4 different advertising agencies at different times.

"As stated above, LeBLANC and associates were now using the vitamin-mineral approach but according to the reports by the Commission's medical experts LeBLANC and associates were still disseminating false advertisements relative to Hadacol. For illustration, lack of energy and pep may be due to a vitamin or mineral deficiency, but it may also be due to many other causes. The use of Hadacol may help one who has a run-down condition if such condition is due to a vitamin-mineral deficiency. An advertisement for Hadacol would be false if it unqualifiedly represented that it would cure a person having a run-down condition. In addition, LeBLANC and associates were using testimonials from users of Hadacol who made claims for Hadacol which the medical experts stated were not scientifically accurate.

"In August of 1949, therefore, the Commission referred the matter to the Bureau of Stipulations for the purpose of negotiating with LeBLANC and associates for a stipulation pursuant to which these parties would agree to discontinue disseminating the false advertise (Chairman MEAD had underlined In August of 1949 and had inserted in the margin alongside the notation 'MEAD not a member of F.T.C.') Stipulation negotiations were conducted and the parties executed a stipulation to discontinue certain misrepresentations. This stipulation was not satisfactory to the Commission because it did not go far enough and it was returned to the Bureau of Sipulations with instructions to negotiate a broader and more effective stipulation. Subsequently a more effective stipulation was executed by the partie and this stipulation was approved by the Commission in August of 19 (It was again noted that Chairman MEAD had underlined August of 1950 and had inserted in the margin alongside the notation 'MEAD now on the F.T.C') The Commission at that time, however, having in mind its past experiences with Mr. LeBLANC, directed the Bureau of Stipulations in obtaining compliance with that stipulation to reach the broadest aspects of respondents' advertising.

"Pursuant to the terms of the stipulation, a respondent has 60 days in which to submit a report of compliance. After this stipulation was approved by the Commission, there was initiated by the Division of Stipulations conferences with LeBLANC and associates for the purpose of obtaining compliance with the stipulation. These attempts at obtaining compliance were made very difficult because of the tempestuous characteristics of Mr. LeBLANC. He would submit advertising data and the Division of Stipulations would point out certain material in the advertising which could not be accepted. Mr. LeBLANC or his associates would agree to strike those particular statements from the advertising and thereafter he would be requested to submit samples of the revised advertising material. When the new material was received it would be found that it also contained objectionable statements. The most difficult point was the testimonials. Apparently people would use Hadacol and would actually believe that the preparation would cure them of a particular trouble or would reduce or relieve the symptoms. LeBLANC claimed that he was entitled to print these testimonials. It was again and again pointed out to him that testimonials used in advertising must be considered as any other representations used in advertising and must be in accord with medical facts.

"During the course of these conferences with LeBLANC and associates it became obvious that the only effective way to bring about a cessation of the objectionable advertising was to issue a complaint and if the allegations of the compliant were sustained by the evidence then issue a binding and effective order to cease and desist with teeth in it.

"Therefore, in August of 1951 the Commission directed the expeditious preparation of a complaint and in September of 1951 the complaint was issued and served. (It was also noted that Chairman MEAD had underlined in August of 1951 and had inserted in the margin alongside 'MEAD on the Commission.') At approximately that time bankruptcy proceedings were instituted against the corporation and the assets of the corporation were in the control of the trustee in bankruptcy. Due to this situation the case was not immediately tried because of the uncertainty of the parties, that is, the assets of the company might be purchased by some other parties and the desire of the trustee in bankruptcy to secure new capital and to have the

persons supplying new capital to participate in any answer that might be filed to the Commission's complaint.

"In the meantime it was ascertained that no advertisements were being disseminated inconsistent with the allegations of the Commission's complaint.

"In summary, Hadacol was originally what might be referred to as a 'bath tub' preparation sold to the Cajun French in the swamp country of Louisiana and vicinity. The advertising was local and the sales were local but in view of the flagrant misrepresentations made in the advertising, the Commission conducted an investigation and considered issuing a complaint. Mr. LeBLANC came to Washington and stated that he was revising his advertising approach and was obtaining expert medical advice and would not advertise falsely in the future. The Commission, having no reason to believe to the contrary, accepted his statements in good faith and gave him the opportunity to clean up his advertising practices. LeBLANC did change his advertising approach but in some manner and much to the amazement of all concerned, obtained almost unlimited funds for advertising purposes and began to push his preparation as that of a vitamin-mineral supplement.

"The Commission, in due course, investigated his new advertising practices and on the basis of scientific opinion, accepted a stipulation to cease and desist. The Commission had difficulty obtaining compliance with this stipulation and thereafter issued its complaint. The only unusual feature in the record in this matter is the character DUDLEY LeBLANC and the fact that he was able to obtain sufficient funds to finance the spectacular advertising campaign for Hadacol."

The "Legal Record of Case" (captioned in pencil) is a memorandum for Chairman MEAD from DANIEL J. MURPHY, Chief, Division of Litigation, dated November 25, 1952, and which reads as follows:

WFO 58-417

"LEGAL RECORD OF CASE

"MEMORANDUM FOR CHAIRMAN MEAD:

"In re: LeBlanc Corporation, et al.
Docket No. 5925.

"In accordance with your recent request, following is a chronological history of this case.

"Originally Hadacol, the preparation involved, was sold by the Happy Day Co., of which DUDLEY J. LeBLANC was President. The name of the company was changed several times, but DUDLEY J. LeBLANC was the head of the concern at all times until control of it was sold in the Fall of 1951, as will be shown below:

"DATE

"8/13/47 History file, pages 1 through 32-B. Docketed as application for complaint after investigation beginning with letter from L. WEINSTEIN on January 8, 1945, with recommendation that the matter be referred for stipulation. Included with Hadacol in the investigation was Happy Day headache powders and other preparations put out by the same concern and the recommendation was that the stipulation be delayed until the Commission had adopted a policy in regard to affirmative disclosures which would affect stipulation in regard to the headache powders. One of the applicants for complaint was a Congressman from Louisiana.

"8/21/47 History file, page 36. /recommendation adopted after approval by Commissioner DAVIS to whom it had been referred. Above

"9/3/47 Applicant file, page 13. Telegram from Louisiana Congressman requesting that investigation be enlarged to include 'free goods' in respondent's advertising, which was done as shown by memorandum of JAS. A. HORTON, Director of Legal Investigation, History file, page 43, and action of the Commission, History file, page 45.

"3/1/48 Memorandum from Dr. DURRETT, Chief, Medical Advisory Division, advising that new formula submitted for Hadacol did not justify the advertising. History file, page 55.

"5/7/48 Supplemental final report of Attorney JOHN B. WILSON, recommending complaint against the Happy Day Co., Inc., a corporation, and DUDLEY J. LeBLANC, an individual, and as President of the corporation. This report states that in view of the exaggerated character of the representations in the French language, it is not recommended that the respondents be given the privilege of negotiating a stipulation. History file, page 61. The earlier advertising of this preparation consisted in part of radio talks by DUDLEY J. LeBLANC given in the French language and directed largely to the French-speaking people of Louisiana.

"7/12/48 History file, page 77. Memorandum for the Commission by JOSEPH W. POWERS, Chief Examiner, reviewing the facts in the case to that date calling attention to the patently false advertising for Hadacol which included representations of cure for ulcers, cancer, blood-poisoning, paralysis, epileptic fits, heart trouble, diabetes and many other serious diseases.

"8/10/48 Referred to Attorney D. C. DANIEL for preparation and complaint.

"9/17/48 Memorandum to the Commission. History file, page 192, shows that supplemental investigation had

58 2000- 18

been made which revealed among other things, that the name of the Happy Day Co., Inc., was changed to LeBlanc Laboratories, Inc.

"9/27/48 History file, page 107. Memorandum by Attorney JOHN G. WILSON shows that the supplemental investigation revealed the greater proportion of the advertisements to be in the form of testimonials or excerpts from testimonials in which the 'Sufferers' from various ailments have attributed their recovery to Hadacol.

"9/30/48 History file, page 108. Memorandum by Commissioner DAVIS calling attention to the fact that the individual respondent was a member of the State Senate of Louisiana and prominent in the dominant political organization in that State; that the principal applicant was a Lousiana Congressman who was an anti-organization man and that there was a political angle to the controversy. Commissioner DAVIS further calls attention to the fact that there had been several conferences, both personally and by telephone between the individual respondent and members of the Commission's staff and that the principal respondent had indicated at a conference on September 28, 1948, that he desired to change his advertising practices and settle this matter. The principal respondent, DUDLEY J. LeBLANC, had been advised to submit a letter to the Commission stating what he proposed. Commissioner DAVIS states in the memorandum that it does not appear advisable to issue complaint until the letter had been received. He recommended that the file be returned to the Bureau of Litigation with direction to make a further report to the Commission in the light of respondent's proposed letter.

"10/1/48 This action was taken by the Commission - History file page 110.

WFO 58-417

"10/12/48 Report of supplemental investigation by JOSEPH W. POWERS, Chief Examiner, showed that the respondent corporation did not own a laboratory and that the use of the word Laboratories in the corporate name, 'LeBlanc Laboratories' was in violation of the Federal Trade Commission Act and recommending that this be an additional charge included in the complaint. History file, page 111.

"10/13/48 Memorandum for the Commission by DANIEL J. MURPHY, Chief of Trial Division, History file, page 112, showing reconsideration of this matter in the light of respondent's letter mentioned in Judge DAVIS' memorandum, showing also redrafting of the complaint and recommendation that it be issued.

"11/4/48 History file, page 116. Memorandum by Commissioner DAVIS, calling attention to the respondent's claim of having eliminated all objectionable features from their advertising; calling attention to respondent's request that the Commission not issue a complaint because corrective action was being taken by respondents themselves. This memorandum submitted to the Commission for consideration as to whether or not complaint should issue forthwith or whether the issuance of complaint should be held in abeyance for approximately 90 days to determine whether or not respondents had actually discontinued the false advertising.

"11/10/48 History file, page 118. Commission minute placing the matter on the suspense calendar for 90 days with direction that at the end of such time the Bureau of Legal Investigation ascertain and report whether or not respondents had actually discontinued the false advertising and if so, whether or not the new advertising contained false representations.

"2/1/49 History file, page 120. Review of current advertising by Dr. DURRETT, Director of Bureau of Medical Opinions stating that the new advertising was not justified by the formula and directions for use.

"2/4/49 History file, page 123. Case reassigned from Attorney D. C. DANIEL to Attorney CHARLES S. COX.

"7/18/49 History file, page 135. Memorandum by Chief Examiner JOSEPH W. POWERS, reviewing supplemental investigation after the 90-day period had expired, showing that the new advertising is on a large scale in newspapers, over radio networks and otherwise; that while the old type of advertising had been abandoned, it was believed that the new advertising submitted, consisting largely of testimonials was also false; recommending issuance of a complaint including the new advertising deemed false.

"8/22/49 History file, page 139. Memorandum by DANIEL J. MURPHY, Chief of Trial Division. This memorandum calls attention to the Commission that the facts developed in the supplemental investigation show that substantially all, if not all of the claims formerly made by respondents had been abandoned; that it was believed the new advertising contained a number of false representations. The memorandum further calls attention, however, that the new advertising does not vary greatly from that in a number of cases involving similar vitamin preparations heretofore considered by the Commission; that in these other cases the privilege of stipulation had been extended to respondents and recommending that the respondents in this case be given the privilege of an informal stipulation in regard to the claims and representations made in the new advertising which might be found to be false or deceptive.

"8/23/49 Recommended action taken by the Commission; History file, page 140.

58 2808- 18

WFO 58-417

"4/11/50 History file, page 144. Negotiated stipulation recommended by MOREHOUSE, Director, Bureau of Stipulations.

"5/5/50 History file, page 147. Case reviewed by JOSEPH W. POWERS, Chief Examiner, for Commissioner AYRES, with recommendation that proposed stipulation is not adequate to prevent the current false advertising.

"5/18/50 History file, page 155. Case reviewed by Commissioner AYRES, recommending that the Commission not accept the proposed stipulation, but that the file be transmitted to Director, Bureau of Litigation, for review and report with recommendation.

"5/19/50 History file, page 157. Returned to Bureau of Stipulations with instructions to negotiate new stipulation covering original and current advertising.

"7/11/50 History file, page 162. Case reviewed by WILLIAM B. SNOW, JR., Chief Division of Stipulations, and new stipulation recommended which Mr. SNOW thought covered all of the false and misleading advertising disseminated by the respondents. This approved by JAS. A. HORTON, Director of Bureau of Industry Cooperation.

"8/7/50 History file, page 167. Commissioner AYRES comments on new stipulation submitted stating that it is much broader in scope than the one originally submitted. He still feels that stipulation procedure is not desirable in this case and that he is not wholly satisfied with the stipulation submitted. He nevertheless recommends that it be approved.

"8/17/50 History file, page 175. Stipulation approved and case closed without prejudice.

WFO 58-417

"9/21/50 History file, page 176. Report of a conference between DUDLEY J. LeBLANC and RICHARD BROWN, Officials of respondent corporation, Miss O'BRIEN of Erwin Wasey & Co., new advertising agent for respondents, Mr. HORTON, Mr. SNOW, Mr. SWEENY and Mr. VENDEL of the Commission's staff, at which time certain advertising by respondent was submitted for consideration.

"9/25/50 History file, page 178. Review of submitted advertising by Dr. DURRETT, Chief, Division of Medical Opinions, in which he reports that the advertising is not justified by the formula and directions for use.

b6
b7C

"10/26/50 History file, page 181. Report of conference between [redacted] and [redacted] of the advertising firm of Ruthrauff & Ryan of Chicago, WILLIAM B. SNOW and JAMES VENDEL of the Commission staff, at which certain proposed advertising was discussed.

b6 Per FTC
b7C

"5/10/51 History file, page 183. Report of a conference between DUDLEY J. LeBLANC and RICHARD L. BROWN of the respondent corporation and Messrs. HORTON, SNOW and VENDEL of the Commission's staff, at which time failure to comply with respondent's stipulation was pointed out and a firm commitment was made by the respondents that the advertising would comply with the stipulation. Respondents were requested to submit a statement in writing confirming the verbal commitments made at the conference.

"6/19/51 History file, page 190. Memorandum for Commissioner SPINGARN by WILLIAM B. SNOW, JR., Chief, Division of Stipulations, reviewing the case and calling attention to violation of the stipulation by respondents.

WFO 58-417

"7/20/51 History file, page 201. Report of compliance submitted by Attorney-Conferee, Division of Stipulations, J. ROBERT VENDEL, recommending that the report be accepted. This is concurred in by JAS. A. HORTON, Director of Bureau of Industry Cooperation, and not concurred in by WILLIAM B. SNOW, JR., Chief, Division of Stipulations.

"8/29/51 History file, page 217. Complete record of proceedings reviewed by Commissioner SPINGARN for the Commission and recommendation that complaint be issued.

"8/30/51 History file, page 231. Commissioner SPINGARN's recommendation followed.

"8/31/51 History file, page 232. Assigned to Attorney JOSEPH CALLAWAY for preparation of complaint.

"9/6/51 History file, page 236. Additional memorandum by Commissioner SPINGARN in regard to the use of testimonials by respondents being within the Commission's jurisdiction to correct if, by the testimonials, false claims are indirectly made for the preparation.

"9/18/51 History file, page 244. Memorandum from DANIEL J. MURPHY, Chief, Division of Litigation, submitting complaint for Commission's consideration.

"9/25/51 History file, page 248. Issuance of complaint as submitted directed.

"9/28/51 Complaint issued. Three days after service of this complaint respondent corporation went into reorganization under Chapter 10 of the Bankruptcy Act. The trustee in bankruptcy at the request of the Judge of the Court in which the bankruptcy proceeding is pending, stated that he would continue to operate the business but would do no

advertising until such proposed advertising was submitted informally to the Division of Litigation and found to be satisfactory.

"2/8/52 Amended complaint issued. After this amended complaint was issued, the trustee in bankruptcy recommended to the Court that he be allowed not to answer the amended complaint which would have the effect of permitting an order of the Commission by default. This request was opposed by the creditor's committee and has not yet been passed upon by the Court. In the meantime, various extensions of time for filing answer to the amended complaint have been given upon the request of the trustee by direction of the Court. The reason for these various requests for continuance is that it has not yet been determined whether the business will be wound up in bankruptcy or sold and the creditors have a better chance of obtaining their money if the buyer himself should be given an opportunity to answer the charges of the Commission.

"These various requests for continuance have not been opposed by counsel supporting the complaint because (1) the trustee has continued to submit all advertising for approval prior to its publication and it is believed that no advertising has been issued that is violative of the inhibitions of the proposed order; (2) if business is wound up in bankruptcy, there is no need for an order to cease and desist; (3) if the business is sold the usual form such matters take is the formation of a new corporation in which the creditors are issued stock for their debts. Such new corporation would not be bound by any order against the present respondents.

"DUDLEY J. LeBLANC had sold all of his interest in the corporate respondent, the LeBlanc Company shortly prior to the issuance of the original complaint in this case to a New York group. He was made a respondent because the contract of sale

contemplated that he would be retained by the new owners as Sales Manager. This was not consummated, however, because the corporate respondent went into reorganization under Chapter 10 of the Bankruptcy Act before the business could be actually made a going concern under the new ownership. DUDLEY J. LeBLANC has had no hand in the management of the affairs of the concern by the trustee and is not employed by the trustee.

