



Exploding The Phone

db375

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Bibliographic Cover Sheet

Title **FBI File 87-HQ-137183, Walter H. Shaw, ITSP-FBW**

Date 1973-04-25

Abstract Investigation of Walter Shaw for selling a device called a
 "Micro-logic" that was, in fact, a blue box. Corresponding field
 office files are 87-MM-34168 and 87-LA-41319.

Keywords Walter H. Shaw; blue box

Source FBI via FOIA

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U.S. Department of Justice

Federal Bureau of Investigation

Washington, D.C. 20535

March 10, 2006

Subject: SHAW, WALTER L.

FOIPA No. 1036413- 000

Dear Requester:

The enclosed documents were reviewed under the Freedom of Information/Privacy Acts (FOIPA), Title 5, United States Code, Section 552/552a. Deletions have been made to protect information which is exempt from disclosure, with the appropriate exemptions noted on the page next to the excision. In addition, a deleted page information sheet was inserted in the file to indicate where pages were withheld entirely. The exemptions used to withhold information are marked below and explained on the enclosed Form OPCA-16a:

Section 552

Section 552a

☐ (b)(1)

☐ (b)(7)(A)

☐ (d)(5)

☒ (b)(2)

☐ (b)(7)(B)

☐ (j)(2)

☒ (b)(3) Rule 6 (e) - Federal

☒ (b)(7)(C)

☐ (k)(1)

Rules of Criminal Procedure

☒ (b)(7)(D)

☐ (k)(2)

☐ (b)(7)(E)

☐ (k)(3)

☐ (b)(7)(F)

☐ (k)(4)

☐ (b)(4)

☐ (b)(8)

☐ (k)(5)

☐ (b)(5)

☐ (b)(9)

☐ (k)(6)

☒ (b)(6)

☐ (k)(7)

137 **page(s)** were reviewed and 110 **page(s)** are being released.

☐ Document(s) were located which originated with, or contained information concerning other Government agency(ies) [OGA]. This information has been:

☐ referred to the OGA for review and direct response to you.

☐ referred to the OGA for consultation. The FBI will correspond with you regarding this information when the consultation is finished.

☒ You have the right to appeal any denials in this release. Appeals should be directed in writing to the Co-Director, Office of Information and Privacy, U.S. Department of Justice, 1425 New York Ave., NW, Suite 11050, Washington, D.C. 20530-0001 within sixty days from the date of this letter. The envelope and the letter should be clearly marked "Freedom of Information Appeal" or "Information Appeal." Please cite the FOIPA number assigned to your request so that it may be easily identified.

☐ The enclosed material is from the main investigative file(s) in which the subject(s) of your request was the focus of the investigation. Our search located additional references, in files relating to other individuals, or matters, which may or may not be about your subject(s). Our experience has shown, when ident, references usually contain information similar to the information processed in the main file(s). Because of our significant backlog, we have given priority to processing only the main investigative file(s). If you want the references, you must submit a separate request for them in writing, and they will be reviewed at a later date, as time and resources permit.

☐ See additional information which follows.

Sincerely yours,

A handwritten signature in black ink, appearing to read "D. Hardy", with a stylized flourish at the end.

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

Enclosure(s) (2)

:

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 pursuant 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 the 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 a confidential source, including a State, local, or foreign agency or authority or any private institution which furnished information on a confidential basis, and, in the case of record or information compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, information furnished by a confidential source, (E) would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law, or (F) could reasonably be expected to endanger the life or physical safety of any individual;
- (b) (8) contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions; or
- (b) (9) geological and geophysical information and data, including maps, concerning wells.

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

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

FEDERAL BUREAU OF INVESTIGATION
FOIPA
DELETED PAGE INFORMATION SHEET

Serial Description ~ COVER SHEET 06/13/1975

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FEDERAL BUREAU OF INVESTIGATION

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b7C

REPORTING OFFICE MIAMI	OFFICE OF ORIGIN MIAMI	DATE JUN 13 1975	INVESTIGATIVE PERIOD 4/25/73 - 6/6/75
TITLE OF CASE WALTER H. SHAW, aka Edward Roberts, George Shaw		REPORT MADE BY <div style="border: 1px solid black; height: 20px; width: 100px;"></div>	TYPED BY blp
		CHARACTER OF CASE ITSP - FBW	

REFERENCES

Omaha airtel to Miami, 6/14/73.
Miami airtel to Omaha, 6/28/73.
Omaha letter to Miami, 7/27/73.
Kansas City letter to Miami, 8/29/73.

- P -

LEADMIAMIAT HOMESTEAD, FLORIDA

Follow and report prosecutive action.

ACCOMPLISHMENTS CLAIMED					<input checked="" type="checkbox"/> NONE	ACQUIT- TALS	CASE HAS BEEN:
CONVIC.	FUG.	FINES	SAVINGS	RECOVERIES			
							PENDING OVER ONE YEAR <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
APPROVED <i>[Signature]</i> COPIES MADE: 2 - Bureau 1 - USA, Miami (Attn: AUSA MARSHA LYONS) 2 - Miami (87-34168)						SPECIAL AGENT IN CHARGE	
						DO NOT WRITE IN SPACES BELOW	
						<div style="display: flex; justify-content: space-between;"> 87- 137183 </div> <div style="text-align: center;">JUN 20 1975</div>	
Dissemination Record of Attached Report						Notations	
Agency						<div style="text-align: center;"> </div>	
Request Recd.							
Date Fwd.							
How Fwd.							
By							

54 JUN 27 1975

COVER PAGE

MM 87-34168

ADMINISTRATIVE

It is noted that the investigative period of this report is extensive. The details of this report reflect that this matter was referred to the office of the U.S. Attorney, Miami, Florida, at its inception, April 25, 1973. However, since that time it has been assigned and reassigned to four different Assistant U.S. Attorneys (AUSA), none of whom actively pursued prosecution of this matter until it was recently assigned to AUSA MARSHA LYONS. During 1974, Mrs. LYONS successfully prosecuted three other "blue box" cases which were the first such cases prosecuted in the Southern District of Florida in about ten years, and which were almost identical to this matter. Now, Mrs. LYONS has demonstrated her intention to prosecute this matter forthwith, by presenting it to the Federal Grand Jury, Miami, on June 5, 1975. During this two year period, the investigative period of this report, regular monthly contacts have been maintained with the various AUSAs to whom this matter has been assigned and it has been kept in current condition. Numerous negative contacts with AUSAs concerning this matter are not being reported herein in the interest of brevity.

- B* -

- COVER PAGE -

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - U.S. Attorney, Miami, Florida
(Attn: AUSA MARSHA L. LYONS)

Report of:

Office: Miami, Florida

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Date:

JUN 13 1975

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Field Office File #:

87-34168

Bureau File #:

Title:

WALTER H. SHAW

Character:

INTERSTATE TRANSPORTATION OF STOLEN PROPERTY - FRAUD
BY WIRE

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Synopsis:

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MM 87-34168

[redacted] b3
[redacted] On 6/5/75, FGJ, SDF, Miami, Fl., returned
indictment charging SHAW, [redacted]

[redacted] with violations of T. 18, USC, Sec. 1343
(four counts) and T. 47, USC, Sec. 220 (four counts).
AUSA, Miami, advised that summons will be issued.

- P -

DETAILS:

This investigation was predicated upon information
furnished by the Federal Grand Jury, Southern District of
Florida, Miami, Florida, on April 25, 1973, and turned over
to the FBI on the same date by Assistant U.S. Attorney (AUSA)
CHARLES O. FARRAR, JR.

AUSA FARRAR, Southern District of Florida, Miami,
Florida, made available to Special Agents of the Miami FBI
Office on April 25, 1973, the material that had been turned
over to him by the Federal Grand Jury as mentioned above. b3

This material had been furnished to the Federal
Grand Jury, Southern District of Florida, on April 25, 1973,
in response to a subpoena directed to [redacted]
[redacted] The material has been summarized by [redacted] as
follows:

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On June 14, 1973, the Omaha Division of the FBI advised as follows:

On June 12, 1973, [redacted]

[redacted] advised
[redacted] has been

approached by WALTER SHAW and was presently in Kansas City with a client discussing a business venture of some sort with SHAW.