"Respectfully submitted,

(Signed)

"DANIEL J. MURPHY,
"Chief,
"Division of Litigation.

"November 25, 1952
"JC:DO"

Chairman MEAD stated that the above two memoranda reflect that the Hadacol Case originated prior to his connections with the Federal Trade Commission and that in a comparatively short time subsequent to his association with this Commission, a complaint was issued against the LeBlanc Corporation.

Chairman MEAD further stated that he had assigned JOHN BASS, former Chief of the Federal Trade Commission office at Chicago, Illinois, and who is now assigned to the Headquarters office at Washington, D. C., to fully investigate the Hadacol Case in so far as it pertained to Federal Trade Commission officials.

Chairman MEAD advised that a copy of Mr. BASS' report would be furnished the Federal Bureau of Investigation.

WFO 58-417

ADMINISTRATIVE PAGE

Following the conversation with Chairman MEAD, Mr. WHEELOCK introduced the writer to JOHN BASS, who stated that he planned to review FTC and all available FBI files concerning this case and then would interview all FTC officials mentioned in these reports. Further, that he would probably review the minutes of the LeBlanc Corporation at New York and if necessary, would interview FTC officials at Lafayette and New Orleans in Louisiana.

In reply to a direct query concerning Dr. SPIES' purported receipt of a $50,000.00 check, Mr. BASS was advised that efforts were being made to locate and interview Dr. SPIES.

BASS said that inasmuch as he had the first two reports regarding this case, he would like the writer to furnish him with the FBI reports covering the FTC file review at Washington, D. C., and the interview with Dr. SPIES.

BASS was advised that any such request for FBI reports should be directed to the Bureau by Chairman MEAD.

In the event request is made for the FBI report covering the FTC file review, it should be noted that this review is contained wholly within the administrative section of referenced report and that the memorandum furnished by Chairman MEAD and entitled "Legal Record of Case" constitutes an adequate review of the same files.

One copy of this report is being furnished the New Orleans and Birmingham Offices for information inasmuch as there is a lead outstanding in the Birmingham area to interview Dr. SPIES and the New Orleans Office may be requested to conduct additional investigation at some future date.

LEADS

THE WASHINGTON FIELD OFFICE

AT WASHINGTON, D. C.

No additional investigation is being contemplated by the WFO pending receipt of the interview with Dr. SPIES and further directions from the Bureau.

WFO 58-417

ADMINISTRATIVE PAGE

REFERENCES: Report of Special Agent WILLIAM C. HIGGINS dated November 21, 1952, at Washington, D. C.

WFO Air - Tel to Director and Chicago dated December 2, 1952.

Chicago Air - Tel to Director, Washington and Birmingham dated December 2, 1952.

SAC, Washington Field (58-417)

December 18, 1952

RECORDED - 113

BY SPECIAL MESSENGER

Director, FBI (58-2808)

DUDLEY JOSEPH LE BLANC, ET AL
BRIBERY

Reurmemo 12/15/52.

Your office as origin in this case is instructed to immediately review this matter and to set forth all leads necessary to the proper completion of this investigation.

The deadline for the completion of all investigation herein is January 9, 1953, by which date all reports are to reach the Bureau.

You are to advise all auxiliary offices of the Bureau deadline for the completion of this investigation.

JCS:mte

COMM — FBI
DEC 18 1952
MAILED 27

58 2808- 19

68 JAN 5 1953

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI — 58-2808

DATE: 12/15/52

FROM : SAC, WFO (58-417)

SUBJECT: DUDLEY JOSEPH LE BLANC, et al
BRIBERY

Rebulet to WFO dated 10/24/52, and WFO report dated 12/4/52.

The WFO requests to be advised whether the Bureau is desirous at this time of additional information regarding captioned case.

A review of the files indicates the following suggested leads still outstanding:

AT WASHINGTON, D. C.:

Will conduct credit and criminal checks regarding subject [redacted] b6 Per FTC b7C

Will arrange through JOHN WHEELOCK, Legal Advisor, to the Chairman, FTC, to review subject HORTON's personnel file at FTC to determine the circumstances surrounding his appointment to the directorship, Bureau of Industry Cooperation.

Will interview [redacted] under oath with reference to his receipt of any monies, gifts, gratuities, or services from representatives and/or attorneys of the Le Blanc Corporation. b6 Per FTC b7C

Will question him concerning Le Blanc's claim that HORTON requested his assistance to gain FTC promotion (WFO rep. 10/31/52, pp. 37-38).

Will, in this connection, question [redacted] concerning the letters Le Blanc wrote to various Senators and Congressmen urging [redacted] appointment to the Federal Trade Commission (WFO rep. 10/31/52, pp. 54-55); concerning Le Blanc's letters to HORTON dated 2/28/50 and 3/25/50 (WFO rep. 10/31/52, pp. b6 Per FTC b7C

WCH:gll

58-2808

SE 2 58-2808-11

RECORDED - 113

DEC 15 1952

24

55-56); and concerning [redacted] letter to LE BLANC dated 1/17/50, thanking LE BLANC for Christmas rememberance (N. O. rep. 11/14/52, p.17). b6 Per FTC b7C

Will ascertain [redacted] reason for concurring in belief Le Blanc Corporation was complying with stipulation and that no complaint issue against it (WFO rep. 11/21/52, p. 18). b6 Per FTC b7C

Will question him concerning the activities and contacts in Washington, D. C. of attorneys and/or representatives of the Le Blanc Corporation with particular reference to [redacted] and LE BLANC and attempt to determine the identities of FTC and FDA officials so contacted. b6 Per FTC b7C

Will question him regarding his knowledge concerning the offering and/or giving of any gifts, rewards, gratuities, services, or entertainment by the Le Blanc Corporation to officials of the FTC and FDA and the receipt of same by these officials.

Will review the files at the FDA concerning the Le Blanc Corporation.

Will, if feasible, check the records from June 1949 to October 1950, of the Hotel Statler, Mayflower, and Carlton to determine whether any records exist which would indicate the identities of individuals entertained or banqueted by DUDLEY J. LE BLANC, [redacted] (WFO rep. 10/31/52, pp. 25-26). b6 Per FTC b7C

Will, if any identity is obtained, determine whether the individual is or was employed by the FTC or the FDA and if so employed will interview him concerning the circumstances currounding his presence with LE BLANC.

Will interview W. T. KELLEY, Office of the General Counsel, FTC, regarding LE BLANC letter to him of

58 2808- 19

6/1/49 (WFO rep. 11/21/52, p. 8); regarding his letter to LE BLANC 12/29/49, expressing appreciation for Christmas gift of fruit and candies (N. O. rep. 11/14/52, p. 17); and regarding the Le Blanc dinner [redacted] and his assistant, [redacted] attended (N. O. rep 11/14/52, pp. 4-5). b6 Per FTC b7C

Will interview WILLIAM B. SNOW, JR., Chief, Division of Litigations, FTC, and the following FTC attorneys to whom the Le Blanc Corporation case was assigned:

D. C. DANIEL,
CHARLES S. COX,
JOSEPH CALLAWAY.

Will interview [redacted] as set out in WFO report 10/31/52, p. 69. b6 Per FTC b7C

Will, upon receipt, review the report of JOHN BASS, FTC investigator, for any pertinent information contained therein which should be followed out (WFO rep. 12/4/52, p. 16).

THE NEW YORK OFFICE:

AT NEW YORK:

Will, if feasible, check the records from June 1949 to October 1951, of the Hotels New Yorker, Gotham, Lincoln, and Roosevelt to determine whether any records exist which would indicate the identities of individuals entertained or banqueted by LE BLANC, [redacted] (WFO rep. 10/31/52, p. 31). b6 Per FTC b7C

Will, if any identity is obtained, determine whether the individual is or was employed by the FTC or the FDA and if so employed will interview him regarding the circumstances surrounding his presence at the hotel.

In this connection, it is to be noted that LE BLANC in his deposition advised he had paid a $200 bill at

the Gotham Hotel for services occurred prior to October 1951 (WFO rep. 10/31/52, p. 33).

Will review the records of the FTC employees with whom [redacted] and LE BLANC made contact (N. O. rep. 11/14/52, p. 5). b6 Per FTC b7C

Will review the minutes of the Le Blanc Corporation which are believed to be in the custody of the attorneys of the trustee, CAHILL, GORDON, ZACHRY, and REINDEL, 63 Wall Street, New York 5, New York.

In this connection, it is to be noted that Mr. DETLEV F. VAGTS, Attorney for Trustee, allegedly reviewed the Le Blanc Corporation files and removed certain documents to New York; further, that in a letter, 9/22/52, DETLEV listed the documents removed which included a "list of people to be invited to testimonial dinner" (N. O. rep. 11/14/52, pp. 13-14).

THE NEW ORLEANS OFFICE:

AT LAFAYETTE, LOUISIANA:

Will attempt to ascertain present whereabouts of RICHARD L. BROWN, former Vice President and General Manager of the Le Blanc Corporation, who allegedly accompanied [redacted] several times to Washington, D. C. and whose former address was 1217 Myrtle Place, Lafayette (N. O. rep. 11/14/52, p. 11). b6 Per FTC b7C

THE DALLAS OFFICE:

AT DALLAS, TEXAS:

Will interview Mr. PAT COON of the law firm Clark, Coon, Holt, and Fisher, 1918 Republic Bank Building, Dallas (probably law firm, TOM C. CLARK) and determine identities [redacted] Further, will question him concerning the arrangemen b6 Per FTC b7C

62 2808- 19

[redacted] regarding contacts with FTC officials in Washington, D. C. (N. O. rep. 11/14/52, p. 18). b6 Per FTC b7C

Will attempt to locate and interview Mr. RICHARD L. BROWN, former Vice President and General Manager, Le Blanc Corporation and whose last known address was Dallas, Texas.

AT HOUSTON, TEXAS:

Will review the records of the Majestic Advertising Agency, formerly known as the Hedrick and Townery Advertising Agency, 305 Southland Building, Houston, for any pertinent information regarding the activities of HEDRICK in Washington, D. C. on behalf of the Le Blanc Corporation, the receipt of monies from Le Blanc, and the identities of [redacted] contacts with FTC and FDA officials in New York and Washington, D. C. b6 Per FTC b7C

Will attempt to locate and review any diary or personal files maintained by [redacted] b6 Per FTC b7C

Will interview [redacted] Hedrick and Towner Advertising Agency, for any pertinent information regarding above (N. O. rep. 11/14/52, p. 18). b7C Per FTC b6

THE CHICAGO OFFICE:

AT CHICAGO, ILLINOIS:

Will interview appropriate officials at the RFC to determine whether Government property was being sold under a policy of negotiated bids or under sealed bid.

It is to be noted that [redacted] New Orleans Loan Agency, RFC, advised that latter policy was in effect at time LE BLANC purchased his building (N. O. rep. 11/14/52, pp. 22-23); however, Mr. [redacted] alleged reluctance to inform LE BLANC of competitor's bid would seem to indicate otherwise (N. O. rep. 11/14/52, p. 22). b6 Per FTC b7C

AIR - TEL

12-24-52

WASHINGTON FROM WASH FIELD 24 2:30 PM

DIRECTOR DEFERRED

DUDLEY JOSEPH LE BLANC ET AL, BRIBERY. RE WFO LETTER TO DIRECTOR TWELVE TWENTYTWO LAST. WILLIAM B. SNOW, JR., CHIEF, DIVISION OF LITIGATIONS, FTC, ADVISED TOWNER AND LATTER-S PARTNER BELIEVED TO BE A [redacted] b6 Per FTC and FBI b7C CONFERRED WITH HIM RE HADACOL. SNOW SAID THEY TOLD HIM HEDRICK RESPONSIBLE FOR BAD ADVERTISING RE HADACOL. FURTHER, THAT [redacted] AND [redacted] HAD FORMED MAJESTIC ADVERTISING AGENCY AND REPRESENTED HADACOL IN PLACE OF [redacted] SNOW SAID HE BELIEVED LE BLANC CORP. TOOK OVER MAJESTIC AGENCY AND [redacted] EMPLOYED EXCLUSIVELY BY LE BLANC.

HOOD

WCH:PCN

58-417

2 - Houston (AMSD)

I.R.S.

58-2808-20

DEC 31 1952

EX-102

AIR - TEL

58 2808- 20

68 JAN 8 1953

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. TOLSON

DATE: 12/30/52

FROM : H. H. CLEGG

SUBJECT: CALL FROM STEPHEN SPINGARN,
ACTING CHAIRMAN, FEDERAL TRADE COMMISSION

Mr. Spingarn called at 9:55 AM. He stated that he understood that Dudley LeBlanc, former head of Hadacol, had brought charges to the effect that he had paid money to various Government agencies to influence their action, including the Federal Trade Commission. Some Special Agents of the FBI have already talked to their Chief Counsel, Mr. Kelly, and to others in the Federal Trade Commission.

Mr. Spingarn stated that he welcomed a full and complete investigation of these charges. He would like to have such an investigation thoroughly made. He will be glad to have the Special Agents call on him personally and be of all cooperation possible.

He stated that he would appreciate it very much if the official in charge of the investigation would telephone him, Spingarn, so that he could give full assurance of his desire to cooperate and his availability for interview. I told him I would communicate his message to those in charge of investigative work; that I knew nothing of the allegations or investigation but appreciated his interest in calling.

12/30/52 Memo Rosen to Ladd JRM

HHC:HD
CC - MR. LADD
MR. ROSEN

RECORDED-12 58-2803-1

58 DEC 28 1952

62 JAN 12 1953

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. LADD

DATE: December 30, 1952

FROM : A. ROSEN

TIME OF CALL 3:40 PM

SUBJECT: DUDLEY J. LEBLANC, ET AL
BRIBERY

Malley called Stephen Spingarn, acting Chairman of the Federal Trade Commission, in accordance with the request made by Spingarn to [redacted]. Malley advised Spingarn that agents of the Washington Field Office who were conducting this investigation would be in touch with him, and would be glad to receive any information which he had in his possession. Spingarn stated that he had been acting Chairman of the Commission for the past two weeks and is not at all familiar with the investigation but did want it known that he desired to cooperate fully with the Bureau. He also inquired as to nature of the investigation. Malley advised Spingarn that copies of the reports of the investigation being conducted were being forwarded to the Federal Trade Commission as they were received from various field offices working on this investigation. Spingarn appreciated information concerning the reports having been forwarded to the Federal Trade Commission and again expressed his desire to cooperate in any way possible.

At 3:45 P.M., Malley telephonically contacted the Washington Field Office and spoke to relief supervisor Kurtzman, in the absence of ASAC Fletcher. Kurtzman was advised to have Spingarn interviewed relative to the captioned case.

JRM/rh

RECORDED 58-2808-22

INDEXED 58-2808-22

62 JAN 12 1953

b6 Per FTC
b7C

FEDERAL BUREAU OF INVESTIGATION

Form No. 1
THIS CASE ORIGINATED AT WASHINGTON FIELD

REPORT MADE AT	DATE WHEN MADE	PERIOD FOR WHICH MADE	REPORT MADE BY
WASHINGTON, D. C.	1/9/53	12/22-24,29-31/52 1/2,5-9/53	WILLIAM C. HIGGINS EIW

TITLE	CHARACTER OF CASE
DUDLEY JOSEPH LE BLANC, ETAL	BRIBERY

SYNOPSIS OF FACTS:

Results of interviews with FTC and FDA attorneys and officials and information re file review at FDA set out. Information re interview with TURNEY GRATZ, former Executive Director, Democratic National Committee, set forth. HORTON'S credit and criminal record set out.

- P -

APPROVED AND FORWARDED:	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
		58-2808-33 RECORDED - 9

COPIES OF THIS REPORT

(3) - Bureau (58-2808) (Encls)
1 - New Orleans (58-91)
2 - Washington Field (58-[illegible])

JAN 12 1953

TABLE OF CONTENTS

WFO 58-417

DETAILS: AT WASHINGTON, D. C.:

The following investigation was conducted by Special Agent WILLIAM T. FORSYTH and the writer:

A. INTERVIEWS WITH ATTORNEYS AND OFFICIALS AT THE FEDERAL TRADE COMMISSION

PGAD MOREHOUSE

PGAD MOREHOUSE, Assistant General Counsel in Charge of Compliance, Room 374, Federal Trade Commission Building, stated that although he has held several positions during the pendency of the Hadacol Case, he was Director of the Bureau of Stipulations from August, 1946, through May, 1950, during which time he was actually connected with the case.

He stated that while the case was in his Bureau it was assigned to Attorney-Conferee CHARLES A. SWEENEY for a negotiation of a stipulation.

Mr. MOREHOUSE stated that immediately following a ruling by the Court of Appeals in another case similar to the Hadacol Case which vacated the same provision to which LE BLANC objected in his stipulation, LE BLANC and one of his attorneys came to see him and said that if the Federal Trade Commission would remove this provision from his stipulation he would sign it.

Mr. MOREHOUSE advised that this provision was stricken out and LE BLANC signed the stipulation on March 29, 1950; however, the Commission upon Commissioner AYRES' recommendation rejected the stipulation and directed the Bureau of Stipulations to renegotiate a new one. He said this second stipulation was signed by LE BLANC on June 7, 1950, and accepted by the Commission on August 17, 1950.