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SHAW is in possession of a device which converts a single telephone watts line into six illegal lines for an investor to sell on his own. [redacted] continued to advise that [redacted] observed a demonstration during which the subject placed his device called a "micro logic" (phonetic) on a regular working telephone and supposedly got London, England, information. [redacted] finally advised subject is presently in the Kansas City area and thought to be at the Holiday Inn and using the name GEORGE SHAW.

On June 12, 1973, [redacted] Northwestern Bell Telephone Company, advised subject has been a former telephone employee out of Miami, Florida. [redacted] stated the subject was an electrical engineer and has had a record of making illegal devices and systems that he has invented since leaving Bell Telephone at Miami. [redacted] continued to advise he believed subject was under Federal Grand Jury proceedings at Miami, but did not know the charges.

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On June 13, 1973, [redacted] advised he had been in telephonic contact with [redacted] Bell Telephone of Kansas City, who stated they have the subject under active investigation. [redacted] stated subject was probably in possession of a telephone "blue box".

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On June 28, 1973, [redacted]
[redacted] Southern Bell Telephone Company, Miami, advised he has never heard of a Micro Logic device and does not believe SHAW possesses a device which will convert a single Watts line into six illegal lines for sale to a subscriber. He believes SHAW is using a sophisticated version of the blue box to make illegal long distance calls and telling potential customers this is a legal device. This enables SHAW to sell a blue box to businesses having occasion to make numerous long distance calls.

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On July 20, 1973, [redacted]
Northwestern Bell Telephone Company, Omaha, Nebraska, advised that he has received no information indicating subject has been in the Omaha area selling blue boxes. The only contact with someone from this area apparently was when he contacted [redacted]
[redacted]

On August 29, 1973, the Kansas City Division of the FBI advised as follows:

For the information of Miami, WALTER SHAW contacted a resident of Shawnee Mission, Kansas, offering for sale a device which allowed toll calls to be made to distant areas without a charge being assessed or a record being made of same.

Security officers of Southwestern Bell Telephone Company solicited cooperation of a local business concern which had been approached and arranged coverage for such a demonstration; however, SHAW did not reappear in the Kansas City area.

MM 87-34168

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On August 27, 1973, [REDACTED] Southwestern Bell Telephone Company, advised that SHAW, to his knowledge, received no monies from the proposed sale of the device used to make free toll calls.

On August 10, 1973, this case was discussed with AUSA CHARLES O. FARRAR, JR., at which time he advised he is reviewing reports in this and other related cases. He is considering the possibility of a search warrant and an arrest warrant being executed at the same time on subjects in all the matters pertaining to blue box cases. This possibility is under consideration and discussion with case agents in these cases and with the security department of the telephone company.

On October 19, 1973, a review of the records of the Docket Section, Office of the U.S. Attorney, Miami, reflects this matter has not been reassigned to another AUSA since the resignation of AUSA CHARLES O. FARRAR, JR.

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MM 87-34168

SHAW was described by [] as being approximately 55 years old, gray hair, 5'10", 165 pounds.

On December 3, 1973, above regarding SHAW's address furnished to [] SBT. He is checking out in effort to locate SHAW.

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On December 3, 1973, [] SBT, Miami, Florida, advised he had determined the number of Pumpernik's Restaurant pay phone and was conducting investigation to determine if a blue box was being used from that phone. [] was furnished information regarding possible location of SHAW and he will continue to determine if SHAW is using a blue box.

On December 24, 1973, [] left a message that he would be out of town until January 3, 1973, however, requested SA [] contact [] SBT, for information regarding SHAW. On December 27, 1973, [] was contacted and suggested meeting be withheld until [] returns in order that everyone can be present to discuss information obtained on SHAW. If sufficient information can be obtained to determine that SHAW is presently using a blue box, AUSA SULLIVAN will be contacted for a search warrant.

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On February 25, 1974, [] and [] [] advised that according to SBT records, the subject organized Extenda-Call of Americas, Inc., 1090 N.E. 79th Street, Miami, telephone number 757-3856. However, telephone service to this company at this address was disconnected on November 26, 1973, for non-payment.

On the following day, November 27, 1973, the subject obtained a telephone connect for American International Telephone, Inc., 9999 N.W. 2nd Avenue, Suite 316, telephone number 758-0091.

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[] and [] stated that apparently SHAW, doing business as the two firms mentioned above, is attempting to sell franchises in several states. Promotion of this scheme is to provide to subscribers a flat rate nationwide toll service at a monthly rate of \$1,400. This type of service to be provided to prospective customers is very similar to WATS service, for which the FCC rates for all telephone companies is \$19950 per month. This scheme involves an unnamed electronic device, but SBT officials believe that these corporations may be a cover up for marketing "blue boxes".

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According to [] Extenda-Call of Americas, Inc., also represented its products as multi-plexing electronic device. [] stated that a SBT engineer has expressed doubts about the quality of service, which could be provided by any multi-plexing device and stated that any multi-plexer must be a single point of origin and termination, which opinion would refute representation being made Extenda-Call.

Is TONY ACCETURO the same ACCETURO on deadlist?

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Between February 22, 1974, and March 21, 1974, almost daily contacts were made with Detective [] and [] [] Dade County Public Safety Department (DCPSD) Organized Crime Bureau. They had determined that SHAW has organized American International Telephone Company, and believes that SHAW obtained financing from TONY ACCETURO, Fort Lauderdale, Florida, "hood" with possible LCN connections. Further, they heard that SHAW may be trying to sell franchises for \$200,000 each in Texas, Oklahoma, and Kansas to operate on a state-wide basis, a WATS-line-splitting device utilizing multi-plexers.

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Further, they found that [redacted]

[redacted] who is also considered to be an "electronics genius", like SHAW, had manufactured some electronics parts for SHAW soon after SHAW was fired from his job at SBT.

[redacted] abandoned place of business was visited, but nothing of interest noted. The Detectives were advised that [redacted] is thought to be presently residing in [redacted] trying to avoid arrest on a federal warrant issued in October, 1973, charging him with [redacted]

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During this investigation, [redacted]

and [redacted]

[redacted] were interviewed regarding SHAW, American International, and Extend-A-Call, Inc., with negative results.

[redacted] advised on March 12, 1974, that SHAW has a new office at 1090 N.E. 79th Street, North Miami, Florida, (Extend-A-Call, Inc.), and had bragged to one of the female employees in that building that he is expecting to receive this week some sophisticated electronic switching equipment for his new "telephone company" and that he is using Western Union lines. Further, that he is opening branches in Fort Lauderdale and Austin, Texas. A cursory observation of the premises revealed that SHAW's new office is located adjacent to the Telephone Frame Room for this building. [redacted]

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[redacted] was immediately advised.

[redacted] also advised on March 21, 1974, DCPSD Organized Crime Bureau is going into a full scale investigation of American International Telephone Company (AIT), and that he has been told that SHAW has set up his multi-plex devices in universities in Houston, Texas, and in Arizona. Further, SHAW has opened an AIT office at 2200 Guadalupe Street,

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Austin, Texas: [] SBT, was again contacted about AIT and he again advised that SBT engineers insist that the multiplex scheme will not work and that SHAW is apparently using Western Union lines, as he has no business telephone, according to SBT records. Further, neither he nor SBT know of any present illegal activity by SHAW.

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AUSA SULLIVAN requested that SA [] be present at that time and tape record SHAW's voice.

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On June 23, 1974, the secretary to AUSA SULLIVAN advised that SULLIVAN has been transferred to Jacksonville, Florida, temporarily, but for an extended period, and that this case is to be reassigned. Consequently, the subpoenas issued on June 19, 1974, have been cancelled and SHAW has been notified.

During January and February, 1975, the SBT magnetic tapes of "blue box" calls made on the phone of the subject were auditioned and transcribed. AUSA MARSHA LYONS was advised of the transcriptions on February 20, 1975.