He further advised that one or two days following the signing of the March 29, 1950, stipulation, a Miss MARTIN, LE BLANC'S secretary, invited him to the Statler Hotel for a dinner which LE BLANC was giving for a few friends. He stated that approximately seventy-five to eighty people attended the dinner, which appeared to be for the entire Louisiana Congressional Delegation and which included many of the Mississippi Delegation. He recalled that Messers SWEENEY, HORTON, and KING, accompanied by their wives, and Mr. KELLEY from the Federal Trade Commission were also present and that possibly there were others although he does not recall their identities. He also said he believed some people from the Food and Drug Administration were present; however, he is not sure and in any case has no present recollection of their identities.

Mr. MOREHOUSE also stated that although he has no present recollection of anyone speaking in behalf of Hadacol or even mentioning the Hadacol Case, several Congressmen spoke "in glowing terms" of LE BLANC, who in an after dinner speech told all the members of the Louisiana Delegation that he would get them all re-elected and also that "he had just made his peace with the Federal Trade Commission" and which latter was a reference to the stipulation signed March 29, 1950.

He said he was requested to speak at the dinner and he said he told the group that he considered the "members of the Louisiana Delegation as being very nice people and that they should get around Washington more often so everyone could get to know them".

At this dinner MOREHOUSE advised that LE BLANC requested HORTON, KELLEY, and MOREHOUSE to have a group picture taken with him. He advised that LE BLANC sent him an enlargement of this picture which is presently hanging in his basement.

Mr. MOREHOUSE stated that shortly after this he was transferred to another Division and had no further contact with the Hadacol Case.

He advised that the above mentioned LE BLANC dinner was the only one to which he was invited and the only one which he attended, furthermore, he received no gifts, rewards, or gratuities from LE BLANC and/or any of the latter's representatives.

He advised that LE BLANC and several of the latter's representatives conferred with him concerning the Hadacol Case; however, never once did anything of an unusual nature occur and no one exerted or attempted to exert any undue pressure on him nor influenced him in any way and he feels confident that no member of the Federal Trade Commission was influenced or pressured by any individual either inside or outside of the Commission in connection with this case.

D. C. DANIEL

D. C. DANIEL, Secretary and Executive Director to the Commission, Room 426, Federal Trade Commission Building, stated that the Hadacol Case had been assigned to him in August, 1948, and that at that time his major concern was with the extent and the media of LE BLANC'S advertising and whether or not the Federal Trade Commission had jurisdiction over his advertising. He said he knew Hadacol was being advertised within the State of Louisiana; however, the question was whether the radio broadcasts were received in neighboring states, thus constituting interstate commerce.

Continuing he advised that he experienced great difficulty in understanding and interpreting LE BLANC'S "Cajun French advertising". He said that after he had it translated he recommended additional investigation following which he prepared a proposed draft of a complaint and submitted it through his superiors to the Commission.

DANIEL stated that when he was assigned to his present position on or about January 1, 1949, he had nothing further to do with the Hadacol Case with the one exception that he was contacted at one time by some men from New York, whose identities he does not now recall, concerning some

advertising problem; however, he has no present recollection of the subject matter of the meeting or its outcome although he is confident that it bore no relationship to the final disposition of the case.

Mr. DANIEL stated he had never at any time received any gifts, gratuities, or rewards from any representative, attorney, or member of the LE BLANC Corporation and furthermore he had never been approached by any representative, attorney, or member of the LE BLANC Corporation in an effort to influence his judgment or decision in relation to the Hadacol Case.

He said that although he was aware that LE BLANC had made one or two bottles of Hadacol readily available to most members on the "Hill", he had no knowledge of any attempt by LE BLANC to influence members of the Federal Trade Commission either in Washington, D. C., or any other place.

He pointed out that even though a Federal Trade Commission official had been inclined to aid LE BLANC, the official regardless of his position in the Federal Trade Commission could not have effected the final decision of the Commission inasmuch as no pending case can be closed without the express authority of the majority of the five member Board of Commissioners.

By way of explanation, he advised that in the Federal Trade Commission at the time of the Hadacol investigation a case would originate at the Washington Headquarters, generally upon the receipt of a complaint from some competitor, and then it would be referred by Headquarters to the appropriate field office where it would be assigned to some attorney-examiner for investigation. He said the latter's investigative reports were incorporated in the case file, which after review by the reviewing-examiner or attorney-in-charge of the field office was forwarded to Headquarters.

According to DANIEL, after receipt of the case file at Headquarters it is conveyed through the following procedural steps with a review and/or endorsement at each step:

Attorney-Reviewer, Division of Legal Investigations; Assistant Chief, Division of Legal Investigations; Chief, Division of Legal Investigations; assigned for review to a Commissioner; legal opinion rendered by this Commissioner or Legal Advisor; discussion of case by Commissioner and latter's recommendation for disposition at a regular board meeting of all the Commissioners; decision rendered by a majority rule of the five member Board.

Mr. DANIEL stated that this last level of administrative procedure is the only level of authority at which a final disposition of a case can be made. He added that if the majority rule is in favor of legal action against a subject, the Commission sends the file to a Trial Attorney for a thorough review and that the latter returns the file to the Commission, following its passage through an Attorney-Reviewer and the Head of the Bureau of Litigation.

Mr. DANIEL stated that in addition to all the above outlined reviews and opinions given at each of these administrative steps, the case may also be referred to the Office of the General Counsel for an opinion involving certain technicalities of the case.

In conclusion Mr. DANIEL stated that although he has no knowledge of any misconduct or unethical action on the part of any Federal Trade Commission employee concerning the Hadacol Case, he is convinced that no employee would allow himself to be influenced because not only would he be fully cognizant of the impossibility of any attempt by him to circumvent the highly effective system of checks and counter-checks of the administrative procedure, but he would also be cognizant of the fact that he could not influence other members of the Federal Trade Commission since each member is held strictly responsible and accountable for any decision or opinion he makes.

WILLIAM B. SNOW, JR.

WILLIAM B. SNOW, JR., Chief, Division of Stipulations, Room 266, Federal Trade Commission Building, stated he has been

employed by the Federal Trade Commission since approximately June, 1935, and secured his present position under the Federal Trade Commission Reorganization Program effective June 1, 1950.

He said that the Hadacol Case first came to his official attention when he became Chief of the Division of Stipulations; however, his predessor, PGAD MOREHOUSE, had practically completed negotiations with LE BLANC of the amended stipulation which LE BLANC executed June 7, 1950.

Mr. SNOW stated he recommended that the Commission accept this amended stipulation which the Commission did on August 17, 1950.

He further advised that the attorney in his Division to whom the Hadacol Case was assigned was J. ROBERT VENDEL, Attorney-Conferee, whose predessor was CHARLES A. SWEENEY, who had the case prior to the Reorganization Program.

Mr. SNOW further stated that his Division was concerned with examining LE BLANC'S advertising and ascertaining whether it complied with the provision of the stipulation. He said in furtherance of this obligation he and VENDEL had several conferences with LE BLANC and the latter's representatives. He said he recalled conferring with LE BLANC at the time the latter executed the stipulation in June, 1950, and that following this there were numerous conferences between LE BLANC, the latter's advertising representatives, and various members of the Federal Trade Commission. He said that the matter of compliance was very difficult because of the voluminous and constantly changing advertising copy which LE BLANC submitted to him. He explained that before his Division had thoroughly analyzed current copy, LE BLANC would furnish a similar or larger amount of revised copy which would cancel the old copy and require a new examination. He added that the voluminous expanse of this copy material could be the better grasped if he pointed out that LE BLANC'S advertising constituted a multi-million dollar program conducted on a nation-wide scale.

Mr. SNOW advised that occasionally he took issue with LE BLANC'S advertising which although not flagrantly false as it was prior to the stipulation, nevertheless was "borderline" and therefore very difficult to evaluate. He said that in this latter respect there was a disagreement between VENDEL and himself and that the former in the performance of his duties submitted an interim report to the Commission setting forth in detail his opinion that the advertising complied with the terms of the stipulation. Continuing, Mr. SNOW stated that Mr. HORTON, Director of the Bureau of Industry Cooperation of which the Division of Stipulations is a part, concurred in VENDEL'S opinion although he, SNOW, disagreed. He added that the Commission followed his recommendation of rescinding the stipulation and issuing a complaint.

He advised that upon the Commission's order to issue a complaint against LE BLANC, his connection with the case terminated inasmuch as under the administrative procedure of the Federal Trade Commission the case was removed from his Division.

With reference to VENDEL'S and HORTON'S opinion that LE BLANC was in compliance with the stipulation, he advised that no significance could or should be attached to this inasmuch as this difference of opinion constituted a difference of legal interpretation. He added that he has been associated for many years with both VENDEL and HORTON and considered them to be most honest and above any suspicion of misconduct or poor ethics.

He stated that with reference to the conferences between his Division and LE BLANC and the latter's representatives, nothing unusual occurred and certainly no hint of pressure or coercion was ever implied by anyone.

He said he did recall a Mr. TOWNER, formerly of the Towner and Hedrick Advertising Agency of Louisiana, and TOWNER'S associate, believed to be a [redacted], informing him that they had formed the Majestic Advertising Agency and had replaced HEDRICK, whose advertising copy was responsible

b6
b7C

for LE BLANC'S trouble at the Federal Trade Commission and the Food and Drug Administration. He added that he believed they were trying to get into the good graces of the Federal Trade Commission and were endeavoring to get the Hadacol business and for this reason were blaming HEDRICK for all of LE BLANC'S difficulties. SNOW stated that he learned subsequently that LE BLANC had actually incorporated TOWNER'S advertising agency into the LE BLANC Corporation and had engaged TOWNER as an advertising employee.

He said that LE BLANC repeatedly would assure him of his good faith to fully comply with the terms of the stipulation; however, in his, SNOW'S, opinion, LE BLANC never did live up to his good faith intentions.

With reference to [redacted], SNOW said he had heard of him but had never met him, although he believed VENDEL could furnish some information concerning him. b6 Per FTC b7C

With reference to RICHARD L. BROWN, SNOW said BROWN appeared to be a "high type man" and actually appeared with LE BLANC as a "front" after being "taken in" by LE BLANC. He said he was very favorably impressed with BROWN who generally had very little or nothing to say at the conferences.

Mr. SNOW stated that he had never been invited to any dinners or social functions given by LE BLANC and neither did he attend any of them. He said he likewise never received nor was he offered any rewards, gifts, or gratuities by LE BLANC or anyone else connected with him and furthermore he was never pressured nor influenced by any individual, including Congressmen and Senators, in behalf of the Hadacol Case.

Mr. SNOW advised that no Washington representative of LE BLANC ever contacted him in any way and that as far as he was concerned no action by any member of the Federal Trade Commission could be considered in the light of poor judgment or misconduct and that he felt confident that no undue pressure or influence was brought to bear upon the Federal Trade

Commission by LE BLANC or any of the latter's representatives or Congressmen or Senators.

CHARLES A. SWEENEY

CHARLES A. SWEENEY, Attorney, Division of Legal Investigations, Room 508, Federal Trade Commission Building, advised that he was connected with the Hadacol Case from the time it was assigned to him in August, 1949, until he was transferred from the Bureau of Stipulations to the Division of Legal Investigations in September, 1950, following the Federal Trade Commission Reorganization Program of June, 1950.

He stated that in the latter part of September, 1949, the LE BLANC Corporation was furnished by form letter with a statement of charges and that immediately LE BLANC flooded his office with voluminous advertising and compendia of information tending to support LE BLANC'S advertising. He stated that inasmuch as the case was highly complex and because his Bureau wished to await the outcome of two similar cases then pending in the Court of Appeals, LE BLANC did not sign the stipulation until March, 1950; however, because of the complications involved and the very nature of the case, this six months' delay was quite natural and bore no other significance. He stated that in the aforementioned two pending cases, the Court of Appeals vacated the Federal Trade Commission proviso that advertising concerning certain vitamin deficiency-conditions should reflect that these conditions may be caused by factors other than a deficiency of vitamins specified in the advertising and that right after this decision was made, LE BLANC hastened to his office stating that if this same proviso were deleted from his stipulation, he would immediately sign it. SWEENEY stated that the Commission rejected this first stipulation but accepted a second one in August, 1950.

With reference to contacts with representatives of the LE BLANC Corporation, he stated that he conferred with

58 2800

LE BLANC and the latter's General Manager, RICHARD L. BROWN, when they filed the first stipulation in March, 1950. He said he had several conferences with BROWN and representatives of various advertising agencies; however, nothing irregular or unusual occurred at any of the meetings. According to SWEENEY, he conferred with LE BLANC several times during the compliance stage of the stipulation even though he had been assigned to the Division of Legal Investigations. He said that SNOW and VENDEL requested him to attend in an unofficial capacity because of his previous familiarity with the Hadacol Case; however, he pointed out that here again nothing happened at these conferences which could be construed as being irregular or unusual.

SWEENEY stated that he recalled that [redacted] accompanied either BROWN or LE BLANC on several occasions; however, [redacted] did not participate in the conferences. b6 Per FTC b7C

He added that he recalled meeting two advertising agents of LE BLANC, [redacted] in Mr. SNOW'S office and that the two advised they were replacing [redacted] who was primarily responsible for LE BLANC'S bad advertising copy. He further stated that in his opinion BROWN was primarily a business man interested in advertising copy and that the "negotiations concerning the stipulation were over his head".

With reference to contacts with representatives of the LE BLANC CORPORATION outside of the Federal Trade Commission, SWEENEY stated that he received an invitation from the "Hill", probably from the office of one of the members of the Louisiana Delegation, to attend a dinner for the Louisiana Delegation at the Statler Hotel. SWEENEY said he was not sure whether he should attend or not because of the Hadacol Case and, therefore, he and his wife went to the Statler after the dinner was over. He said the party must have consisted of approximately seventy-five or eighty people in attendance and that to the best of his knowledge no mention was made of Hadacol.

58 2-14-52

SWEENEY said he received a direct invitation to attend a dinner at the Statler in 1950 from LE BLANC who said he was giving a party for his Washington friends and associates. SWEENEY further advised that at this dinner LE BLANC announced to those in attendance words to the effect that "he had just made his peace with the Federal Trade Commission" which was obviously spoken with reference to the signing of the March, 1950, stipulation. He stated that although no Congressman, Senator, or other individual spoke in behalf of Hadacol, there were several speeches in behalf of LE BLANC.

SWEENEY also said that on another occasion LE BLANC had taken him to lunch but there was no conversation concerning Hadacol.

He said he had never been contacted by or conversed with TURNEY GRATZ concerning the Hadacol Case although he is acquainted with him.

SWEENEY also said that he received a box of fruit and candy as a Christmas remembrance from LE BLANC.

In conclusion he stated that at no time did he ever receive nor was he offered any gift, reward, or gratuities from LE BLANC or anyone else in an attempt to influence his decision and furthermore he had no information of any Federal Trade Commission employee receiving anything of value in connection with the Hadacol Case.

He stated that to the best of his recollection Messers HORTON, KELLEY, and KING were the only Federal Trade Commission officials present at the Statler dinners and that he has no recollection of seeing any of the Food and Drug Administration officials in attendance at either dinner.

J. ROBERT VENDEL

J. ROBERT VENDEL, Attorney-Conferee, Division of Stipulations, Federal Trade Commission, stated he was assigned

the Hadacol Case following SWEENEY'S transfer from the Division of Stipulations to the Division of Legal Investigations in September, 1950.

He said that inasmuch as the stipulation was already executed, his primary objective in the case was to examine and analyze advertising copy to ascertain whether or not LE BLANC was complying with the terms of the stipulation.

VENDEL stated that his first meeting with LE BLANC and the latter's representatives occurred on September 18, 1950, at a conference at the Federal Trade Commission attended by Messers LE BLANC, BROWN, SNOW, SWEENEY, and HORTON, and a [redacted] a representative of a highly reputable New York advertising agency which sometime subsequent to this meeting dropped Hadacol from its list of clients. b6 Per FTC b7C

He stated that on October 30, 1950, he attended a conference in Mr. SNOW'S office at which [redacted] and his associate, [redacted] advised that they had been engaged by LE BLANC to prepare advertising copy and that they wished to assure the Federal Trade Commission officials that henceforth the copy would conform strictly within the terms of the stipulation. Further that they blamed [redacted] for the bad copy which had caused the trouble between LE BLANC and the Federal Trade Commission and the Food and Drug Administration. b6 Per FTC b7C

VENDEL advised that the great volume of advertising copy necessitated devoting practically all his time exclusively to the Hadacol Case. In connection with the case he said one or two conferences between Federal Trade Commission officials and LE BLANC and/or his representatives occurred nearly monthly and during which meetings instances of non-compliance with the stipulation were pointed out and LE BLANC was warned that continued failure to comply would result in the issuance of a complaint against him.

He said that on two occasions he was on the point of recommending a complaint when LE BLANC submitted revised advertising copy, which in VENDEL'S opinion conformed to the stipulation. He advised that although Mr. HORTON concurred in his opinion, Mr. SNOW disagreed and the Commission issued a complaint. He said that at this point the file was transferred to the Bureau of Anti-Deceptive Practices and he, VENDEL, had no further connection with the case.

Mr. VENDEL denied receiving invitations and denied attending any of the large dinner parties sponsored by LE BLANC and he likewise denied receiving any Christmas gifts or other gratuities or rewards from LE BLANC or the latter's representatives. Furthermore, he stated he was never pressured or influenced by anyone either inside or outside the Federal Trade Commission with respect to the Hadacol Case and that he was not acquainted nor did he confer with TURNEY GRATZ.