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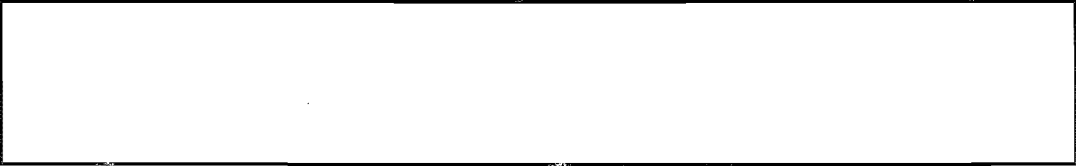
On March 10, 1975, AUSA LYONS listened to the tapes while comparing them with the transcripts and with the []

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[] prior to [] submission of this matter to Federal Grand Jury.

MM 87-34168

Numerous subsequent contacts with LYONS, including a conversation in her office on April 24, 1975, indicated that she intends to present this matter to Federal Grand Jury, Miami, at some future date which she cannot yet estimate. She noted that many of the details concerning



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MM 87-34168

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On May 16, 1975, AUSA MARSHA LYONS said she has decided to indict SHAW for [REDACTED]

[REDACTED]
she will charge SHAW with violations of Title 18, U.S. Code, Section 1343 and Title 47, U.S. Code, Section 220, on each of these [REDACTED]

On June 5, 1975, this matter was presented to the Federal Grand Jury, Southern District of Florida, Miami, Florida.

On June 6, 1975, AUSA MARSHA LYONS advised that on June 5, 1975, the Federal Grand Jury had returned an 8 count indictment charging SHAW with violations of Section 18, U.S. Code, Section 1343 and Title 47, U.S. Code, Section 220, four counts each. She said that on June 9, 1975, she will request that a summons be issued by the Clerk of Courts.

UNITED STATES GOVERNMENT

INSTRUCTIONS Reverse side

Memorandum

TO : Director, FBI (87-137183)
Att: Special Investigative Division

DATE: 8/8/75

FROM : SAC, MIAMI (87-34168) (P)

SUBJECT: **WALTER H. SHAW, aka**
Edward Roberts,
George Shaw - FUGITIVE
ITSP - FBW

☒ Initial Submission

☐ Supplements FD-65 dated _____

☐ Photograph not needed

Indicate following:

☐ Extremist (Black)

☐ Extremist (White)

☐ Rev. Act.

☐ Other Security background

☐ None of these

Caution <input type="checkbox"/>	MKE	Name	WALTER H. SHAW		NAM	Sex	SEX	Race	RAC
Place of Birth	POB	Birth Date	DOB	Height	HGT	Weight	WGT		
		12/20/16	5'10"	175					
Eye Color	EYE	Hair Color	HAI	FBI No.	FBI	Skin Tone		SKN	
Brown		Brown - Greying							
Scars, Marks, Tattoos, etc.									SMT
NCIC Fingerprint Classification			FPC	Other Identifying Number			MNU	Social Security #	SOC
Operator's License Number			OLN	Operator's License State			OLS	Year Expire	OLY
Offense Charged OFF ITSP - FBW									
U. S. Code, Title and Section Title 18, Section 1343, and Title 47, Section 220.									
Warrant Issued By USDC Judge LAWRENCE KING, Miami on 8/4/75 DOW F.O. File # OCA									
Date PBV or Bond Default Case Referred to Office 87-34168									
Miscellaneous Including Bond Recommended \$5,000 surety.					MIS Fingerprint Classification (Henry System)				
LICENSE PLATE AND VEHICLE INFORMATION									
License Plate Number		LIC	State	LIS	Year Expires	LIY	License Plate Type		LIT
Vehicle Identification #		VIN	Year	VYR	Make	VMA	Model	VMO	Style VST Color VCO
Aliases					Additional Identifier				
EX 104					REC-26				
161					AUG 11 1975				
NCIC # W13243228					NIC 1 - Bureau 1 - Miami JBW:mes (2)				

b2

FBI
INSTRUCTIONS
U.S. DEPT. OF JUSTICE

1. **Caution (MKE)** - Insert "C" in block if caution statement indicated. Basis for caution statement must appear in Miscellaneous block, e.g. armed and dangerous.
2. **Name (NAM)** - Place name in this block. Aliases are not to be entered in this block but are to be placed in Aliases block.
3. **Sex (SEX)** - Sex will be designated by one letter, M (male) or F (female).
4. **Race (RAC)** - Race will be described by one letter, W (white), N (Negro), I (Indian), C (Chinese), J (Japanese), O (all other). Mexicans who are not definitely Indian or other nonwhite should be described as "W".
5. **Place of Birth (POB)** - Indicate city and state or, if foreign born, city and country. Where multiple birthplaces are reported, list verified birthplace or that which appears most logical in this block.
6. **Birth Date (DOB)** - Enter as month, day and year. Where multiple birth dates are reported, enter verified birth date or that which appears most logical in this block. Place other dates of birth in Additional Identifiers block.
7. **Height (HGT)** - Express in feet and inches, e.g., 6'0". Round off fractions to nearest inch.
8. **Weight (WGT)** - Express in pounds. Omit fractions.
9. **Eye Color (EYE)** - Use appropriate three character symbol.
10. **Hair Color (HAI)** - Use appropriate three character symbol.
11. **Skin Tone (SKN)** - Use appropriate three character symbol.
12. **Scars, Marks, Tattoos, etc. (SMT)** - Place in this block only appropriate NCIC coding for scars, marks, tattoos, birthmarks, deformities, missing body parts and artificial body parts as defined in NCIC Operating Manual. If more than one SMT is to be entered, use Additional Identifiers block for additional appropriately coded items. Use Miscellaneous block to describe all scars, marks, tattoos, etc. which are not defined in the NCIC Operating Manual and to more fully describe SMT's which have been entered in SMT block. For example, an appendectomy scar, not being readily visible, would be described in the Miscellaneous block. A tattoo on right arm, shown as TAT R ARM in block, might be further described in Miscellaneous block as a rose tattoo on inside of lower right arm.
13. **NCIC Fingerprint Classification (FPC)** - Enter NCIC fingerprint classification.
14. **Other Identifying Number (MNU)** - Miscellaneous numbers may be entered with appropriate identifiers (prefixes) as shown below. For first miscellaneous identifying number, use MNU block. When military service number is in fact Social Security Account Number, the number should be entered in both MNU and SOC blocks. Additional identifying numbers are placed in Additional Identifiers block. The identifier (prefix) should precede the number and be separated from the number by use of a hyphen.
 - AF - Air Force Serial Number
 - AR - Alien Registration Number
 - AS - Army Serial Number, National Guard Serial Number or Air National Guard Serial Number (regardless of State)
 - CG - U. S. Coast Guard Serial Number
 - MD - Mariner's Document or Identification Number
 - MC - Marine Corps Serial Number
 - MP - Royal Canadian Mounted Police Identification Number
 - NS - Navy Serial Number
 - PP - Passport Number
 - PS - Port Security Card Number
 - SS - Selective Service Number
 - VA - Veterans Administration Claim Number
15. **Fingerprint classification (Henry System)** - The Henry System fingerprint classification is to be placed in this block, when available. Do not enter in NCIC.
16. **Social Security Number (SOC)** - Place subject's Social Security Account Number in this block.
17. **Operator's License Number** - Place subject's operator's license number in OLN block. Also show licensing state (OLS) and year license expires (OLY).
18. **Warrant Issued By-On-(DOW)** - In Escaped Federal Prisoner cases enter date of escape in DOW block.
19. **Miscellaneous (MIS)** - Enter additional pertinent information in this block. If caution statement used, basis for statement must be set forth as first item in this block.
20. **License Plate and Vehicle Information** - Place information concerning license plate and/or vehicle known to be in the possession of subject in appropriate blocks under License Plate and Vehicle Information heading.
21. **Additional Identifiers** - Enter information concerning additional license plates (number, state, year expires, and where applicable, type); Social Security Numbers; operator's license number, state and year expires; vehicle information (VIN, VYR, VMA, VMO, VST, VCO); MNU's (see list in item 13 above); visible scars, marks, tattoos, etc.; and dates of birth. Clearly identify what data is being set forth; e.g. Social Security # 423-56-3294; Michigan operator's license 234567, expires 1972; DOB's 4/5/32, 5/3/32; etc.
22. Changes and deletions should be so indicated in the appropriate blocks.