With reference to any social or outside contact with LE BLANC, he stated that he and his wife were contacted telephonically at their home at approximately 2 P.M. one Sunday in March, 1951, by LE BLANC, who invited them to dinner at Harvey's.

He said that at the Carlton Hotel he met [redacted] b6 Per FTC b7C RICK, who accompanied them to Harvey's by cab. He said he believed that those present were LE BLANC; a Miss MARTIN, the latter being LE BLANC'S secretary; [redacted], and possibly [redacted] VENDEL stated that there was no discussion concerning Hadacol at this dinner.

Continuing he advised that although this was the only time he had met [redacted] the latter appeared to him to be a very brilliant individual, particularly in the field of literature and apparently possessed a "photographic mind" because of the many long quotations he made from various books.

In addition to the above dinner party, VENDEL stated that he had dinner with Mr. TOWNER sometime after the one at which he met MAC HEDRICK.

DANIEL J. MURPHY

DANIEL J. MURPHY, Chief, Division of Litigation, Bureau of Anti-Deceptive Practices, Room 588, Federal Trade Commission, advised the Hadacol Case came to his office in 1948. He said he assigned this case to D. C. DANIEL, who was then a trial attorney in his Division, for the purpose of drafting a complaint.

MURPHY stated that supplemental investigation was necessitated because LE BLANC had in the meanwhile changed the name of his company from the Happy Day Company to LE BLANC Laboratories and thus the proposed complaint was not drafted until late in September, 1948, following which the case was put on "suspense" for ninty days upon the recommendation of Commissioner DAVIS.

He said that about a year later the case again came to his Division for the drafting of a complaint; however, inasmuch as LE BLANC had stopped his use of flagrantly false advertising, MURPHY recommended that the case be reassigned to the Bureau of Stipulations for negotiation.

MURPHY stated that approximately two years later the Commission again directed his office to prepare a complaint and he assigned Trial Attorney JOSEPH CALLAWAY to draft a complaint which was issued September 28, 1951; however, due to the present bankruptcy proceedings pending in New York, the case is being held in abeyance.

MURPHY stated that he was never contacted by any of LE BLANC'S representatives concerning the Hadacol Case, although he has had several conferences with the present Trustee, Mr. ROSENTHAL, and the latter's attorneys.

Continuing, MURPHY stated that when he was a candidate for the Commission he met LE BLANC by chance in the office of TURNEY GRATZ, former Executive Director of the Democratic National Committee, and at which time he advised LE BLANC that he had recommended to the Federal Trade Commission that a complaint be issued against him.

MURPHY further stated that sometime prior to the issuance of the amended complaint, GRATZ told him that he, GRATZ, was going to resign from the Democratic National Committee to accept a position from LE BLANC as Vice-President of the Hadacol concern. MURPHY said he told GRATZ that the Federal Trade Commission was having trouble with LE BLANC and that the American Medical Association had prepared an adverse report on Hadacol.

He said that dispite his forewarnings, GRATZ joined LE BLANC; however, a short time later GRATZ told him at a luncheon that he had resigned because he could not get along with LE BLANC.

MURPHY advised that although the "Hill" applied a certain amount of pressure, this did not influence any of his decisions in the slightest and he is confident that this pressure manifested by occasional telephone calls and letters never influenced any other member of the Federal Trade Commission.

He also advised that he was never invited to any dinner or luncheon party given by LE BLANC nor did he attend any. Further that he never received any Christmas gifts from LE BLANC and/or any of the latter's representatives nor did he receive any gifts, rewards or gratuities in connection with this case.

Mr. MURPHY stated it was his considered opinion that no action taken by the Federal Trade Commission could in any way be construed as misconduct on the part of any employee or as being irregular in any way.

WFO 58-417

JOSEPH CALLAWAY

JOSEPH CALLAWAY, Trial Attorney, Division of Litigation, Federal Trade Commission, stated he was assigned the Hadacol Case on or about August 31, 1951, and that shortly after the amended complaint had been filed, Hadacol was sold to a New York concern. He said that shortly subsequent to the sale of Hadacol, the New York concern went into bankruptcy and the complaint was held in abeyance pending the bankruptcy settlement.

CALLAWAY stated that not only was he never offered nor did he receive any reward, gift, or gratuities from LE BLANC and/or any of the latter's representatives, but he had no knowledge of any Federal Trade Commission employee receiving such reward, gift, or gratuities or acting in an unethical manner or acting in a manner which could be construed as misconduct on the part of the employee.

CALLAWAY also stated he never was invited nor did he attend any party sponsored by LE BLANC or any parties at which LE BLANC and/or his representatives were present.

WFO 58-417
WTF:met

WILLIAM M. KING

Mr. WILLIAM M. KING, Assistant Director, Bureau of Anti-Deceptive Practices, Federal Trade Commission, advised that he first became associated with the LeBLANC case in 1948. He stated that his first contact was the review of the first complaint which had been drawn up concerning the LeBLANC advertising.

Mr. KING stated that he had seen LeBLANC two or three times and that on all occasions LeBLANC was accompanied by RICHARD BROWN, or some other member of the LeBLANC firm, or a representative of an advertising agency. Mr. KING described the visits of LeBLANC as being of the "good will" variety and further advised that the conversation on these occasions was primarily about LeBLANC. He stated that LeBLANC told him of his experiences in working up the formula for Hadacol. Mr. KING advised that neither LeBLANC nor any of his representatives at any time ever asked him for any special consideration or favors.

Mr. KING stated that he had been contacted on several occasions by members of the two or three advertising agencies who were, at different times, handling the Hadacol advertising campaign. He stated that their contacts were merely to discuss the details of the case involving Hadacol advertising and that there was never any attempt by any member of these agencies to bribe, influence, or bring pressure upon him to favor LeBLANC's point of view.

Mr. KING advised that he had attended two dinner parties sponsored by LeBLANC. He stated that he was of the opinion that these parties were arranged by LeBLANC for the Louisiana Delegation in Congress, and KING stated, to the best of his recollection, his invitation to attend these dinners was extended to him by "someone in the office of a member of the Delegation." When questioned further as to who might have extended this invitation, KING advised that he could not recall specifically who had invited him. He stated that he attended these dinners because he felt they were in honor of the Louisiana Delegation and stated that, when he received the invitation, he discussed it with WILLIAM KELLEY and found that KELLEY was of the opinion that inasmuch as the invitation came from Congressional sources it would be all right to accept. KING stated that

there were between 70 and 80 people in attendance at each of these dinners. He recalled the following individuals from the Federal Trade Commission as being in attendance at either one or both of the dinners:

JIM HORTON
PGAD MOREHOUSE
WILLIAM KELLEY
ROBERT VENDEL
CHARLES SWEENY

Mr. KING stated he was aware that the Hadacol case was pending in the Federal Trade Commission at the time of the parties but stated that it was not being handled in his division at this time and, further, at the time of the parties he had no connection with the Hadacol case. KING stated, however, it would not have made any difference as to whether he would have attended or not inasmuch as he believed it to be a Congressional party, and he did not want to affront the Louisiana Delegation. He stated that the parties were merely social gatherings and that the people in attendance were primarily those from the Louisiana Delegation. KING stated that at no time during either of these parties was he involved in, or heard, any discussion regarding the Hadacol case that was pending with the Federal Trade Commission.

Mr. KING stated that during the Christmas holidays in 1949 and also in 1950 he received from DUDLEY LeBLANC a basket of fruit and jellies. He stated these had been shipped to him from Florida with the compliments of LeBLANC, and he further related that on both occasions he kept the present. He could not recall whether he had made any acknowledgement of receipt of these presents to LeBLANC.

Mr. KING stated that he had received numerous calls from the Congressional offices of the Louisiana Delegation in which they informed him of "what a good fellow LeBLANC was" and made inquiry concerning the Hadacol case. He stated that at no time were any demands made by the Louisiana Delegation, but the implication was clear that they desired LeBLANC be given any and every consideration in his case pending before the Federal Trade Commission. KING stated that he could not recall a specific individual who had made these calls.

In conclusion, Mr. KING advised that he had never had any contacts with [redacted] or TURNEY GRATZ and that he had not been contacted by any Dallas law

b6 Per FBI
b7C

firm regarding the LeBLANC case. He stated that at no time had anyone either in or out of the Federal Trade Commission attempted to influence his decisions with the exception of the aforementioned calls from the Louisiana Delegation. He stated that the parties which he had attended and the fruit which he had received had in no way affected any decisions made in the Federal Trade Commission.

WILLIAM T. KELLEY

Mr. WILLIAM T. KELLEY, General Counsel, Federal Trade Commission, advised that he has never been officially connected with the "Hadacol case" and never rendered any decisions in this case. He further stated that he had never had any official dealings with DUDLEY LeBLANC. Mr. KELLEY advised that he had never talked to anyone or had any conferences in regard to the Hadacol case and that neither LeBLANC nor any of his representatives had ever contacted him concerning the case.

Mr. KELLEY advised that his first contact with DUDLEY LeBLANC was approximately four or five years ago when LeBLANC came into his office and introduced himself as "Senator LeBLANC from Louisiana." KELLEY stated that on this occasion, after introducing himself, LeBLANC devoted his conversation exclusively to a description and background of himself and a book he had written concerning the settling of the Acadians in Louisiana. KELLEY stated that LeBLANC had "quite a personality" and recalled that he "wore the biggest diamond ring I had ever seen." On this occasion there was no discussion regarding the Hadacol case or any official business. He stated that he knew of no reason for LeBLANC's coming into his office and introducing himself. Mr. KELLEY stated that at this time he had never heard any mention made of the product Hadacol. He stated that he knew nothing about Hadacol and did not even know that there was such a product in existence.

Mr. KELLEY stated that his next knowledge of LeBLANC came about when he received a telephone call from "someone on the Hill," whose name he could not recall but a person whom he believed to be from Louisiana, inviting him to attend a dinner for the "Louisiana Delegation." Mr. KELLEY stated that it was his belief that this dinner was sponsored by LeBLANC and that he accepted the invitation and attended the dinner. He described the dinner as being "quite a dinner" which was held either at the Statler or the Carlton Hotel and, according to KELLEY, was attended by two or three hundred people. Mr. KELLEY advised that he, at that time, was under the impression that the dinner was in honor of the Louisiana group in Congress and that he attached no significance to the invitation. He stated that, because the invitation came "from the Hill," he felt it proper for him to

attend. He further advised that at the time of the dinner he sat between Senator and Mrs. LONG of Louisiana. Mr. KELLEY advised that most of the people in attendance at the dinner were from Louisiana. He stated that this was the first time he heard mention of the name Hadacol and that he heard it mentioned here in connection with casual conversation and humorous stories concerning Hadacol.

Mr. KELLEY advised his next contact with LeBLANC was shortly before Christmas in 1949 when he received a basket of fruit. He stated that this was a gift from DUDLEY LeBLANC. He further advised that he kept the fruit and wrote a "thank-you letter" to LeBLANC acknowledging receipt of the fruit. Mr. KELLEY stated that he attached no significance to this gift and at the time of the receipt of this present he did not realize DUDLEY LeBLANC had a case pending before the Federal Trade Commission. At this point, KELLEY made the statement, "I lived and learned; I should have given the fruit to charity and advised LeBLANC that I could not accept the gift from him."

Mr. KELLEY further advised that he was invited to a second dinner in 1950 which was given by DUDLEY LeBLANC and which he also believed was in honor of the Louisiana Delegation. This party was similar to the party held in 1949, and most of the people present were from the Louisiana group in Congress. Mr. KELLEY stated emphatically that upon the occasion of these two dinner parties there was no conversation regarding the Hadacol case and that up to the time of these parties he knew nothing of any Federal Trade Commission case regarding Hadacol. He stated that, to the best of his recollection, the other members of the Federal Trade Commission who attended either one or both of these parties were PGAD MOREHOUSE, JIM HORTON, and BILL KING. He stated that there may have been others present at one or both of the parties but that he could not recall any additional names.

Mr. KELLEY emphasized that he had never had anything to do with the Hadacol case and has never been contacted by any representative of the LeBLANC firm, any law firm, or advertising agency connected with the LeBLANC organization. He stated that he was not acquainted with [redacted] or [redacted] and, further, that he had received no calls from any members of the Louisiana Delegation or any other members of Congress regarding the Hadacol case. In conclusion, Mr. KELLEY advised that he could not have rendered any favors to the LeBLANC interest even if he had so desired, inasmuch as he had had no connection with decisions in the Hadacol case. b6 Per FTC b7C

WFO 58-417

STEPHEN J. SPINGARN

Mr. STEPHEN J. SPINGARN, Commissioner, Federal Trade Commission, Room 468, Federal Trade Commission Building, Washington, D. C., advised that he became a Commissioner in the Federal Trade Commission in October, 1950, and as of that time the Hadacol case was in the Federal Trade Commission. He stated that the case had reached the stipulation stage, and no complaint was on file concerning Hadacol. Mr. SPINGARN advised that in June, 1951, he read an article in "Reader's Digest" regarding Hadacol which aroused his interest in the case. He stated he was of the opinion that something should be done about the type of advertising they were using and as a result he wrote a letter to the other Commissioners on June 13, 1951, recommending that action be taken by the Federal Trade Commission to prohibit the LeBLANC industries from using the flamboyant type of advertising that they were using. Mr. SPINGARN stated that subsequent to this recommendation the case was reactivated and later assigned to him for review. He stated that on August 29, 1951, he recommended that a complaint be filed, and as a result a complaint was filed against Hadacol shortly thereafter. Mr. SPINGARN stated that in his judgment a mistake had been made in the first place in allowing a stipulation in the Hadacol case. SPINGARN advised, however, that, "in all fairness to those who made the decisions, he would have to say that the Hadacol organization had ballooned from a small outfit until it suddenly became important."

SPINGARN advised that he had no conferences with LeBLANC or any of the company officials or representatives. He further stated that he has had only one contact and that with a New York advertising agency representative whose name he could not recall. This individual stopped by his office for a brief moment for what SPINGARN described as a "good will" visit, and no business was discussed.

SPINGARN advised that he had not attended any of the dinners held by LeBLANC and further that, as a matter of principle, he avoided this type of affair. In this regard, SPINGARN advised that all information he had regarding the dinners was in the nature of rumors. He further stated that no one had contacted him at any time in an effort to influence his decision in the Hadacol case or any other case. He could furnish no information regarding anyone who had been offered anything as an inducement to influence their decision.

WFO 58-417
WTF:met

E. MISCELLANEOUS

PERSONNEL RECORD

Mr. D. C. DANIEL, Executive Director, Federal Trade Commission, produced the personnel record of JAMES A. HORTON which reflected that he secured employment with the Federal Trade Commission as an Attorney Examiner on March 28, 1921. His file also disclosed the following sequence of appointments held by HORTON: Chairman, Board of Investigation, January 15, 1930; Assistant Chief Examiner, January 9, 1931; Chief Examiner, January 6, 1934; Director of Bureau of Legal Investigations, August 12, 1946; Director of Bureau of Industry Cooperation, June 1, 1950, which position he holds at the present time.

It was also noted that the file contained a letter dated March 4, 1950, from JAMES H. MORRISON, Member of Congress, recommending HORTON for the position of Commissioner with the Federal Trade Commission. A copy of a letter dated March 28, 1950, indicated that MORRISON was advised by LOWELL B. MASON, Acting Chairman, that on March 6, 1950, President TRUMAN had appointed MARTIN A. HUTCHINSON, of Richmond, Virginia, to the vacant Commissioner's seat. The file failed to reflect any disciplinary action or criticism of HORTON and contained no information in addition to that previously set forth.

The files of the Washington, D. C., Credit Bureau were checked by SE WALTER J. TOLSON regarding JAMES A. HORTON. These files revealed that he resides at 4000 Cathedral Avenue and formerly resided at 3741 39th Street, N. W., and is employed as Chief Examiner, Federal Trade Commission. His wife is presently unemployed but was formerly employed by the Federal Trade Commission.

b6 Per FTC
b7C

The files of the Metropolitan Police Department, Washington, D. C., Criminal Division, were checked against the name of JAMES A. HORTON by [redacted] with negative results. The records of the Traffic Division, Metropolitan Police Department, reflected numerous charges of illegal parking by JAMES ALBERT HORTON and his spouse, [redacted]

WFO 58-417
WCH:CEM

Chairman JAMES M. MEAD, Federal Trade Commission, furnished SA WILLIAM T. FORSYTH and the writer with what appears to be the original report of JOHN H. BASS, entitled "Special Report, In re: The Le Blanc Corporation, Docket 5925," which is being forwarded herewith to the Bureau as an enclosure.

It was noted that the first paragraph of BASS' report reflects the purpose as to why the report was made and this paragraph is set out as follows:

> "This report contains a summary of evidence secured during the course of the investigation of alleged attempts on the part of Dudley J. Le Blanc and others, through the means of lavish entertainment, gifts and gratuities, to influence the action of the officials of the Federal Trade Commission in their disposition of the case involving the Le Blanc Corporation. This investigation and report thereon was made pursuant to the oral instructions of Chairman James M. Mead, of the Federal Trade Commission, on November 24, 1952."