NR001 NK PLAIN

1:40PM NITEL 8/9/75 HJB

TO DIRECTOR

MIAMI

FROM NEWARK (87-27835)

WALTER H. SHAW, AKA EDWARDS ROBERTS, GEORGE SHAW-

FUGITIVE, ITSP-FRAUD BY WIRE (OO:MIAMI).

UNSUB, AKA WALTER H. SHAW, ITSP, (OO: LA).

RE NEWARK TELEPHONE CALL TO SUPERVISOR

MIAMI, 8/8/75.

SUBJECT APPREHENDED AUGUST 8, 1975, BY BUREAU AGENTS WHERE
HE WAS RESIDING WITH HIS WIFE AND DAUGHTER AT A MOTEL IN PARAMUS,
NJ.

SUBJECT CLAIMED HE HAS HISTORY OF HEART ILLNESS AND CLAIMED
HE WAS RECOMMENDED BY HIS PHYSICIAN IN MIAMI THREE MONTHS AGO
TO UNDERGO HEART OPERATION. SUBJECT HAD TWO BOTTLES OF ALLEGED
"HEART PILLS" ON HIS PERSON WHEN ARRESTED. SUBJECT TRANSPORTED
FROM PARAMUS, NJ, TO NEAREST AVAILABLE U.S. MAGISTRATE IN
TRENTON, NJ. WHILE IN OFFICE OF U.S. MAG. JOHN DEVINE WAITING

Assoc. Dir.	_____
Dep.-A.D.-Adm.	_____
Dep.-A.D.-Inv.	_____
Asst. Dir.:	_____
Admin.	_____
Comp. Syst.	_____
Ext. Affairs	_____
Files & Com.	_____
Gen. Inv.	_____
Ident.	_____
Inspection	_____
Intell.	_____
Laboratory	_____
Plan. & Eval.	_____
Spec. Inv.	_____
Training	_____
Legal Coun.	_____
Telephone Rm.	_____
Director Sec'y	_____

MCT-34

REC-36

CH 45

5 AUG 11 1975

Data Processing

RECEIVED
GENERAL INVESTIGATIVE
DIVISION

AUG 20 11 42 PM '75

U.S. DEPT. OF JUSTICE

FBI
U.S. DEPT. OF JUSTICE

AUG 9 3 45 PM '75

RECEIVED-CLEVELAND

25064
8/11/75

DATA PROCESSING
SECTION

AUG 20 11 25 AM '75

RECEIVED

PAGE TWO NK 87-27886

FOR ARRAIGNMENT, SUBJECT'S PHYSICAL CONDITION APPEARED TO DETERIORATE. NURSE FROM U.S. MARSHAL'S OFFICE IN TRENTON RECOMMENDED SUBJECT BE IMMEDIATELY HOSPITALIED. MAG. DEVINE REFUSED TO ARRAIGN SUBJECT BECAUSE OF HIS PHYSICAL CONDITION.

SUBJECT TRANSPORTED TO ST. FRANCIS HOSPITAL, TRENTON, NJ, BY AMBULANCE WHERE HE IS PRESENTLY IN INTENSIVE CARE.

FOR INFORMATION OF LOS ANGELES, SUBJECT ADMITTED HE WROTE CHECKS IN CAPTIONED LA CASE PAYABLE TO MARRIOTT HOTEL, DATED MAY 14, 1975. NEW JERSEY BANK OFFICIAL STATED SHAW HAD SUFFICIENT FUNDS IN CHECKING ACCOUNT BUT THE ACCOUNT WAS CLOSED BY BANK MAY 16, 1975, BECAUSE THE CHECKING ACCOUNT ACTIVITY WAS CONSIDERED UNDESIRABLE BY THE BANK. NO FURTHER INVESTIGATION BEING CONDUCTED BY NEWARK ON CHECK CASE INASMUCH AS IT IS A "TRUE NAME" CHECK.

AIR MAIL COPIES BEING SENT TO LOS ANGELES, NEW YORK, AND SAN ANTONIO FOR INFORMATION.

E N D

VLJ FBIHQ CLR

CC: GENERAL INV. DIV.

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE NEWARK	OFFICE OF ORIGIN MIAMI	DATE 8/15/75	INVESTIGATIVE PERIOD 8/8/75 - 8/11/75
TITLE OF CASE WALTER H. SHAW, aka Edward Roberts, George Shaw - FUGITIVE		REPORT MADE BY SA 	TYPED BY sal
		CHARACTER OF CASE ITSP - FBW	

REFERENCE: Newark telephone call to Miami, 8/8/75.
Newark nitel to Bureau, 8/9/75.

-P-

LEADNEWARK

AT HACKENSACK, NJ: Will report removal of SHAW to
Southern District of Florida.

ACCOMPLISHMENTS CLAIMED					<input type="checkbox"/> NONE	ACQUIT- TALS	CASE HAS BEEN:	
CONVIC.	FUG.	FINES	SAVINGS	RECOVERIES				
	1 - NK						PENDING OVER ONE YEAR <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
APPROVED <i>[Signature]</i>					SPECIAL AGENT IN CHARGE			DO NOT WRITE IN SPACES BELOW CH 45
COPIES MADE:					87-137183-4			MCT-27
① - Bureau 1 - USA, Newark (ATTN: AUSA EDWARD J. DAUBER) 3 - Miami (87-34168) (1 - USA, Miami) 2 - Newark (87-27886)					AUG 18 1975			REC-18 EX-106
Dissemination Record of Attached Report					Notations			
Agency					FUG SUP <i>[Signature]</i> DATA PROC			
Request Recd.								
Date Fwd.								
How Fwd.	161							
By								

COVER PAGE

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, Newark (ATTN: AUSA EDWARD J. DAUBER)
1 - USA, Miami

Report of: SA [REDACTED]
Date: August 15, 1975

Office: Newark, New Jersey

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b7C

Field Office File #: 87-27886

Bureau File #:

Title: WALTER H. SHAW

Character: INTERSTATE TRANSPORTATION OF STOLEN PROPERTY -
FRAUD BY WIRE

Synopsis: WALTER H. SHAW indicted by FGJ, SDF, Miami, Florida, 6/5/75, charged with making fraudulent interstate telephone calls with the use of a device commonly known as a "blue box." SHAW failed to appear for trial, 8/4/75, and a bench warrant for his arrest issued by Federal Judge J. LAWRENCE KING, SDF. SHAW arrested by Buagents, Paramus, NJ, 8/8/75. While waiting for arraignment in the US Magistrate's Office, Trenton, NJ, SHAW appeared to be in distress from alleged previous heart condition. SHAW immediately admitted into St. Francis Hospital, Trenton, NJ, and placed in intensive care. His condition improved overnight. He was arraigned by US Magistrate JOHN W. DEVINE at bedside and released from Federal custody on \$2,500 personal recognizance bond.

-P-

DETAILS:

This investigation was predicated on an anonymous telephone call to the Newark Office of the Federal Bureau of Investigation (FBI). The caller stated WALTER H. SHAW, who is wanted in Miami, Florida, by the FBI, is registered at the Red Carpet Inn, Route 17, Paramus, New Jersey.

Supervisor [REDACTED] Miami Office of the FBI, on August 8, 1975, telephonically confirmed that SHAW was a fugitive. [REDACTED] advised that a bench warrant was issued August 4, 1975, by Federal Judge J. LAWRENCE KING, in the Southern District of Florida (SDF), charging SHAW with Failure to Appear for Trial. A \$5,000.00 surety bond was recommended

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b7C

NK 87-27886

by the Assistant United States Attorney (AUSA), in the SDF. b6 b7C

[] advised that SHAW was indicted by a Federal Grand Jury, SDF, Miami, Florida, on June 5, 1975, charging him with four counts each of violations of Title 18, United States Code (USC), Section 1343, and Title 47, USC, Section 220. SHAW was charged with making fraudulent telephone calls with a device commonly known as a "Blue Box."

SHAW surrendered upon issuance of a summons pursuant to this indictment and a trial was scheduled in United States District Court, Miami, Florida, on August 4, 1975.

Special Agents [] and [] apprehended WALTER H. SHAW at the Red Carpet Inn, Route 17, Paramus, New Jersey, Room 241. Special Agent [] displayed his FBI credentials to SHAW and advised that he was a Special Agent of the FBI, as well as Special Agents [] and [] Special Agent [] advised SHAW a bench warrant for his arrest was issued by Judge J. LAWRENCE KING, of the SDF, Miami, Florida, for Failure to Appear for Trial on August 4, 1975, in the SDF. SHAW was orally advised of his legal rights. SHAW instructed his wife, who was present in the room, to telephone [] b6 b7C

SHAW was transported to the Hackensack Resident Agency of the FBI in a Bureau vehicle, where he was photographed and fingerprinted. SHAW claimed he had a history of heart illness and that his physician in Miami, Florida, three months ago, recommended that he undergo a heart operation. He stated he had procrastinated with regards to surgery. SHAW had on his person two bottles of alleged "heart pills," which were labeled Sorbitrate Isosobide Dinitrate.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/14/75

WALTER H. SHAW was interviewed at the Hackensack Resident Agency of the Federal Bureau of Investigation (FBI). Before the start of the interview, SHAW was advised of his legal rights and given an "Interrogation; Advice of Rights" form to read. He read the form, but declined to sign it. SHAW was advised that a Bench Warrant for his arrest was issued by the United States District Court in the Southern District of Florida (SDF) for Failure to Appear for Trial on August 4, 1975, in the SDF. SHAW was indicted by the Federal Grand Jury for allegedly making fraudulent telephone calls by the use of an electronic device commonly known as a "Blue Box."

SHAW denied ever using a "Blue Box" and denied ever having possession of one. He advised that he invented a device with the trade name "Extenda-Wats." He advised the "Extenda-Wats" has two separate pieces of equipment, and is portable. The separate pieces are an encoder and a decoder. He claims they are legal. He stated the "Extenda-Wats" permits telephone calls to be made any place in the United States over the 800 toll free lines. He stated the "Extenda-Wats" is applied wherever the telephone company has a line for it.

SHAW denied running away from his trial in the SDF. He stated [redacted] obtained a postponement for him to August 4, 1975. He claimed he notified [redacted] he needed another postponement beyond August 4, 1975, because he had no funds for his fare from Paramus, New Jersey, to Miami, Florida.

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The following is a description of SHAW:

Name:	WALTER HARVEY SHAW
Address:	Red Carpet Inn Route 17 Paramus, New Jersey Room 241

Interviewed on 8/8/75 at Hackensack, New Jersey File # NEWARK 87-27886

by SA's [redacted] and [redacted] Date dictated 8/8/75
JJC/sal

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

2
NK 87-27886

Previous address: 200 Northwest 126th Street
North Miami, Florida
Race: White
Date of Birth: December 20, 1916
Place of Birth: Vineland, New Jersey
Height: 5'10"
Weight: 175
Hair: Brown
Eyes: Green
Marital status: Married. [redacted]

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b2

b6

b7C

Employment: [redacted]
President
American International Telephone,
Incorporated
375 Diamond Bridge Avenue
Hawthorne, New Jersey

Social Security
Account Number: [redacted]

NK 87-27886

During the course of the interview, SHAW telephoned another [redacted] telephone [redacted] and discussed his arrest problem.

SHAW was transported to Trenton, New Jersey, for arraignment before United States Magistrate JOHN W. DEVINE, United States Post Office Building, Trenton, New Jersey. While waiting in the United States Magistrate's Office, SHAW complained of illness. [redacted] United States Post Office Department, Trenton, New Jersey, was summoned to administer to SHAW. On the recommendation of [redacted] SHAW was immediately taken to St. Francis Hospital, Trenton, New Jersey, in an ambulance, where SHAW was placed in intensive care.

SHAW's condition improved overnight and he was removed from intensive care on Saturday, August 9, 1975. On Sunday, August 10, 1975, at 6:30 pm, SHAW was arraigned at his bedside by United States Magistrate DEVINE at St. Francis Hospital. SHAW was released from Federal custody on \$2,500.00 personal recognizance bond.

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE MIAMI	OFFICE OF ORIGIN MIAMI	DATE OCT 1 1975	INVESTIGATIVE PERIOD 6/9 - 9/3/75	b6 b7C
TITLE OF CASE CHANGED WALTER H. SHAW, aka Edward Roberts, George Shaw, Walter Harvey Louis Shan, Walter Harvey Shaw (TN), Walter Lewis Shaw, Walter Shaw		REPORT MADE BY <div style="border: 1px solid black; width: 150px; height: 20px;"></div>	TYPED BY mej	
		CHARACTER OF CASE ITSP - FBW		

Title is marked changed to add aliases Walter Harvey Louis Shan, Walter Lewis Shaw and Walter Shaw, and true name, WALTER HARVEY SHAW, developed by investigation and obtained from SHAW's FBI Identification Record, FBI Number 598 115 A.

REFERENCES

Report of SA 6/13/75 at Miami.
Miami letter to Los Angeles, 7/25/75.
Los Angeles teletype to Miami, 8/6/75.
Miami airtel to Bureau (FD-65), 8/8/75.
Newark teletype to Bureau, 8/9/75.
Report of SA 8/15/75 at Newark.
Los Angeles letter to Miami, 8/20/75.
Bureau letter to Miami, 9/4/75.

ACCOMPLISHMENTS CLAIMED				<input checked="" type="checkbox"/> NONE	ACQUIT-TALS	CASE HAS BEEN:
CONVIC.	FUG.	FINES	SAVINGS	RECOVERIES		
						PENDING OVER ONE YEAR <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

APPROVED

COPIES MADE:

- ① - Bureau
1 - USA, Miami (Attn: AUSA LYONS)
3 - Newark (87-27886)
 (1 - USA, Newark, Attn:
 AUSA DAUBER)
2 - Miami (87-34168)

SPECIAL AGENT
IN CHARGE

DO NOT WRITE IN SPACES

67-1371C3-5 MCT-35

OCT 6 1975

REC-56

ST 104

Dissemination Record of Attached Report				
Agency				
Request Recd.				
Date Fwd.				
How Fwd.				
By				

Notations

DATA PROC

COVER PAGE

MEI 37-34168

- P -

LEADS

NEWARK

At Hackensack, New Jersey:

Attempt to determine when and if SHAW is scheduled for heart surgery at Valley Hospital, Ridgewood, New Jersey. If no date has been set, attempt to determine if SHAW is feigning a heart condition, or necessity for surgery, in order to avoid or postpone his ultimate return to Miami for trial, per request of Assistant U. S. Attorney MARSHA LYONS, Southern District of Florida, Miami, Florida.

MIAMI

At Homestead, Florida:

Maintain contact with Assistant U. S. Attorney LYONS, and follow and report prosecutive action.

- B* -

- COVER PAGE -

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - United States Attorney, Miami, Florida
(Attention: Assistant United States Attorney
MARSHA L. LYONS)

1 - United States Attorney, Newark, New Jersey
(Attention: Assistant United States Attorney
EDWARD J. DAUBER)

Report of: Office: Miami, Florida b6
Date: OCT 1 1975 b7C

Field Office File #: 87-34168 Bureau File #:

Title: WALTER H. SHAW

Character: INTERSTATE TRANSPORTATION
OF STOLEN PROPERTY -
FRAUD BY WIRE

Synopsis:

FBI Identification Record for SHAW, FBI No. 598 115 A, set forth. SHAW arraigned before U. S. Magistrate, Miami, 6/18/75 and released without bond. On 8/4/75, U. S. District Judge, Miami, issued bench warrant for SHAW at call of calendar. SHAW arrested 8/8/75 by Buagents, Paramus, N.J., and placed in hospital for alleged heart condition; then arraigned 8/10/75 by U. S. Magistrate, Trenton, N. J., and released on \$2500 PR bond. SHAW subsequently admitted to Valley Hospital, Ridgewood, N. J. for alleged heart condition. On 9/3/75, SHAW telephonically advised AUSA, Miami, that he has been scheduled for heart surgery, Valley Hospital; cannot return to Miami in foreseeable future and wife and child presently on welfare. Investigation, Santa Ana and Newport Beach, California, indicates SHAW entered agreements March through June, 1975, to contract to purchase controlling stock, Consumer Microcircuits of America, Incorporated (CMA) for \$500,000, then make available an additional \$1,500,000 to finance new company to be formed by SHAW's American International Telephone Company (AIT) and the CMA principals for development of integrated circuit technology to be used in Earth satellite communication system, to be funded by existing commitment from European investors to AIT in amount of \$10,000,000.