It was further noted that this report consisted of a review of Federal Trade Commission files, a review of Federal Bureau of Investigation reports furnished Chairman MEAD by the Bureau, and the results of interviews conducted by BASS with various Federal Trade Commission officials connected with the Le Blanc case.

It was also noted that BASS advised that during the course of his investigation, he found no evidence of irregularities on the part of Le Blanc and his representatives in their contacts with officials of the Federal Trade Commission. Further, that although certain officials of the Commission attended dinners sponsored by Le Blanc, he found no evidence that this influenced the opinions or decisions of these officials and that although they advised him that they now considered their actions as unwise and indiscreet, they denied that this hospitality influenced them in pursuit of their official duties. Furthermore, that although certain Commission officials were the recipients of Christmas gifts sent to them by Le Blanc, they advised BASS that the gifts had been sent to them without their solicitation or knowledge. In conclusion, BASS stated "I see no need for action except to urge more discretion on the part of the officials when dealing with respondents."

ENCLOSURES

TO THE BUREAU

Forwarded herewith to the Bureau is the report of JOHN H. BASS entitled "Special Report, In re: The Le Blanc Corporation, Docket 5925."

- P -

58 2808- 89

WFO 58-417

ADMINISTRATIVE PAGE

Efforts to contact JAMES ALBERT HORTON, Director of the Bureau of Industry Corporation, Federal Trade Commission; and CHARLES E. GRANDEY, Assistant Chief, Division of Investigations, Federal Trade Commission, were negative due to illness; however, WFO will interview them upon their return.

Inquiry at the office of JOSEPH W. POWERS, Chief, Division of Investigations, Federal Trade Commission, disclosed he is presently out of the city but is expected to return January 12, 1952, at which time he will be interviewed by WFO.

With reference to the report of JOHN H. BASS, Chairman MEAD furnished interviewing agents with what appeared to be the original report. It is to be noted that WFO received only one copy of this report which is being forwarded herewith to the Bureau and, therefore, no copies are being retained in this office.

Chairman MEAD also returned FBI reports which were furnished to him by the Bureau as follows:

Report of SA WILLIAM C. HIGGINS dated October 31, 1952, at Washington, D. C.
Report of SA LAURENCE J. FRANK, JR., dated November 14, 1952, at New Orleans, Louisiana.

These two reports are being returned herewith to the Bureau.

One copy of instant report is being forwarded to the New Orleans Office for information inasmuch as additional investigation has been requested in that district.

LEADS

THE WASHINGTON FIELD OFFICE

AT WASHINGTON, D. C.

Will interview JAMES ALBERT HORTON, Director of the Bureau of Industry Corporation, and CHARLES E. GRANDEY, Assistant Chief, Division of Investigations, and JOSEPH W. POWERS, Chief, Division of Investigations, all of the FTC.

59 ANC 2-53

WFO 58-417

(Administrative page continued)

(Leads continued)

Will interview GEORGE LARRICK, Deputy Commissioner, Food and Drug Administration, for any pertinent information concerning instant case.

Will attempt to locate and interview Doctor PAUL DUNBAR, former Commissioner, Food and Drug Administration, concerning instant matter.

Will interview OSCAR EWING, Director, FSA, concerning his contact by TURNEY GRATZ and MAC HEDRICK.

Will contact the Statler, Mayflower, and Carlton Hotels in an attempt to determine the identities of FTC and FDA officials entertained by Le Blanc.

REFERENCES: WFO letter to the Director dated December 15, 1952.
Bureau letter to WFO dated December 18, 1952.
WFO letter to the Director dated December 22, 1952.
WFO airtel to the Director dated December 24, 1952.
Report of SA MANNING C. CLEMENTS dated December 20, 1952, at Dallas.
New Orleans memorandum to the Director dated December 31, 1952.
Houston letter to WFO dated December 31, 1952.
WFO teletype to the Director and Houston dated January 6, 1953.
WFO teletype to the Director and New Orleans dated January 8, 1953.

FEDERAL BUREAU OF INVESTIGATION

Form No. 1
THIS CASE ORIGINATED AT WASHINGTON FIELD

REPORT MADE AT	DATE WHEN MADE	PERIOD FOR WHICH MADE	REPORT MADE BY
WASHINGTON, D. C.	1/16/53	1/12-16/53	WILLIAM C. HIGGINS cbs

TITLE	CHARACTER OF CASE
DUDLEY JOSEPH LE BLANC, ET AL	BRIBERY

SYNOPSIS OF FACTS:

Interviews conducted with officials FTC and FDA, Dr. PAUL DUNBAR, former FDA Commissioner, and OSCAR EWING, FSA Administrator. Subject HORTON stated LE BLANC's efforts re his FTC promotion voluntary and unsolicited. Admitted attending Statler dinner 1950 and receiving fruit at Christmas 1949 and 1950 but state these were unsolicited and bore no relation to case. Unequivocally denied receiving any gifts or gratuities in connection with Hadacol. Denied being influenced or pressured by anyone. Denied knowledge of any misconduct or unethical handling by any Government employee re Hadacol.

EXPEDITE PROCESSING

- P -

ENCLOSURE

APPROVED AND FORWARDED: P Hood K SPECIAL AGENT IN CHARGE

DO NOT WRITE IN THESE SPACES

58-2808-26

RECORDED - 35

JAN 15 1953

COPIES OF THIS REPORT
4 - Bureau (58-2808)
1 - New Orleans (58-91) (Info.)
2 - Washington Field (58-417)

WFO 58-417
WCH:KM

DETAILS: AT WASHINGTON, D.C.

The following investigation was conducted by Special Agent WILLIAM T. FORSYTH and the writer:

Mr. JOSEPH W. POWERS, Chief, Division of Investigations, Bureau of Anti-Deceptive Practices, Federal Trade Commission, advised that he has been in his present position since the reorganization program of 1950 and prior to which he was Chief Examiner in the old Division of Investigations from 1946-1950.

He stated that his division is charged with directing field investigations and the correlation of all information gained therefrom, and upon which information he furnished the Commission with his recommendation for additional action or the closing of the case.

POWERS said that to the best of his recollection the Hadacol Case was sent to him after the Radio and Periodical Division had attempted to monitor LE BLANC's advertising which, being in the Cajun French dialect, was very difficult to interpret and evaluate. He said that following the investigation by his division, he recommended that the Commission issue a complaint against LE BLANC and his organization.

With reference to his contacts with LE BLANC he stated he can recall meeting him only on one occasion: He said that as he was leaving his office, his Assistant, [redacted] introduced LE BLANC to him in the corridor of the FTC building; further, that he advised LE BLANC he had nothing further to do with the Hadacol Case inasmuch as the file had left his office. Furthermore, that he had declined LE BLANC's invitation to lunch because of a previous engagement. POWERS said no type of significance could be attached to his rejection of LE BLANC's luncheon invitation since he probably would have accepted had he not had a previous commitment.

b6 Per FTC
b7C

POWERS said he had no other contact with LE BLANC either officially or socially and that he neither attended nor was he invited to any of LE BLANC's dinners. He also

58 2808- 36

denied being the recepient of any Christmas gift or any other gratuity or reward from LE BLANC and/or any of the latter's representatives.

With reference to political pressure, POWERS stated that no such pressure or even contact was ever directed to him personally although he believes that some letters and phone calls were received by the Federal Trade Commission from the "Hill" concerning the status of the case.

POWERS said that he could state unequivocally that no one, either inside or outside the FTC, ever attempted to influence him in his handling of the case and that he had no knowledge of any FTC employee ever being so pressured or influenced.

In conclusion, POWERS advised that he knew of no instance in the handling of the Hadacol Case where the action of the employee could be construed as being one of misconduct.

Mr. CHARLES E. GRANDEY, Assistant Chief, Division of Investigations, Bureau of Anti-Deceptive Practices, FTC, advised that to the best of his recollection the Hadacol Case was first handled by the Radio and Periodical Division, whose function is to screen appropriate advertising and, if warranted, to conduct limited investigation via correspondence.

He said he believed the Hadacol file was transferred from the Radio and Periodical Division to the Division of Stipulations, whose Director, JAMES ALBERT HORTON, instructed his, GRANDEY's, office to conduct a full field investigation.

According to GRANDEY, neither the Library of Congress nor the State Department could furnish translators to monitor LE BLANC's advertising inasmuch as Cajun French is not a language per se but is a dialect restricted to a particular locale. He said for this reason a language expert was not readily obtainable and thus delayed the course of the investigation because the case depended upon a translation of the advertising. He said that in this connection a very important question arose as to whether a case could be based

on evidence obtained by an individual not recognized as being a language expert since technical questions might arise concerning some specific point of language interpretation.

GRANDEY stated that when he first became connected with the Hadacol Case, LE BLANC's enterprises were confined mostly to the tri-state territory of Mississippi, Louisiana, and Arkansas; however, by the time the case was subsequently returned to his division for additional investigation, LE BLANC had expanded so as to encompass the entire South.

Continuing, he advised that following this second round of investigations, it was ascertained that although the more flagrantly false advertising had been discontinued; nevertheless, a revue of the advertising again provided the basis for his recommendation that a complaint be issued against LE BLANC. He said that following the original recommendation for complaint, the case was placed on the suspense calendar on LE BLANC's representation that he had taken all the necessary steps to fully comply with the terms layed down by the FTC.

GRANDEY stated that with reference to social and official contacts with LE BLANC, he wished to say that the only time he met LE BLANC was when the latter came into his office and introduced himself and at which time he informed LE BLANC that since the Hadacol Case was no longer being handled by his division, he was not in a position to discuss the case.

He also said that although he does not recall having conferred with MAC HEDRICK, he did recall having some contact with a Houston, Texas, advertising man who said he was employed by LE BLANC and that he intended to run tests on the advertising to see whether it complied with the product.

GRANDEY stated that he recalls no specific instance of pressure or attempted pressure from the "Hill" at any time. He said that as a matter of fact, the only political

connection he recalls involved a Louisiana state Congressman who had urged prompt action against LE BLANC at the time of the inception of the Hadacol Case. GRANDEY said he conversed telephonically with this state Congressman, advising him that FTC was experiencing considerable difficulty in monitoring LE BLANC's advertising programs. He said the Congressman offered to furnish the Federal Trade Commission with the information he had gained through monitoring these programs at his own expense; however, GRANDEY advised him that he considered the use of such evidence ill-advised especially so since the Congressman was already personally involved in the controversy. GRANDEY said that he wanted his own monitoring done and that he wanted it free of political entanglements.

GRANDEY denied receiving any gratuities, rewards or gifts from LE BLANC or any of his representatives and stated that he had no knowledge of any misconduct on the part of any FTC employee in the handling of this case.

Mr. JAMES ALBERT HORTON, Director, Bureau of Industry Cooperation, Federal Trade Commission, advised that he was Director of the Bureau of Legal Investigation, FTC, at the time that the Hadacol Case arose. He stated that the case came to him and he recommended a complaint be issued but the Commission ordered additional investigation and as a result a stipulation was agreed upon. Subsequently, more flagrant violations came up and he requested further investigation because of the broadcast which had been recorded and found to be in Cajun French. This necessitated further investigation because the Federal Trade Commission had no access to translators who could handle this material. As a result of this investigation, HORTON stated he again recommended that a complaint be issued. Mr. HORTON stated that following this recommendation, in June of 1950, the Reorganization Program of the FTC went into effect and he assumed his present position. In the meantime, the LE BLANC representatives and the Bureau of Stipulations had negotiated a stipulation which was rejected by the Commission. He stated that a new one was negotiated and that he approved the acceptance of this stipulation. Mr. HORTON pointed out that he had nothing to do with the negotiation of this stipulation. He further stated that he had no official contact at any time with DUDLEY LE BLANC.

Mr. HORTON advised that DUDLEY LE BLANC called him sometime in 1950 and invited him to attend a dinner which he was giving the Louisiana Congressional Delegation. LE BLANC advised him that all the Congressmen from Louisiana would be present. Mr. HORTON advised that he accepted this invitation and recalled that Messrs. KELLEY, MOREHOUSE, KING and SWEENEY, all of the FTC, were in attendance at the dinner. He stated that in addition to the above-mentioned, he recalled that most of the people connected with the Louisiana group on the "Hill" were in attendance. Mr. HORTON further advised that in 1949 and later in 1950 he received a Christmas gift of a basket of fruit from DUDLEY LE BLANC. He stated that upon receipt of these presents he wrote letters of acknowledgement to DUDLEY LE BLANC.

Mr. HORTON advised that he recalled that DUDLEY LE BLANC offered to get him endorsements or recommendations for the position of Commissioner with the Federal Trade Commission. Mr. HORTON stated that he did not decline this offer but further that he did not solicit the offer. He stated that DUDLEY LE BLANC wrote several letters on his behalf on a voluntary basis and that he at no time asked DUDLEY LE BLANC to write such letters. He further advised that he did not recall having met DUDLEY LE BLANC during the TRUMAN inauguration. Mr. HORTON stated that DUDLEY LE BLANC had never asked him for any advice and he has no knowledge of LE BLANC seeking to get anyone a position with the FTC.

Mr. HORTON advised that he had attended every Jackson Day dinner that has been held in Washington and that on all occasions he paid his own way. He stated that he does not recall having ever attended a Jackson Day dinner with DUDLEY LE BLANC and further, that he is positive that DUDLEY LE BLANC never paid for such a dinner for him.

Mr. HORTON stated that he was acquainted with [redacted] who at one time represented the Hadacol Compan b6 Per FTC b7C and had several business contacts with him during the compliance stage of the Hadacol Case but he has had no social contact with [redacted] Mr. HORTON also recalled that DUDLEY LE BLANC had sent him a book entitled "The [redacted] of the Acadians", which Mr. HORTON explained was a history of the Cajun French in Louisiana and which in his opinion was one of the best presentments of this subject matter he has ever read.

58 2208- 36

Mr. HORTON advised that he was acquainted with TURNEY GRATZ and that their acquaintanceship was of a political nature. Mr. HORTON recalled that [redacted] advised him he had resigned his position with the Democratic National Committee to accept a position with the Hadacol Company. He stated that GRATZ told him he wanted nothing to do with the Hadacol Case which was pending before FTC. He further stated that GRATZ had never discussed the Hadacol Case with him. b6 Per FTC b7C

In regard to MAC HEDRICK, Mr. HORTON advised that he had never met HEDRICK and that he considered him to be somewhat of a "myth" around here. He stated that he had heard considerable discussion concerning [redacted] but he was not acquainted with anyone who had even met [redacted] In conclusion, Mr. HORTON advised that he had received no other gifts from LE BLANC or anyone else, and that at no time did he receive any calls from anyone on the "Hill". Mr. HORTON further stated that no one had approached him or attempted to put any pressure upon him to render any decision favorable to DUDLEY LE BLANC or the Hadacol Company. b6 Per FTC b7C

WFO 58-417
WCH:cbs

The following investigation was conducted by Special Agent ROBERT K. LEWIS and the writer.

Dr. PAUL DUNBAR, former Commissioner, Food and Drug Administration, was interviewed at his residence, [redacted] b6 Per FDA

Dr. DUNBAR advised that he was Commissioner of the Food and Drug Administration from 1944 until he retired on May 31, 1951.

Dr. DUNBAR advised that he recalls DUDLEY LE BLANC as being a very adroit individual who was an expert in sales technique and besides being a "politican" was completely unethical in his business relationships and transactions. He said LE BLANC was the type of individual who would do anything which would bring in money to him.

Dr. DUNBAR advised that even though he had instructed LE BLANC's representative, Dr. GEORGE HOOVER, to inform LE BLANC that officials of the Food and Drug Administration never accepted gifts of any kind nevertheless LE BLANC sent him a Christmas gift consisting of fruit and candy from Florida and which box of fruit Dr. DUNBAR sent to the Childrens Hospital.

He said his only contact with LE BLANC was on the occasion that GEORGE LARRICK brought LE BLANC into his office and at which time LE BLANC went into a relatively long discussion of the history of the Acadians and spoke of his political career in Louisiana. Dr. DUNBAR stated that at this meeting LE BLANC did request the name of an individual who could help him the most in conforming with the desires of the Food and Drug Administration concerning the labeling of his product; further that Dr. DUNBAR informed LE BLANC that it was against the policy of the Food and Drug Administration to supply the name of any one individual; however, that they would furnish LE BLANC with a list of qualified drug consultants from which he could make his own selection.

Dr. DUNBAR stated that to the best of his knowledge Dr. HOOVER's name was on this list and this is the reason that LE BLANC contacted Dr. HOOVER.

According to Dr. DUNBAR, Dr. HOOVER found it very amusing to try and control DUDLEY LE BLANC who was so devoid of professional ethics."

He said that with reference to any contacts with representatives of LE BLANC, he has no present recollection of meeting anyone with the exception of one meeting with WALTER RUBEN, who was a representative of a very reputable Chicago advertising agency.

Dr. DUNBAR stated that he never received any gifts, rewards, or gratuities from LE BLANC or any of his representatives and had no knowledge of any other official of the Food and Drug Administration receiving such. Further that he has no knowledge of any political pressure or intervention in the Hadacol case.

GEORGE LARRICK, Deputy Commissioner, Food and Drug Administration, stated that when the Food and Drug Administration became interested in the Hadacol case he directed the investigation. He said in furtherance of this dealer's samples and literature were obtained both from the dealers and directly from the Happy Day Company which was the name of LE BLANC's organization when he first started making Hadacol.