- P -

MM 87-34168

DETAILS:

On September 4, 1975, the FBI Identification Division furnished the following FBI Identification Record for WALTER HARVEY SHAW, FBI Number 598 115 A:

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON 25, D. C.

9-4-75 55 BAC

598 115 A

IDENTIFICATION DIVISION

The following FBI record, NUMBER

, is furnished FOR OFFICIAL USE ONLY.

CONTRIBUTOR OF FINGERPRINTS	NAME AND NUMBER	ARRESTED OR RECEIVED	CHARGE	DISPOSITION
	87-34168* (4-73) 87-0-2479 (7/57) <i>num refs</i>			
Sheriff's Office Miami Florida	Walter H. Shaw #11758	November 2, 1950	obtaining signature to written instructions	January 16, 1958 Nolle Prose on charge of obtaining signature to written instructions by false pretenses
	62-0-14725 (3-70) 87-12915* (6-62) 87-32931* (9-72) <i>num refs</i> 87-35759* (5-75) <i>N.I.</i>			
Sheriff's Office Miami Florida	Walter Shaw #119792-39395	December 28, 1950	investigation	
Police Department West Orange New Jersey	Walter H. Shaw #1493	April 20, 1957	larceny 2A; 119-2	case dismissed June 25, 1959
Department of Public Safety Miami Florida	Walter H. Shaw #60-1480 39395	February 2, 1960	fugitive New Jersey	2-2-60 rel bond returnable to Justice of Peace Crt #2 Dade Cty Fla
County Identification Bureau Somerville New Jersey	Walter Harvey Shaw #9073	April 18, 1960	conversion of money of corporation	trial without jury, acquitted by judge April 25, 1961
Department of Public Safety 550 Northwest 23rd Street Miami Florida	Walker H. Shaw #4371-61-39395	March 29, 1961	2 counts attached unauthorized equipment to "tele" instruments	

- 3 -

Information shown on this Identification Record represents data furnished FBI by fingerprint contributors. Where final disposition is not shown or further explanation of charge is desired, communicate with agency contributing these fingerprints.
Notations indicated by * are NOT based on fingerprints in FBI files but are listed only as investigative leads as being possibly identical with subject of this record.

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON 25, D. C.

9-4-75 55 BAJ

2

598 115 A

IDENTIFICATION DIVISION

The following FBI record, NUMBER

, is furnished FOR OFFICIAL USE ONLY.

CONTRIBUTOR OF FINGERPRINTS	NAME AND NUMBER	ARRESTED OR RECEIVED	CHARGE	DISPOSITION
Sheriff's Office Identification Bureau Hackensack New Jersey	Walter H. Shaw #79746	October 11, 1961	fugitive from Justice New York State	October 20, 1961 turned over to New York Authorities
State Police Hawthorne New York	Walter Harvey Shaw #K-15190	October 20, 1961	malicious mischief 1243 petty-larceny conspiracy 580 petty larceny	
SO Valhalla NY	Walter H Shaw #7350	10-20-61	mal mischief; conspiracy	
Metropolitan Pub Safety Dept Miami Fla	Walter H. Shaw #39395	9-11-63	att unauth equip to telep W/C under 2 cts	1 yr Co Jail dism lack of prosecution
PD Fort Fort Lauderdale Fla	Walter Harvey Shaw #ID-33094	9-11-63	Capias warrant for Dade	TOT Dade Co
PD Wilton Manors Fla	Walter Lewis Shaw #W/C 376	2-10-64	worthless check	fined \$50 rest made
Metropolitan Pub Safety Dept Miami Fla	Walter Harvey Shaw #39395	2-13-64	crim reg	rel instantly

-4-

Information shown on this Identification Record represents data furnished FBI by fingerprint contributors. Where final disposition is not shown or further explanation of charge is desired, communicate with agency contributing those fingerprints.

Notations indicated by * are NOT based on fingerprints in FBI files but are listed only as investigative leads as being possibly identical with subject of this record.

UNITED STATES DEPARTMENT OF JUSTICE

9-4-75 55 BAJ

FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C. 20537

3

The following FBI record, NUMBER 598 115 A, is furnished FOR OFFICIAL USE ONLY. Information shown on this Identification Record represents data furnished FBI by fingerprint contributors. WHERE FINAL DISPOSITION IS NOT SHOWN OR FURTHER EXPLANATION OF CHARGE IS DESIRED, COMMUNICATE WITH AGENCY CONTRIBUTING THOSE FINGERPRINTS.

CONTRIBUTOR OF FINGERPRINTS	NAME AND NUMBER	ARRESTED OR RECEIVED	CHARGE	DISPOSITION
Public Safety Dept Miami Fla	Walter Harvey Louis Shan #39395	10-28-70	Making false statement to obtain property or credit	NG
Public Safety Dept Miami Fla	Walter Harvey Shaw #39395	3-22-72	Iss Worth Cks Over	dismissed
SO Fort Lauderdale Fla	Walter Harvey Shaw #X72-11304	8-23-72	Cap. 72-28781 G/L. by fraud #72-11304	
PD Hawthorne NJ	Walter Harvey Shaw 3027 SID-538198	6-26-75	2A:111-15 fraud bad check	
FBI Newark NJ	Walter Harvey Shaw	8-8-75	failure to appear for trial	

Notations indicated by * are NOT based on fingerprints in FBI files but are listed only as investigative leads as being possibly identical with subject of this record.

IDENTIFICATION DIVISION

MM 87-34168

On June 9, 1975, Detective [redacted] Dade County Public Safety Department (DCPSD) Organized Crime Bureau, Miami, advised that he had just determined a new residence address for SHAW, 3200 N. W. 52nd Avenue, Hollywood, Florida.

He said, however, that he believed that SHAW and his wife were presently in New Jersey where SHAW has now opened a new office for his American International Telephone Company, 375 Diamond Bridge Road, Hawthorne, New Jersey, telephone number 201-423-2411.

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Regarding that office, [redacted] said that the American International Telephone (AIT) [redacted]

[redacted] Further, SHAW has been communicating very frequently with [redacted]

The relationship between SHAW and [redacted] is unknown to [redacted] but [redacted] said he has determined that SHAW plans to open an AIT office in the Los Angeles, California vicinity, as well as in Las Vegas, Seattle, Philadelphia, Pittsburgh, Oklahoma City, Kansas City, Chicago, Honolulu, and Warwick, New York. [redacted] said he thinks SHAW already has an office of AIT open at 2200 Guadalupe, Suite 226, Austin, Texas.

[redacted] also said that a few days ago, he was at SHAW's North Miami AIT office, but found no one there. He contacted the landlord, who informed him that SHAW's office furniture and equipment was forcibly moved by the landlord in the recent past from the third floor to the second floor, and the landlord is presently considering moving it out of the building (9990 N. W. 2nd Avenue) into a warehouse, for non-payment of rent.

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On June 10, 1975, Assistant U. S. Attorney MARSHA LYONS, Miami, advised that a summons has been issued for SHAW on June 10, 1975. She provided an information copy of the summons, case number 75-324-CR-JLK.

MM 87-34168

On June 11, 1975, Deputy U. S. Marshal CECIL MILLER was advised of the issuance of the summons, and that as of noon, June 9, 1975, SHAW and his wife were both in their new AIT office, 375 Diamond Bridge Avenue, Hawthorne, New Jersey.

On June 19, 1975, Assistant U. S. Attorney MARSHA LYONS advised that on June 18, 1975, SHAW appeared before U. S. Magistrate PETER R. PALERMO, Southern District of Florida, Miami, Florida, for arraignment. He was [redacted] PALERMO granted ten days for the filing of motions, set no trial date, and set no bond, but released SHAW without bond. No bond request was made by the Government.

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On June 30, 1975, Assistant U. S. Attorney LYONS advised that she had scheduled a discovery hearing in her office at 2:00 p.m. on July 8, 1975.

On July 8, 1975, SA [redacted] waited in Assistant U. S. Attorney LYONS' office with her from 2:00 p.m. until 3:15 p.m., reviewing the evidence in this case and discussing trial plans. However, [redacted] never arrived and the discovery hearing was not held.

FEDERAL BUREAU OF INVESTIGATION

1.

Date of transcription 7/31/75

On July 29, 1975, [redacted] Warwick Valley Telephone Company, Warwick, New York (NY), advised that previously he had contact with one WALTER H. SHAW and explained as follows:

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[redacted] advised that in January, 1975, he was personally contacted by WALTER H. SHAW and [redacted] representing a firm called American International Telephone, Inc., of Hawthorne, New Jersey (NJ). [redacted] recalls that SHAW and [redacted] presented a proposal to him whereby American International Telephone would rent facilities of Warwick Valley Telephone in the setting up around the country of a facsimile conference call service. He recalls SHAW stated that it was the intention of American International Telephone to set up about 50 offices around the country for this purpose and SHAW, in fact, rented office space in Warwick, NY, at 3 Oakland Avenue. [redacted] advised that SHAW's proposal was very farfetched and he declined their offer. He recalls also asking SHAW for a financial statement of American International Telephone, which SHAW never provided.

[redacted] advised further that according to his file, the address for American International Telephone, Inc., is Diamond Bridge Avenue, Hawthorne, NJ, telephone (201) 623-2411. He does not know whether American International Telephone is a legitimate enterprise. Mr. BENSON described WALTER SHAW as a white male about 40 years of age.

[redacted] stated that the above represents the extent of contact he had with WALTER SHAW and American International Telephone, Inc.

Interviewed on 7/29/75 at Warwick, New York File # NY 87-78322

by SA [redacted] /llk Date dictated 7/31/75

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- 8 -

MM 87-34168

On August 4, 1975, Assistant U. S. Attorney MARSHA LYONS, Miami, Florida, advised that previously, trial date in this matter had been set in U. S. District Court, Miami, Florida, for the week of August 4, 1975. She said that she attended the call of the trial calendar on August 4, 1975 and that WALTER SHAW's [REDACTED]

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[REDACTED] also appeared at the call of the calendar. [REDACTED] informed the court that he did not know the whereabouts of WALTER SHAW and that the last he heard from SHAW, approximately two months previously, SHAW was in Southern California at 660 Newport Center Drive, Newport Beach, California.

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U. S. District Judge JAMES LAWRENCE KING, Southern District of Florida, Miami, Florida, then ordered the issuance of a bench warrant for SHAW's arrest and stated that he wanted SHAW to appear in Miami sometime during the week of August 4, 1975 for trial.

The bench warrant was issued by the Clerk of Court on August 4, 1975 and Assistant U. S. Attorney MARSHA LYONS recommended bond be set at \$5,000 surety.

On August 8, 1975, [REDACTED] petitioned the U. S. District Court, Miami, to withdraw from representing SHAW in this matter, and he advised the court that on August 5, 1975, SHAW was located at 375 Diamond Bridge Road, Hawthorne, New Jersey, telephone 201-423-2411.

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Between August 4 and August 8, 1975, the following persons were contacted in Dade County, Florida, for information regarding WALTER SHAW and his whereabouts:

Deputy U. S. Marshal [REDACTED] Miami;

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Detective [REDACTED] Organized Crime Bureau, Broward County Sheriff's Office, Ft. Lauderdale, Florida;

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MM 87-34168

Special Agent [] U. S. Secret
Service, Miami;

Special Agent [] U. S. Secret
Service, West Palm Beach, Florida;

[] Southern Bell Telephone and
Telegraph Company Security, Miami;

Detective [] Dade County Public
Safety Department, Organized Crime Bureau, Miami;

[] U. S.
Post Office, Miami, Florida.

[] supra, advised on August 8, 1975,
that she had found a U. S. Postal Service record which
concerned WALTER [] SHAW, who previously resided
at 200 N. W. 126th Street, Miami, Florida. She said this
record indicated that a change of address was filed in
April, 1975, indicating a new address at 3500 North
52nd Avenue, Hollywood, Florida. Then, on June 7, 1975,
another address change was filed indicating a new address
at 1340 N. E. 135th Street, Miami, Florida.

Investigation determined that SHAW does not
reside at 3500 N. W. 52nd Avenue, Hollywood, Florida.

On August 8, 1975, a spot check of the residence
at [] indicated that
it is a single family dwelling. The U. S. Postal Service
letter carrier serving this residence advised SA []
[] that people named []
currently reside at that address. The carrier also stated
that these are elderly people and on occasion he has
delivered mail there in the name of SHAW, who is a relative
of the [] Further, he advised that [] has given
the SHAW mail back to him, stating that they would not
accept it.

MM 87-34168

On August 8, 1975, Assistant U. S. Attorney MARSHA LYONS inquired whether it could be proven that WALTER SHAW did reside at 186 N. W. 108th Street, Miami, Florida, between the dates August, 1972 and January, 1973, or, conversely, whether it can be proven that a person by the name of EDWARD ROBERTS did not reside at that address between those dates. She stated that she had just realized that during the investigation and documentation of SHAW's "blue box" usage at this home address, the telephone company discontinued SHAW's service for non-payment during the latter days of August, 1972. Then, late in September, 1972, telephone service was restored at this address, but, according to telephone company records, the restoration was made in the name of EDWARD ROBERTS. Telephone service continued at this residence in that name until about the end of December, 1972, when it was discontinued again. A few days later, early January, 1973, telephone service was restored at that residence address in the name of WALTER SHAW.

On August 8, 1975, [redacted] Southern Bell Telephone Company, Miami, advised that he could shed no light on the matter of the actual place of residence of WALTER SHAW between the dates August, 1972 and January, 1973.

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FEDERAL BUREAU OF INVESTIGATION

1.Date of transcription 8/15/75

[redacted] Florida Power and Light Company, 32 West Flagler Street, telephone [redacted] advised that power company records indicate uninterrupted service between the dates March, 1972 and March, 1973 at 186 N. W. 108th Street, Miami, Florida, in the name of WALTER SHAW, subscriber.

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[redacted] stated that if it should become necessary to produce this company record in court, a subpoena duces tecum should be directed to [redacted] [redacted] Florida Power and Light Company, Miami, Florida.

Interviewed on 8/8/75 at Miami, Florida File # Miami 87-34168
by SA [redacted] mej -12- Date dictated 8/12/75

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MM 87-34268

On August 6, 1975, the Los Angeles Division advised as follows:

On August 4, 1975, contact was made with [redacted] [redacted] for Matlow-Kennedy Corporation, 660 Newport Center Drive, Newport Beach, California. [redacted] advised that subject attempted to rent a suite number 220 at 660 Newport Center Drive on May 27, 1975. No money was given as down payment, nor did subject ever take possession of that office. [redacted] stated that her business has had no contact with subject since that date.

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[redacted] stated that a copy of a rental agreement was sent to [redacted] AIT, 101 West 31st Street, New York, New York. No reply was heard from [redacted]

A physical check of Suite 220 indicated no furniture, but five telephone instruments with telephone number 640-7311 in the suite.

[redacted] advised that subject used a reference of [redacted] telephone number [redacted]. Attempts to locate [redacted] have been negative.

On August 5, 1975, contact was made with [redacted] [redacted] Marriott Hotel, Newport Beach, who advised she received a check from subject, drawn on the Bank of America, Newport Center Branch, 500 Newport Center Drive, Newport Beach, California, dated May 29, 1975, in the sum of \$174.96. The check was returned as "account closed". The check had typed on it "AIT Company, 660 Newport Center Drive, Suite 220, Newport Beach, California, telephone number 714-640-7311". [redacted] has no idea as to the present location of subject.

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Telephone number 714-640-7311 is not a working number, but was the number assigned to AIT Company at 660 Newport Center Drive, Suite 220.

MM 87-34168

On August 8, 1975, the New York Division advised as follows:

Efforts to locate [redacted] were negative on August 7, 1975. His secretary stated she had not seen him for three days and believed he was on a fishing trip.

She also advised that subject was not associated with [redacted] and only dealing between them was an [redacted] relationship.

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On August 9, 1975, the Newark Division advised as follows:

Subject was apprehended on August 8, 1975, by Bureau Agents where he was residing with his wife and daughter at a motel in Paramus, New Jersey.