He said that LE BLANC must have learned of the Food and Drug Administration's interest in Hadacol because LE BLANC came in to see Dr. DUNBAR and himself in an effort to ascertain what the Food and Drug Administration wanted him to do in order for his labels to comply with FDA requirements.

He further said that LE BLANC could obtain Consultants from Drug Trade Publications.

He stated that some time subsequent to this first meeting with LE BLANC the latter had engaged Dr. GEORGE HOOVER to work out acceptable labeling for Hadacol. He said that in connection with this he recalls numerous conferences with Dr. HOOVER; however, he has no present recollection of meeting any other representative of the LE BLANC concern.

According to LARRICK, his final contact with LE BLANC was a telephonic one in which LE BLANC asked him whether he would accept a position with the Hadacol Company at a substantial fee, which he does not now recall. LARRICK said he

declined LE BLANC's offer and that this was the last contact he had with anyone concerning the Hadacol case.

With reference to political pressure, Mr. LARRICK advised that he does recall that the Food and Drug Administration did receive a few telephone calls from members of the Louisiana delegation but that he considered these calls as calls from Congressmen making the customary inquiries in their constituents behalf.

He also stated that he received a box of fruit from LE BLANC as a Christmas present in 1949 and 1950 and which gifts he forwarded to the Childrens Hospital in Washington, D. C., and further that he declined LE BLANC's invitation to attend a dinner party at the Hotel Statler in either 1949 or 1950.

In conclusion Mr. LARRICK stated that to the best of his knowledge no official of the Food and Drug Administration, however, received any gifts, rewards, or gratuities from LE BLANC or any of his representatives in connection with the handling of the Hadacol case.

Mr. LARRICK made a correspondence file available which contained the following letters:

A letter dated December 31, 1948, from Mrs. A. CHAMBERS OLIPHANT, President, Board of Lady Visitors, Childrens Hospital, Washington, D. C., to GEORGE LARRICK, in which she advised that she was deeply grateful for the generous gift of the crate of fruit sent by him to Childrens Hospital for the Christmas season.

A letter dated January 7, 1949, to DUDLEY LE BLANC, from GEORGE LARRICK, in which he states, "I appreciate the sentiment which prompted you to send us Christmas greetings and the box of fruit and other delicacies." LARRICK goes on to state that the acceptance of such gifts is contrary to the policy of the Food and Drug Administration and that such cannot be accepted for personal use. He advised in this letter that he had forwarded this gift to the Childrens Hospital.

In reference to the above letter, LARRICK advised that after receipt of this gift he called Dr. GEORGE HOOVER and told him to inform LE BLANC that such gifts could not be accepted and he would appreciate it if LE BLANC would send no more.

A letter dated December 30, 1949, to Dr. PAUL DUNBAR, from EDITH A. TARKINGTON, Administrator, Childrens Hospital, Washington, D. C., in which she expressed her "heartfelt gratitude" for the present of fruit and candy which he had sent to Childrens Hospital for Christmas.

A letter dated January 9, 1950, to DUDLEY LE BLANC, from GEORGE LARRICK, in which he acknowledges the receipt of fruit and other delicacies by himself and Dr. DUNBAR. He goes on to state that such gifts cannot be accepted for personal use and that they have been forwarded to Childrens Hospital.

A letter dated January 14, 1950, to GEORGE LARRICK, from DUDLEY LE BLANC, in which he advised that he was sorry that LARRICK did not glance at the contents of the last package and added that he would be in Washington in March and hoped that both LARRICK and DUNBAR would accept his Southern hospitality since he planned to invite both to a dinner at the Statler Hotel which he was giving for Louisiana Congressmen and a few other friends. LE BLANC also stated in this letter that he had heard a rumor that LARRICK was going to enter private business and wished to know if there were any truth to this rumor.

A letter dated January 23, 1950, from GEORGE LARRICK, to DUDLEY LE BLANC, in which LARRICK stated that the policy regarding the acceptance of gifts also extended to the acceptance of such invitations as LE BLANC had made in his letter of January 14. He advised that while the invitation was appreciated it was necessary for him and Dr. DUNBAR to decline. LARRICK also added that he was well satisfied with his present position and had no intention of leaving the Food and Drug Administration.

WFO 58-417

OSCAR EWING, Administrator, Federal Security Agency, stated that although he has a vague recollection of being introduced to some representative of the Hadacol Company by TURNEY GRATZ, he has no present recollection of the nature of the conversation or the purpose of this meeting. He stated that in all probability the meeting was arranged by GRATZ as a courtesy to a businessman who wanted to meet men employed by the United States Government. He said to the best of his knowledge the meeting was very brief and there was no discussion concerning Hadacol and further that he has no present recollection of the name of the individual who accompanied GRATZ.

- P -

WFO 58-417

ADMINISTRATIVE PAGE

Investigation at the Hotel Statler, Mayflower, and Carlton has not been completed due to the tieup of hotel personnel with inauguration preparations.

One copy of instant report is being forwarded to the New Orleans Office for information inasmuch as additional investigation has been requested in that District.

LEADS

THE WASHINGTON FIELD OFFICE:

AT WASHINGTON, D. C.:

Will continue investigation at the Statler, Mayflower, and Carlton Hotels in an attempt to determine the identities of FTC and FDA officials entertained by LE BLANC.

REFERENCES: Report of Special Agent WILLIAM C. HIGGINS dated January 9, 1953, at Washington, D. C.

New York airtel to Bureau dated January 7, 1953.

Washington Field Office teletype to New Orleans dated January 8, 1953.

Report of Special Agent PAUL H. LEWIS (A) dated January 8, 1953, at Chicago.

New Orleans teletype to Baltimore and WFO dated January 12, 1953.

WFO airtel to Baltimore and New Orleans dated January 13, 1953.

58 2808

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

DATE: February 13, 1953

FROM : SAC, WFO (58-417)

SUBJECT: DUDLEY JOSEPH LE BLANC, et al
BRIBERY

G.I.R-6

Rerep SA WILLIAM C. HIGGINS dated 2/9/53, at Washington, D. C.

JAMES M. MEADE, Chairman of the Federal Trade Commission, this city, telephonically advised SA WILLIAM C. HIGGINS on 2/11/53, that at a recent FTC meeting, STEPHEN J. SPINGARN, Member, FTC, expressed his desire to obtain a copy of the FBI report reflecting the complete Hadacol investigation recently completed by this Bureau.

Mr. MEADE advised that although he is not cognizant of SPINGARN's specific reason in requesting this report, he would like to point out that SPINGARN is a very energetic and well versed individual who, at the present time, is making a study of ethics in government and in which interest he has challenged various individuals to a public debate over television facilities.

Mr. MEADE stated that he had explained to SPINGARN at the meeting that reports of investigation similar to that conducted by the FBI in the Hadacol Case are furnished the Attorney General for whatever action the latter deems necessary and, therefore, the request for such files could be made only to the Attorney General.

With reference to the two FBI reports previously furnished Mr. MEADE and later returned by him to this Bureau, Mr. MEADE stated that he considered these reports only loaned to him "to facilitate the FTC in fully answering all the FBI questions [redacted] the FTC could more fully help the FBI in its investigation." Further, that he considered it ill-advised to maintain these FBI reports in FTC files inasmuch as some individual may see them and during "hallway gossip may embarrass or slander an innocent individual."

It is to be noted that during the course of the investigation of the Hadacol matter, SPINGARN was interviewed, and which interview was reflected on Page 23 of the report of SA WILLIAM C. HIGGINS dated 1/9/53, at Washington, D. C.

WCH:il

58 2208 43

DO-5

OFFICE OF DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Mr. Tolson
Mr. Ladd
Mr. Nichols
Mr. Belmont
Mr. Clegg
Mr. Glavin
Mr. Harbo
Mr. Rosen
Mr. Tracy
Mr. Laughlin
Mr. Jones
Mr. Mohr
Mr. Winterrowd
Tele. Room
Mr. Holloman
Miss Holmes
Miss Gandy

Date Nov. 7 19 52 Time 10:25AM

Chairman James M. Mead, Federal Trade Commission, tele.

Phone No.

REMARKS

When informed of the Director's absence Chairman Mead consented to speak with an assistant. After checking he was referred to Mr. Crosby, in Mr. Nichols' Office.

Mr. Crosby advises that Mr. Mead was calling in regard to a report he has received indicating the Bureau is conducting an investigation of Mr. [redacted] an employee of the Federal Trade Commission. This investigation is supposed to have resulted from allegations arising out of the bankruptcy proceedings of the Hadacol Company and one of its chief backers, Mr. LeBlanc.

b6 Per FTC
b7C

Mr. Mead stated that if this report is true he would greatly appreciate knowing about it since it concerns an employee of the FTC.

Mr. Crosby is checking on this matter and will prepare a memorandum.

lvl

RECORDED - 70 62-82808-1
NOV 7 1952

58 2808-

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Tolson

DATE: November 7, 1952

FROM : L. B. Nichols

SUBJECT: DUDLEY LEBLANC et al.
Bribery

56-1 21
85-1, 21

Tolson
Ladd
Clegg
Harbo
Belmont
Mohr
Tele. Room
Nease
Tracy

b6 Per FTC
b7C

SYNOPSIS

Mr. James M. Mead, Chairman, Federal Trade Commission, wanted to be advised whether an investigation was being conducted on [redacted] Federal Trade Commission employee. He was advised the matter would be checked and he would be notified.

BACKGROUND

At 10:25 A.M. November 7, 1952, by reference from the Director's Office, James M. Mead, Chairman of the Federal Trade Commission, telephoned and talked to Crosby in my absence. Mr. Mead was first very solicitous about the Director and asked that his warm regards be extended to him.

Mr. Mead advised that he had received information that an employee of the Federal Trade Commission, Mr. James Horton, was being investigated by the FBI as a result of proceedings growing out of the "Hadacol" bankruptcy case. Mr. Mead continued that this case involved a patent medicine and tonic which had been widely sold in the South and Southwestern part of the United States. The Hadacol Company is headed by a man named LeBlanc.

Sometime ago, exact date not specified by Mr. Mead, the Federal Trade Commission issued a cease and desist order against the Hadacol Company for certain representations about the patent medicine they were selling. The order resulted in the bankruptcy of the Hadacol Company; and in proceedings before the trustee in bankruptcy, LeBlanc, the owner of the Hadacol Company, alleged that one of the items of the expenses of the Hadacol Company was payments to a Mr. James Horton of the Federal Trade Commission.

Mr. Mead advised he had just learned this allegation from Mr. Matt Carrain of the law firm which represents the trustee in bankruptcy in this proceeding.

Mr. Mead said that he certainly was making no complaints about any investigations of Federal Trade Commission or anything else, but he did believe it would have been very nice gesture if the Bureau could have seen fit to inform us of [illegible] involving personnel of the Federal Trade [illegible]

-2808-

Memo to Mr. Tolson from L. B. Nichols November 7, 1952

Mr. Crosby advised Mr. Mead that the Bureau had a practice of notifying an agency when allegations of a sufficiently specific nature were received about personnel in that agency; that he could not make any comment on instant case because he had no knowledge of the facts but he would check into them and, if possible, notify Mr. Mead of the situation today. Mr. Mead said he would be most grateful for the courtesy and again asked that his best be extended to Mr. Hoover.

The facts are as follows:

Background of Hadacol Matter

By letter dated October 21, 1952, the New York Office advised that former Special Agent Jerome Doyle, an attorney in the firm of Cahill, Gordon, Zachry, and Reindel, New York City, had advised that in his capacity as attorney for the trustee in bankruptcy of the LeBlanc Corporation, he had had occasion to interview Mr. Dudley J. LeBlanc, principal stockholder of the LeBlanc Corporation, concerning the withdrawal of approximately $300,000 from the funds of the corporation for which adequate account had not been made in the books of the company.

According to Mr. Doyle, LeBlanc told Doyle that the largest portion of this money was turned over by him to a former associate Mack Hedrick, now deceased, who gave the money to an official or officials of the Federal Trade Commission, Washington, D. C. LeBlanc admitted entertaining a number of Federal Trade Commission officials and employees in New York City, but denied knowing the names of the officials allegedly receiving the bulk of the $300,000.

Mr. Doyle continued that there were certain documents in the files of the LeBlanc Corporation indicating that LeBlanc was friendly with Mr. [redacted], Director of the Bureau of Industry Cooperation of the Federal Trade Commission. Doyle also found copies of numerous letters LeBlanc had written to members of Congress seeking their aid in the promotion of Horton to the post of Commissioner of the Federal Trade Commission. b6 Per FTC b7C

There are certain other matters mentioned in the information furnished by Mr. Doyle, but they are not pertinent to the matter involving the LeBlanc Corporation and the Federal Trade Commission, specifically [redacted]

58 2308-8

All of the facts were forwarded to the Attorney General by memorandum dated October 28, 1952, captioned, "The LeBlanc Corporation, Dudley J. LeBlanc; James A. Horton; Unknown Subject - Bribery." The Attorney General was informed of the contents of the deposition made by LeBlanc to Mr. Doyle, and the Attorney General was also advised that an immediate investigation concerning the possible payment of bribes by LeBlanc to [redacted] and other unnamed officials of the Federal Trade Commission was being instituted. He was also advised that inquiries were being made concerning the balance of the allegations in the complaint received from Mr. Doyle. b6 Per FTC b7C

On October 24, 1952, the Washington Field Office was made origin in the investigation of the bribery aspect of the LeBlanc Corporation matter. Washington Field Office was instructed that it was not desired that the Federal Trade Commission files be reviewed nor that [redacted] be interviewed. Washington Field Office was instructed to submit an initial report by October 31, 1952, summarizing the background of the situation and briefing the deposition of LeBlanc. The first material investigative step was requested of the New Orleans Office after it received the initial report from the Washington Field Office. New Orleans was given a deadline of November 14, 1952, on its aspect of the investigation. b6 Per FTC b7C

Status of the Investigation

The Washington Field Office submitted its report in plenty of time, and New Orleans is conducting its portion of the investigation with Mr. LeBlanc. To date, there has been no actual investigation at the Federal Trade Commission or of [redacted] of the Commission. b6 Per FTC b7C

RECOMMENDATION

It is recommended that Crosby call Mr. Mead back and advise him that an allegation has been received from Mr. LeBlanc concerning the payment of a major portion of $300,000 to officials of the Federal Trade Commission for favorable action by the Commission concerning the LeBlanc Corporation; that Mr. LeBlanc alleged this sum was paid to [redacted] a deceased associate of Mr. LeBlanc, and Mr. LeBlanc has denied he knows the identity of the individuals in the Federal Trade Commission to whom the money was paid; that this matter was referred to the Attorney General on October 28, 1952, and an inquiry was begun in New Orleans to round out LeBlanc's allegations in order to determine b6 Per FTC b7C

58 2808- 8

Memo to Mr. Tolson from L. B. Nichols November 7, 1952

whether a full scale investigation of a possible bribery case was justified under the circumstances; that Mr. Mead be further advised that to date there has been no investigation of the Federal Trade Commission employees although there will be if sufficient data is received during the investigation of the LeBlanc Corporation and Mr. LeBlanc to justify such an investigation, and that Mr. Mead will be advised when and if such an investigation is instituted.

ADDENDUM: FEC:arm 11/12/52. Crosby telephoned Mr. Mead at 11:00 A.M., November 10, 1952, and informed him of the substance of the background of the allegation. Mr. Mead said that he would be most appreciative if he could be informed when and if an investigation at FTC starts. He said he can assure us that every cooperation will be afforded, and although he has not a very high opinion of the general veracity of LeBlanc, he was never one to quarrel with the facts; and if there had been payments to FTC under any guise, Mr. Mead was very anxious that every cooperation be afforded the Bureau in order to get to the bottom of such a matter. Crosby assured Mr. Mead his remarks would be brought to the attention of the Director, and Mr. Mead again asked that his warm regards be expressed to Mr. Hoover.

58 2308- 8

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Ladd

DATE: November 20, 1952

FROM : Mr. Rosen

Time of call: 6:00 p.m.

SUBJECT: DUDLEY J. LE BLANC, et al
BRIBERY

G.I.R.

ASAC Fletcher, Washington Field Office, telephonically advised the Bureau today that Agents William E. Higgins and Robert N. Wingard had contacted James Mead, Chairman of the Federal Trade Commission in connection with our investigation of captioned matter.

At the time Mead was contacted he was accompanied by five officials of the Federal Trade Commission. Mead read a prepared statement to the Agents in which he stated that the subject matter of the Bureau's investigation had occurred before he was associated with the Federal Trade Commission, therefore, he was not implicated in this matter. He stated that it is permissible for the Agents to review the pertinent files of the Federal Trade Commission but only on the condition that the file review is to be made in the presence of D. Daniels, Secretary of the Federal Trade Commission and Federal Trade Commission Attorney William King. Mr. Mead further stated that the Bureau could not remove any material from the file or photostat any of the pertinent documents without prior approval of the Federal Trade Commission. This approval was to be obtained by a formal meeting of the Federal Trade Commission.

This case concerns allegations received by New York letter dated 10/21/52 that Dudley LeBlanc, former majority stockholder of the LeBlanc Corporation, a pharmaceutical concern, paid large sums of the firm's funds to unnamed officials of the Federal Trade Commission in an effort to forestall the Commission's action in opposing his company's advertising program. LeBlanc on interview stated he gave funds to a former advertising representative, now deceased, who was to use the money to entertain Federal Trade Commission employees in Washington. LeBlanc did not name anyone so entertained nor could he supply specific details as to the amount of money furnished to his advertising representative.

ACTION:

RECORDED - 66 58-2308-10

DEC 1 1952

ASAC Fletcher was instructed to have the Agents conduct the necessary file reviews and to make notes of any material incorporated therein deemed of importance to our investigation. The file review is scheduled for 9:00 a.m. tomorrow morning. In the event that it becomes necessary to officially obtain Federal Trade Commission documents this matter will be taken up with the Department to determine what future course of action the Bureau should take in this regard.

58 2308 10

AJMcG:bjl

11-24-52

7 DEC 10 1952

FEDERAL BUREAU OF INVESTIGATION

Form No. 1
THIS CASE ORIGINATED AT WASHINGTON FIELD

REPORT MADE AT	DATE WHEN MADE	PERIOD FOR WHICH MADE	REPORT MADE BY
WASHINGTON, D. C.	11/21/52	11/19-21/52	WILLIAM C. HIGGINS DBJ

TITLE	CHARACTER OF CASE
DUREY JOSEPH LeBLANC; THE LeBLANC CORPORATION; JAMES ALBERT HORTON; UNKNOWN SUBJECT, RFC EMPLOYEE, NEW ORLEANS, LOUISIANA	BRIBERY

SYNOPSIS OF FACTS: Chairman JAMES M. MEAD, Federal Trade Commission, advised investigation of Hadacol Corporation completed by FTC prior to his appointment to Commission on 11/16/49. States appointed Chairman of Commission 5/24/50 and, during inspection of field offices of FTC in summer of 1950, the Director of New Orleans Field Office requested action by Commission against Hadacol Corporation on basis of completed New Orleans investigation. MEAD stated action taken by FTC upon his return to Washington 8/17/50 in form of stipulation to cease and desist against Hadacol Corporation. Complaint issued by FTC against Hadacol 9/28/51 after failure of corporation to meet terms of stipulation. MEAD states case presently pending as result of corporation being placed in hands of trustees by Federal Court. Advised never contacted by any representatives of Hadacol Corporation concerning FTC action and, further, that MAC D. HEDRICK unknown to him. States TURNEY GRATZ known only professionally as former employee of National Democratic Headquarters. Commented GRATZ telephonically advised him of his separation from National Democratic Headquarters and position with LeBlanc. MEAD states he advised GRATZ of FTC's trouble with Hadacol Corporation, and GRATZ stated he would clear these difficulties up and have the Hadacol Corporation abide by FTC ruling. MEAD states that he told GRATZ if this was done, FTC would welcome visits from the Hadacol people to FTC.

- P - EX[illegible]

APPROVED AND FORWARDED:	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN THESE SPACES
		58-2808

COPIES OF THIS REPORT

- 1 - Bureau
- 1 - New Orleans (Info) (58-91)
- 1 - Washington Field (58-417)

NOV 25 1952

58 2808

DEC 22 1952

☆ U. S. GOVERNMENT PRINTING OFFICE: 1951—O-915916

WFO 58-417

DETAILS: AT WASHINGTON, D. C.

The following investigation was conducted by Special Agents WILLIAM C. HIGGINS and ROBERT N. WINGARD:

Mr. JAMES M. MEAD, Chairman of the Federal Trade Commission, was contacted at his office on November 20, 1952. Mr. MEAD, prior to being interviewed, requested that his attorney and adviser, Mr. JOHN WHEELOCK, be present during this interview.

Mr. MEAD stated that he had been telephonically advised by Mr. MATT CORREA, Attorney for the trustees appointed by the Federal Court for the Hadacol Corporation, that Mr. DUDLEY LeBLANC had furnished a deposition to the trustees, and this deposition, in turn, had been forwarded to the Federal Bureau of Investigation. He stated Mr. CORREA informed him that he wanted to advise him that the deposition contained allegations against the Federal Trade Commission and believed Mr. MEAD would wish to know this prior to reading of the allegations in the newspapers.

Mr. MEAD stated that he had immediately telephoned the Federal Bureau of Investigation, requesting information concerning any investigation which the Bureau might have which would, in any way, affect the Federal Trade Commission. He commented he was advised by return telephone call of the investigation underway and informed that he would be kept advised of the progress of the investigation.

Mr. MEAD stated the Hadacol case had been referred to the Federal Trade Commission in approximately 1945, which was some five years prior to the time he was a member of the Commission. He commented he had been appointed a member on November 16, 1949, and it was not until May 24, 1950, that he became Chairman of the Commission. Mr. MEAD stated the first knowledge he had of the Hadacol investigation was in the summer of 1950, during which time he was making a field trip to the various field offices of the Federal Trade Commission. He stated when he got to New Orleans and inquired as to the case work of that office, the Director of the New Orleans Office, Mr. WILLIAM LOTT, informed him that he could not understand why the Hadacol case was being held up in Washington. Mr.

MEAD stated he returned to Washington and immediately made inquiry into this case. He commented he had found there had been a delay in this case, but that the delay was caused by the failure of the respondent to present certain testamonials which had been requested from him. Mr. MEAD commented that, through his insistence, a stipulation to cease and desist was drawn up and signed on August 17, 1950, at which time LeBLANC agreed to stop all illegal advertisement. He stated, however, that LeBLANC failed to agree to the terms of the cease and desist order and on September 28, 1951, a complaint was issued against the Hadacol Corporation. He advised that three days before the corporate respondent went into reorganization under Chapter 10 of the Bankruptcy Act, this complaint was served. He stated the Federal Court had appointed a trustee in bankruptcy for the Hadacol Corporation, and this trustee had asked for and was given additional time in which to answer the complaint. Mr. MEAD stated this case is presently in a pending status and furnished the Agents a copy of the present status report of the LeBlanc Corporation. This report is being set out as follows:

"LeBlanc Corporation

"September 28, 1951 - the original complaint issued

"Served 3 days before the corporate respondent went into reorganization under Chapter 10 of the Bankruptcy Act.

"Trustee in Bankruptcy asked for and was given additional time in which to answer.

"February 8, 1952 - issued an amended complaint which contained a form of the proposed order in the notice portion of the complaint -- the original complaint did not contain that purposely, because we did not know at that time just what kind of order we wanted the Commission to issue.

"After the amended complaint was issued the Trustee under the Bankruptcy Court asked the Court for permission to not answer the amended complaint and to allow the Commission to take judgment by default on the amended complaint.

"The creditors came in and objected to that, and that has never yet been decided by the U. S. District Court in New York where the bankruptcy action is pending.

"In the meantime the Trustee came down here and said that he had instructions from the Court not to issue any advertisement that would be contrary to the provisions of the proposed order to cease and desist which was contained in the notice portion of the complaint. (The Trustee is continuing to run the business under the direction of the Court.)

"The Trustee has submitted to us, informally, under the direction of the Court, all of the advertising that has been done since February 8, 1952; so that none of the current advertising is contrary to what we think it should be. In other words, he is doing no advertising now that he could not do if we had the cease and desist order against him. With this in mind, and presenting it to the Hearing Examiner, they have asked for and obtained various continuances as to the time for filing answer, on the theory that if they can build the business back up through the Trustee running it under the direction of the Court to where it is a profitable business they will be able to sell it and the creditors get the money out of it, and that the public will not be hurt by the delay in the matter because in the meantime there is no advertising being done in violation of what we alleged was wrong at the time the amended complaint was issued.

"The Division has not objected to these various continuances by the respondents for the reason that if the business was not sold it would wind up in bankruptcy and no benefit would be obtained by a cease and desist order. If the business is not sold, then it would take a new suit to stop anyone else from false advertising of the product and if a cease and desist order were issued against the present corporation it would not be effective against a new corporation."

Mr. MEAD stated that in regard to a letter which was written by TURNEY GRATZ to DUDLEY LEBLANC in which GRATZ stated that Mr. MEAD had advised him he was delighted to have such a close personal friend in a

position where the differences which have, from time to time, developed between his agency and their corporation could now be handled between personal friends for the best interest of the Government and corporation; he, MEAD, only knew TURNEY GRATZ professionally, having met him several times while GRATZ was an employee of the National Democratic Headquarters in Washington, D. C. Mr. MEAD advised that on only one occasion did he ever engage in conversation with Mr. GRATZ, that he could recall, when the conversation did not involve some problem or mutual interests concerning the Democratic Party. He stated on this one occasion GRATZ had called him and asked him to join a party to go to the Kentucky Derby. He stated that he had, on that occasion, advised GRATZ he would like to see the Kentucky Derby, but that his schedule was so tight he could not make the trip. Mr. MEAD stated that in regard to the contact made by Mr. GRATZ, as mentioned above, GRATZ had, on one occasion, mentioned that he was leaving the Democratic National Headquarters and was accepting a position with the Hadacol Corporation. Mr. MEAD stated, on this occasion, he advised GRATZ of the trouble that the Federal Trade Commission was having with the Hadacol people and of the dilatory actions that DUDLEY LeBLANC was taking to disregard the Commission's order to cease and desist. Mr. MEAD stated he was assured by GRATZ that he would do everything in his power to see that the Hadacol Corporation complied with the Federal Trade Commission's stipulation and, further, that if they did not comply, he, GRATZ, would not stay with the corporation. Mr. MEAD commented he replied to this that if the Hadacol Corporation did comply with the wishes of the Federal Trade Commission, then anyone affiliated with this concern would be welcome at the Federal Trade Commission.

Mr. MEAD further pointed out that in regard to the information furnished by Mr. LeBLANC that he had given MAC D. HEDRICK $10,000 for which Mr. HEDRICK was to entertain Mr. MEAD that he, Mr. MEAD, did not know Mr. HEDRICK and had never had any dealings with him. He pointed out that he had not been contacted on any occasion by any official of the Hadacol Corporation concerning any action which the Federal Trade Commission might take against this company.

WFO 58-417
RNW:RCN

Mr. MEAD advised that the files of the Federal Trade Commission were available for review, as well as any personnel attached to the Federal Trade Commission.

During the above interview with Chairman MEAD, Mr. MEAD summoned Mr. D. C. DANIEL, Secretary of the Commission, to his office and Mr. DANIEL was present during most of the interview. Mr. DANIEL stated that he was familiar with this case inasmuch as he had handled the case in the Washington Office during 1948 and 1949 while he was a Trial Attorney. He stated that after he had completely reviewed the investigation in this case, he had recommended that a complaint be filed against the Hadacol Corporation and had submitted this recommendation to the Commissioners of the Federal Trade Commission. He pointed out that after his recommendations were submitted, it was his understanding that the Hadacol Corporation hired a new advertising concern and that a representative of this concern had come to the Commission and had agreed to abide by the rules of the Federal Trade Commission.

Mr. DANIEL pointed out that although he did not have the case assigned to him after he had submitted his recommendations, it was his understanding that the Commissioners had held up the complaint because the advertising concern had agreed to abide by Federal Trade Commission regulations.

- P -

WFO 58-417

ADMINISTRATIVE PAGE

In regard to the interview with JAMES M. MEAD, present Chairman of the Federal Trade Commission, Agents conducting the interview were instructed by the Bureau to advise Mr. MEAD of the fact that the Bureau was conducting an investigation in this case and that if he desired copies of the reports in this case, he could receive them by a request through official channels. Further, the Agents were instructed to request from Mr. MEAD his permission to review the files of the Federal Trade Commission concerning the Hadacol Corporation.

The Agents, upon entering Mr. MEAD's office, were informed by him that he wished his Legal Adviser, Mr. JOHN WHEELOCK, to be present during the interview. After Mr. WHEELOCK arrived, Mr. MEAD proceeded to give his statement to the Agents as to what his part in the Hadacol Case had been as an official of the Federal Trade Commission. Mr. MEADE referred to Bureau reports which he had reviewed and defended his position in each instance where he was mentioned in these reports.

During this statement, Mr. MEAD also summoned Mr. D. C. DANIEL, , Secretary of the Commission, to his office. Mr. DANIEL remained during most of the interview and furnished the Agents with information concerning his knowledge of the Hadacol Case. The Agents did not interview Mr. MEAD, but accepted his statement regarding the Hadacol Case.

After Mr. MEAD had furnished his statement, he advised Mr. DANIEL and Mr. WHEELOCK to escort the Agents to the files of the Federal Trade Commission and make these files available for review. These individuals escorted the Agents to the office of Mr. WILLIAM KING, Supervising Trial Attorney, where the above individuals and Mr. JOSEPH CALLOWAY, Trial Attorney, suggested going over the files with the Agents. They were advised that the Agents would prefer to review the files and thereafter, if necessary, ask any pertinent questions concerning information in these files.

Mr. DANIEL then stated that no information in these files could be made public without the consent of the majority of the five Commissioners and that if any such information did become public, he,

WFO 58-417
RNW;RKL:PCN

ADMINISTRATIVE PAGE

DANIEL,, as custodian of the files, was liable for a sentence of one year in jail and/or $5,000.00 fine. File reviews are, therefore, being set forth as follows on the Administrative Pages of this report.

File Number 5925-4-2-2 of the Records Division, Federal Trade Commission, was reviewed on November 21, 1952, by Special Agent ROBERT K. LEWIS. This file is a correspondence file which deals with advertising of the Le Blanc Corporation.

In a letter dated October 4, 1948, to WILLIAM KING, Supervising Trial Attorney, DUDLEY LE BLANC stated in part "Have just returned . . . . . I want to thank you for the many courtesies you extended to us on our recent visit to Washington. We will advertise in a way satisfactory to the Commission. I intend to return to Washington in two or three weeks".

In a letter dated February 18, 1948, from WILLIAM KING to DUDLEY LE BLANC regarding advertising matters, Mr. KING advised that he would be available for conference in Washington on March 9 or 10, 1948.

In a letter dated March 29, 1949, to JOSEPH W. POWERS, Chief Examiner, Federal Trade Commission, WILLIAM B. LOTT, Attorney in Charge, New Orleans, advised that on March 21, 1949, Mr. CHARLES E. GRANDEY had phoned his office advising that investigation of the Hadacol Company be expedited as soon as possible.

In a letter dated August 1, 1949, to W. T. KELLEY, General Counsel, Federal Trade Commission, LE BLANC stated that he had been informed the Commission might issue a complaint. He also stated he had discontinued the type of advertising complained of, had toned down bad advertising and as a result his business was way off. He also stated "I don't know whether it is proper for me to write you these things but I consider you one of my personal friends and you are such a kind and generous person that I have taken the liberty of appealing to you and I hope that you will not permit your associates to do me any harm. I will appreciate anything you can do for me and if it is not proper for me to have written to you then I want to apologize".

58 2808--8-14

WFO 58-417
RKL:PCN

ADMINISTRATIVE PAGE

The file reflects that on August 23, 1949, the Federal Trade Commission referred the matter of the Le Blanc Corporation to the Bureau of Stipulations for negotiations of settlement by means of a voluntary written agreement. On August 17, 1950, a stipulation tendered by LE BLANC was approved by the Commission and the Commission advised that they were considering the matter closed, but subject to a re-opening by them. In this stipulation LE BLANC agreed to refrain from certain false and misleading advertising.

The files indicate that on September 18, 1950, a conference was held in Washington between WILLIAM B. SNOW, JR., Chief, Division of Stipulation, and DUDLEY LE BLANC.

The files contain a letter dated February 14, 1951, to DUDLEY LE BLANC from J. ROBERT VENDEL, Attorney, Division of Stipulation, setting forth numerous violations by the Le Blanc Corporation of the stipulation. The Le Blanc Corporation in this letter is requested to submit a complete and satisfactory report of compliance without further delay.

The file contains numerous letters from advertising agencies, medical groups, pharmaceutical groups and business consultants complaining of the type of advertising being used to promote and sell Hadacol.

The file contains a telegram from LE BLANC to JAMES HORTON requesting an appointment on May 10, 1951, and such appointment was confirmed by HORTON on May 2, 1951. In a letter dated May 14, 1951, to the Commission, LE BLANC refers to the above conference regarding his current advertising policies and sets forth his attempts to comply with the stipulation.

In a letter dated August 24, 1951, LE BLANC advised that he had sold his company.

On September 26, 1951, the Commission advised LE BLANC that it had set aside the stipulation and was re-opening this entire matter.

58 2808- 14

WFO 58-417
RNW:jaw

ADMINISTRATIVE PAGE

Federal Trade Commission file 5925-4-2-1 entitled Application for Complaint vs. Happy Day Company, et al - Correspondence, etc. was reviewed by Special Agent ROBERT N. WINGARD on November 21, 1952. This file contained correspondence concerning the Hadacol case but did not contain any correspondence or record of conferences between the Commission and the Hadacol Company.

This file contained a letter dated August 6, 1946, from Congressman JAMES DOMENGEAUX of the Third District of the State of Louisiana, in which he complained to JAMES HORTON, Chief Examiner, Federal Trade Commission, regarding the false advertising of the Hadacol Company. On January 6, 1947, Congressman DOMENGEAUX again complained regarding false advertising of the Hadacol Company to WILLIAM B. LOTT, Director of the New Orleans Field Office, and at which time he requested that the Federal Trade Commission take some action against DUDLEY LE BLANC. The file contained a memorandum by LOTT dated August 27, 1947, in which he advised that Congressman DOMENGEAUX again complained to him regarding the false advertising by the Hadacol Company. The file reflected that on September 2, 1947, Congressman DOMENGEAUX complained bitterly to W. J. TOMPKINS, attorney, regarding failure of the Federal Trade Commission to take any affirmative action against LE BLANC. On this occasion Congressman DOMENGEAUX furnished recordings of the false advertising made by LE BLANC in cajun French on the radio. He stated that the broadcast of this false advertising was furnished interstate to people of Texas, Louisiana and Mississippi.

The file reflected that on September 9, 1947, Congressman DOMENGEAUX again complained to the New Orleans Field Office concerning this false advertising and requested that the Commission immediately initiate a full and complete investigation into the Le Blanc Corporation.

The file reflected that on September 10, 1947, in a letter to W. B. LOTT from JOSEPH W. POWERS, Chief Examiner, the Commission had ordered a complete investigation by the New Orleans Field Office into the false advertising by LE BLANC. The file contained a letter to LOTT dated May 5, 1948, from POWERS requesting that the New Orleans office inform the Commission as to when their investigation of this matter would be completed. The file contained a letter dated May 10, 1948, in which LOTT advised that the New Orleans Office had finished their investigation and at which time he recommended that a complaint be issued and stated he also concurred in the recommendations of Mr. WILSON, attorney, in that the respondents [illegible] the

58 2208- 14

ADMINISTRATIVE PAGE

privilege of entering into a stipulation, as such a stipulation would merely be used by the respondent to unduly delay the Commission in disposing of this matter. This letter was addressed to JOSEPH W. POWERS, Chief Examiner, Federal Trade Commission. In this letter LOTT pointed out that the investigation had reflected several political ramifications, inasmuch as it was apparent that all of the interest by Congressman DOMENGEAUX had taken place prior to the election for Governor for the State of Louisiana. He stated that this election had been held in the Fall of 1947 and that Congressman DOMENGEAUX had supported SAM JONES and that DUDLEY LE BLANC had been a right-hand man in the campaign of EARL LONG. He stated that after the election in which Mr. LONG was elected Congressman DOMENGEAUX had taken no interest in the Federal Trade Commission's investigation of the Hadacol Company. He pointed out that the same applied to the Louisiana Food and Drug Administration, which administration had been strong in their desires for the Federal Trade Commission to force some action on DUDLEY LE BLANC. He pointed out that after the election the Food and Drug Administration had made no further complaints regarding false advertising by the Hadacol Company.

The file contained a letter dated May 25, 1950, to JAMES M. MEAD, Chairman, Federal Trade Commission, from Senator J. W. FULBRIGHT, in which Senator FULBRIGHT requested to be advised if the Federal Trade Commission was investigating the Hadacol Company. Mr. MEAD by letter dated May 26, 1950, advised Senator FULBRIGHT that the Commission had completed a full investigation; however, no final determination had been made in this case.

The file contained a letter dated June 13, 1950, from Senator FULBRIGHT to Mr. MEAD requesting that he (Senator FULBRIGHT) be advised when the Commission had completed its review of the facts in the Hadacol case. By letter dated August 22, 1950, Senator FULBRIGHT was advised that the Commission had accepted the signed agreement that the unfair methods of competition of the Le Blanc Corporation would be discontinued with the understanding that such acceptance of this agreement by the Commission was without prejudice to the right of the Commission to reopen the case at any time. This letter was signed by [illegible], Secretary of the Commission.

The file contained numerous letters which reflected that the Le Blanc Corporation did not abide by the above stipulation and continued their false advertising. The file contained numerous complaints against the Hadacol Company and their false advertising and testimonials from all sections of the United States.

WFO 58-417
WCH:JAG

ADMINISTRATIVE PAGE

Review of Federal Trade Commission files, their number 1-20984-1 and 5925-4-1, entitled "Application for Complaint vs. Happy Day Company, et al," was made by Special Agent WILLIAM C. HIGGINS November 21, 1952.

It was noted that a final report submitted by CHARLES J. CONNOLLY, Attorney, dated February 4, 1947, entitled "In the Matter of Happy Day Company, Inc., a Corporation and DUDLEY J. LEBLANC, Individually, Lafayette, Louisiana, Advertisers - Vendors," disclosed that the applicant in this complaint was L. WEINSTEIN, MD., Secretary - Treasurer, St. Martin Parish Medical Association Breaux Bridge, Louisiana, and that respondents were charged with "alleged false and misleading advertising in connection with the sale of the preparation designated 'Hadacol.'"

Under heading "Statement of Facts" it was noted that this matter was referred to the Commission by a letter of complaint dated January 4, 1945, from Dr. WEINSTEIN who "...by implication objected to the advertising by Happy Day Company as disseminated through radio station KVOL, Lafayette, Louisiana."

This report further reflected that "by letter dated August 6, 1946, Congressman JAMES DOMENGEAUX (La.) complained of the advertising practices of the Happy Day Company, but stated in a conference with an attorney Examiner JOHN B. WILSON, that he did not want to be named as a complaintant..."

It was noted that under the caption "Conclusion" the report reflected "...it is concluded that the Happy Day Company and DUDLEY J. LEBLANC have engaged in practices which are violative of the Federal Trade Commission Act...."

It was further noted that CONNOLLY recommended "that the files in this matter be referred to the Division of Stipulations, for the negotiation of an appropriate stipulation."

By memo for the Chief, Radio and Periodical Division, dated March 14, 1947, BERKEYMAN DAVIS, A

58 2808-12-1

WFO 58-417
WCH:JAG

ADMINISTRATIVE PAGE

recommended supplemental investigation and that he believed that instant case was not yet ready for stipulation.

By memo for the Commissioner dated June 12, 1947, D. B. GALTING, Chief, Radio and Political Division, recommended the case be referred to the Director, Division of Stipulations, for negotiation of stipulation after file was first referred to the Food, Drug and Cosmetic Committee concerning advertising re Happy Day Headache Powders.

It is to be noted that this memo reflects "approved J.A.H." (This probably refers to JAMES A. HORTON, Director, Office of Legal Investigation).

By form letter dated August 13, 1947, file 1-20984 was assigned to Commissioner EDWIN L. DAVIS.

By memo for the Commissioner dated August 19, 1947, Commissioner DAVIS recommended "This file be referred to the Division of Stipulations for the purpose of negotiating a stipulation with respondents. I recommend, however, that the actual negotiation be held in abeyance by that Division until the Commission has adopted a policy on the affirmative disclosures in cases involving preparations containing drugs which may be potentially injurious."

By memo for the Chief Examiner dated September 4, 1947, [redacted] Director, Office of Legal Investigati b6 Per FTC advised that "he forwarded a telegram from Congressman JAMES b7C DOMENGEAUX of Lafayette, Louisiana, in which he requests that consideration be given to the alleged misrepresentations by the Happy Day Company in the advertising and sale of its goods..."

HORTON advised the Chief Examiner that he had informed Congressman DOMENGEAUX that the New Orleans Office will consider the matter and requested the Chief Examiner that this matter be immediately forwarded to Mr. LOTT with instructions to broaden the investigation to include the practices presented by Congress DOMENGEAUX.

58 2208- 14

WFO 58-417
WCH:JAG

ADMINISTRATIVE PAGE

By memo for the Commission dated September 8, 1947. [redacted] Director, Office of Legal Investigations, recommended "...file be withdrawn from Division of Stipulations and referred to this office for complete field investigation and reported to the Commission." b6 Per FTC b7C

WFO 58-417
WCH:met

ADMINISTRATIVE PAGE

It is to be noted that this memorandum showed the following approval: "9/9/47, no objection. R. B. MOREHOUSE, Director, Division of Stipulations."

On May 7, 1948, JOHN B. WILSON, Attorney, New Orleans, Louisiana, filed a Supplemental Final Report as an application for the issuance of a complaint, charging false and misleading advertising of drugs in violation of Sections 5 and 12 of the Federal Trade Commission Act. He further recommended against giving respondents privilege of renegotiating a stipulation.

By memorandum for the Commission dated June 30, 1948, JOSEPH W. POWERS, Chief Examiner, recommended that above complaint be issued. This memorandum reflected the following: "Approved. JAH."

By memorandum for Attorney D. C. DANIEL dated August 10, 1948, W. M. KING, Assistant Chief Trial Counsel, advised DANIEL that case had been assigned to him.

By memorandum for the file dated September 15, 1948, JOHN B. WILSON, Attorney, New Orleans, Louisiana, advised that he had conferred with D. C. DANIEL and others and that Attorney DANIEL believed there was sufficient information to justify immediate issuance of a complaint and trial but that Mr. DANIEL desired some additional information first and that, upon receipt of this new information, Mr. DANIEL believed "he will have an ironclad case."

By memorandum for the Commission dated September 17, 1948, DANIEL J. MURPHY, Chief of Trial Division, advised that his office concurred in that a complaint be issued but that, inasmuch as the Happy Day Company, Inc., changed its name to LeBlanc Laboratories, Inc., the respondents named in the complaint should be appropriately amended.

By memorandum for the Chief Examiner dated September 27, 1948, JOHN B. WILSON, Attorney, New Orleans, Louisiana, advised that it was his opinion "the information which has been requested by Assistant Chief Trial Counsel KING, and which was outlined in the Chief Examiner's letter, has been obtained. . ." ". . . It is recommended, therefore, that this material be added to the file and referred to the Chief Trial Counsel for appropriate consideration."

WFO 58-417

ADMINISTRATIVE PAGE

By memorandum for the Commission dated September 30, 1948, EDWIN L. DAVIS, Commissioner, considered it inadvisable to issue a complaint, pending the receipt of a letter from LeBLANC, as previously agreed, advising the Commission what he proposed to do regarding changing his advertising practice and settling this matter.

By memorandum for the Commission dated November 4, 1948, Commissioner DAVIS stated that respondents had ". . . employed a new advertising agent who states that he took the account with the definite understanding that respondents would eliminate all objectionable features from the advertising."

Commissioner DAVIS further stated that respondents had "apparently employed a medical consultant, a [redacted] to advise them on advertising." b6 Per FTC b7C Continuing, Commissioner DAVIS advised that respondents "request the Commissi not to issue a complaint because corrective action is being taken by the respondent."

Commissioner DAVIS further stated that "the matter is submitted to the Commission for consideration as to whether or not a complaint should issue at this time or whether the matter should be held in abeyance for approximately 90 days with the direction that at the end of such period the Bureau of Legal Investigations ascertain whether or not respondents have actually discontinued the false advertising heretofore used, and if so, whether or not the new advertising contains false representation."

By memorandum dated November 10, 1948, O. B. JOHNSON, Secretary of the Commission, advised that the matter had been placed on the suspense calendar for approximately 90 days by direction of the Commission.

By memorandum dated February 4, 1949, DANIEL J. MURPHY, Chief of Trial Division, advised Attorney CHARLES S. COX that this case had been reassigned to him.

By memorandum for the Chief Examiner dated February 9, 1949, JOSEPH W. SHEA, Attorney, had file removed from suspense in compliance with Commissioner's previous directive.

By memorandum for the Commission dated July 7, 1949, JOSEPH W. POWERS, Chief Examiner, advised that "since respondents obviously intend

58. 2208- 14

ADMINISTRATIVE PAGE

to continue the use of false and misleading claims and representation in connection with the sale of their product, it is recommended that a complaint issue against proposed respondents charging them with violation of the Federal Trade Commission Act. . ."

This memorandum reflected: "Approved. JAH."

By memorandum for the Commission dated August 22, 1949, DANIEL J. MURPHY, Chief of Trial Division, advised that, based on a re-study of the files and further consideration of the facts, the privilege of stipulation should be extended respondents wherein they agree to cease and desist from objectionable advertising rather than issuing a complaint against them.

By memorandum for the Commission dated April 11, 1950, P. B. MOREHOUSE, Director, Bureau of Stipulations, advised that the Commission on August 23, 1949, had referred the case to him with instructions to negotiate for a stipulation and to report to the Commission.

He also advised, "On March 29, 1950, Mr. DUDLEY J. LeBLANC and Mr. RICHARD L. BROWN, Executive Vice President of the Corporation, signed an agreement which is submitted to the Commission herewith. At this time, Mr. LeBLANC advised that the Corporation had retained Honorable ROBERT E. FREER as counsel."

He further advised "the inhibitions hereinbefore recited cover all of the claims in the new advertising which, in my opinion, are false and misleading. The inhibitions are supported by recitals of fact, and it is recommended that this proposed agreement be approved and that the file be closed with the privilege to the right of the Commission to reopen the same if and when warranted by the facts."

By form letter dated April 13, 1950, this case was assigned to Commissioner AYRES.

By memorandum for Commissioner AYRES dated May 9, 1950, from JOSEPH W. POWERS, Chief Examiner, and by memorandum from Commissioner AYRES dated May 18, 1950, recommendations were advanced not to accept and approve the contemplated stipulation.

WFO 58-417
WCH:il

ADMINISTRATIVE

By memorandum dated May 19, 1950, D. C. DANIEL, Commission Secretary, advised the stipulation executed by respondents was not approved by the Commission and that the case was to be referred to the Director of the Bureau of Stipulations for further negotiation.

By memorandum for the Commission dated July 11, 1950, WILLIAM B. SNOW, Jr., Chief, Division of Stipulations (and approved by JAMES A. HORTON, Director, Bureau of Industry Cooperation), recommended that the amended stipulation should be approved and file closed without prejudice to the right of the Commission to reopen the same if and when warranted by the facts.

By memorandum for the Commission dated August 7, 1950, Commissioner AYRES recommended stipulation be approved and file closed without prejudice.

It was noted that the file contained a copy of the stipulation entitled "Stipulation as to the Facts and Agreement to Cease and Desist," No. 8034, which was signed on July 7, 1950, by DUDLEY LE BLANC and approved by the Federal Trade Commission on August 17, 1950.

By memorandum dated August 17, 1950, Commission Secretary D. C. DANIEL advised that Stipulation No. 8034 had been approved and accepted and that this case was closed without prejudice to the right of the Commission to reopen the same if and when warranted by the facts.

By memorandum for the Commission dated July 20, 1951, WILLIAM B. SNOW, Jr., Chief, Division of Stipulations, recommended issuance of formal complaint inasmuch as respondent had not revised his advertising in full conformity with the stipulation.

By memorandum for the Commission dated July 20, 1951, J. ROBERT VENDEL, Attorney-Conferee, Division of Stipulations, advised that he believed respondents were complying with the stipulation.

This memorandum also reflected that JAMES HORTON concurred in VENDEL's conclusion but that WILLIAM B. SNOW, Jr., disagreed.

By form letter dated August 17, 1951, case was assigned to Commissioner STEPHEN J. SPINGARN. By memorandum for the Commission dated August 29, 1951, Commissioner SPINGARN recommended, "I move that

ADMINISTRATIVE

this matter be referred to the Director, Bureau of Anti-Deceptive Practice, for drafting of an appropriate complaint covering the practices therein from 1945 to date, and that such draft of complaint be submitted expeditiously and within one week. . ."

By memorandum dated August 31, 1951, DANIEL J. MURPHY, Chief, Division of Litigation, advised Attorney JOSEPH CALLAWAY case was reassigned to him.

It was noted that the last page of instant file contained a notation reflecting that a complaint had been issued on September 28, 1951, Docket No. 5925, and bearing the initials "H.B.K."

WFO 58 417
WCH:DDJ

ADMINISTRATIVE

One copy of this report is being sent to the New Orleans Office for information, inasmuch as additional investigation may be requested in the New Orleans area.

LEADS

WASHINGTON FIELD OFFICE

AT WASHINGTON, D. C.

Will await coverage of leads presently outstanding in auxiliary offices.

REFERENCE: Report of Special Agent LAWRENCE J. FRANK, JR., dated November 14, 1952, at New Orleans, Louisiana.

58 2808- 14

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Tolson

FROM : L. B. Nichols

DATE: November 26, 1952

SUBJECT:

For record purposes, Mr. James M. Mead, Chairman, Federal Trade Commission, at 4:15 p.m. yesterday called and talked to Mr. Wick in my office. He made reference to his November 7, 1952, conversation with Crosty in my office concerning certain aspects of the "Hadacol" bankruptcy case. Mr. James A. Horton, Director of the Bureau of Industry Cooperation of the Federal Trade Commission, is involved.

By way of background, all facts in the case involving the Federal Trade Commission employee, [redacted] were forwarded to the Attorney General by memorandum dated October 28, 1952, captioned "Le Blanc Corporation, Dudley J. Le Blanc; [redacted] Unknown Subject - Bribery." The Attorney General was told we were instituting investigation into the possible payment by Le Blanc to [redacted] and other unnamed officials of the Federal Trade Commission.

b6 Per FTC
b7C

Mr. Mead's purpose in calling yesterday was to state that Special Agent William C. Higgins (A), of the Washington Field Office, had been to see him. Mead had furnished Higgins with, he said, considerable material and he now finds he has other data which he believes should be made a matter of record in this case.

ACTION TAKEN:

Arrangements were made by Wick through ASAC Fletcher of the Washington Field Office for Special Agent Higgins to contact Mr. Mead at the Federal Trade Commission at 2:30 p. m. today. Mr. Mead was so advised and expressed his appreciation.

CC - Mr. Rosen

RLW:ptm

RECORDED 13 58-2442-15

58 2800