Subject claimed he has a history of heart illness and claimed he was recommended by his physician in Miami three months ago to undergo heart surgery. Subject had two bottles of alleged "heart pills" on his person when arrested. Subject was transported from Paramus, New Jersey to the nearest available U. S. Magistrate in Trenton, New Jersey. While in the office of U. S. Magistrate JOHN DEVINE, waiting for arraignment, subject's physical condition appeared to deteriorate. A nurse from the U. S. Marshal's Office in Trenton recommended that subject be immediately hospitalized. Magistrate DEVINE refused to arraign subject because of his physical condition.

Subject was transported to St. Francis Hospital, Trenton, New Jersey, by ambulance, where he was placed in intensive care.

Subject admitted that he wrote checks in Los Angeles area, payable to Marriott Hotel, dated May 14, 1975. A New Jersey bank official stated SHAW had sufficient

MM 87-34168

funds in his checking account, but the account was closed by the bank on May 16, 1975, because the checking account activity was considered undesirable by the bank. No further investigation was conducted by Newark inasmuch as this was a true name check.

On August 15, 1975, the Newark Division advised that SHAW's condition improved during the night of August 8, 1975 and he was removed from intensive care on Saturday, August 9, 1975. SHAW was arraigned at his bedside in St. Francis Hospital, Trenton, New Jersey, by U. S. Magistrate JOHN W. DEVINE, who released SHAW from Federal custody and set bond at \$2500 personal recognizance.

On August 22, 1975, Assistant U. S. Attorney MARSHA LYONS, Southern District of Florida, Miami, Florida, requested that it be determined exactly what the U. S. Magistrate, JOHN W. DEVINE, Trenton, New Jersey, ordered SHAW to do; that is, was SHAW ordered to return to Miami for trial, and if so, what date was specified for his return. Further, Assistant U. S. Attorney LYONS inquired which address had been given by SHAW when he signed his \$2500 personal recognizance bond.

By communications dated August 21, August 26, and September 3, 1975, the Newark Division advised as follows:

SHAW was arrested June 26, 1975, by Hawthorne, New Jersey Police Department for fraud, in violation of New Jersey Statute 2A:111-15. SHAW issued check number 1038, drawn on American International Telephone, Inc., 560 Newport Center Drive, Newport Beach, California, and Bank of America, Newport Center Branch, Newport Beach, California, in the amount of \$1,521.56, payable to Hawthorne Travel Service, signed WALTER H. SHAW. The check was returned by the Bank of America marked "Not Sufficient Funds".

[redacted] Hawthorne, New Jersey Police Department, advised on August 19, 1975 that the case was dismissed in Hawthorne, New Jersey Municipal Court because SHAW made restitution.

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MM 87-34168

U. S. Magistrate JOHN W. DEVINE, Trenton, New Jersey, ordered SHAW to contact the U. S. Attorney's Office, Miami, upon his release from the hospital, to ascertain the trial date. At the arraignment, SHAW advised that he was currently living at Room 241, Red Carpet Inn, telephone number 261-8686; however, he expected to move shortly. SHAW advised he had [redacted]

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[redacted] telephone number [redacted] who would always know his address. SHAW also furnished his employment address as 375 Diamond Bridge Road, Hawthorne, New Jersey, and [redacted] as [redacted]

SHAW signed himself out of St. Francis Hospital, Trenton, New Jersey, on August 11, 1975. He claimed he was subsequently re-admitted at Valley Hospital, Ridgewood, New Jersey, for one week for his heart condition on recommendation of his doctor. Valley Hospital refuses to confirm or deny he was a patient because of confidentiality of hospital records.

Subject was located on September 3, 1975, at 515 Kendrick Street, Paramus, New Jersey, telephone number 201-444-6155, a rooming house. Subject was admonished by SA [redacted] to contact the United States Attorney at Miami immediately and make himself available for trial. Subject stated he does not wish to plead guilty under Rule 20. Subject contacted the Hackensack Resident Agency on September 3, 1975, and stated he telephonically contacted Assistant U. S. Attorney MARSHA LYONS, Ainsley Building, Miami, Florida, telephone 305-350-5438 on September 3, 1975, and apprised her of his status and whereabouts. SHAW claimed that LYONS instructed him to send her a letter from his doctor describing his physical condition.

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On September 3, 1975, Assistant U. S. Attorney MARSHA LYONS, Miami, Florida, advised that she had received,

NY 87-54168

on that date, a telephone call from WALTER SHAW, who advised that he is presently scheduled for heart surgery to be performed by a [redacted] in the Valley Hospital, Ridgewood, New Jersey, on an unspecified date. SHAW also informed LYONS that he is now destitute and that his wife and daughter are now on welfare in New Jersey.

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By letter dated August 20, 1975, the Los Angeles Division of the FBI furnished the following information:

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 8/13/75

[redacted] resides at the [redacted]
[redacted]
[redacted] (claims no telephone number) voluntarily
appeared at the Santa Ana Resident Agency of the FBI and
presented to Special Agents a copy of letters he had
written to a [redacted] Consumer Microcircuits
Limited, Rickstone Road, Witham, Essex, CMS 2PF, England,
pertaining to [redacted] business transactions with SHAW.
These letters are attached.

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Interviewed on 8/7/75 at Santa Ana, California File # Los Angeles 87-41319
by SA [redacted] and SA [redacted] /JMON/clg Date dictated 8/11/75

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

5 June 1975

[redacted]
Consumer Microcircuits Limited
Rickstone Road, Witham
Essex, CM8 2PF, England

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Subject: American International Telephone, Inc.

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Dear [redacted]

Since our meeting in New York on May 4th with [redacted] Walter Shaw, [redacted] and [redacted] dealing with the possibility of a form of joint venture between American International Telephone Company (AIT) and Consumer Microcircuits of America (CMA), I have, in cooperation with [redacted] made a preliminary analysis of the feasibility of such an association. The gathering of the necessary information has required several days with Walter Shaw in Newport Beach, a solo visit to New York City to meet with [redacted] and [redacted] May 22 and 23, and the trip [redacted] and I are presently concluding which has taken us to Washington DC, New York, and Hawthorne, New Jersey.

The basic information we have been seeking is that which is necessary to confirm the representations made to us by Shaw in the presentation of his AIT program to us. As you will recall, the substance of his plan incorporated the following assets:

- AIT had an agreement with Southern Pacific Communications Company (SPC) whereby SPC were to lease to AIT all the equipment required by AIT, such equipment to be serviced and maintained by SPC as part of the leasing contract;
- SPC was to provide leased circuits on the Westar Satellite which would enable AIT to communicate with all its proposed offices and customers throughout the United States at great savings in the cost of such communication in comparison with prevailing telephone service rates;
- AIT was recognized as a 'value added common carrier' by the Federal Communications Commission (FCC) and had obtained the required certification of such status from the FCC.
- There would be made available to AIT, through investment sources with whom Lewitas had arranged other major financings, an initial commitment of \$10 million; such funds to be provided to AIT within 90 days, and possibly as soon as 30 days (from May 4).

During the past week, [] and I have had meetings in Washington with [] of SPC's office there and the person with whom Shaw was purportedly dealing in that organization. [] informed us he had recently had a telephone conversation with Shaw and had also received a letter from him in which Shaw had outlined what AIT proposed to do and in which he requested further information about the services SPC could offer to AIT. [] said there had been no mention of SPC's satellite capabilities and he assumed Shaw's interest was directed towards SPC's terrestrial network of microwave transmission stations. [] commented that in his opinion, SPC's satellite capabilities could not be used effectively by AIT unless AIT could set up its own earth stations to transmit and receive. [] remarked that such sophisticated stations would require a minimum investment by AIT of \$1 million per copy and the economic feasibility of such a plan was very questionable. His concluding comment was that General Electric had an annual telephone bill of \$80 million; that they had considered such a network of earth stations and had discarded the project as a viable replacement for their present system.

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We also met with [] in Washington who represents him in matters relating to the FCC and the Interstate Commerce Commission (ICC). This gentleman, [] informed us that he had, at AIT's request, written a letter to the FCC on April 22, 1975 (copy of the letter is enclosed) asking for an informal opinion on the applicability of FCC licensing requirements to AIT's proposed operations. [] said he had just received a reply stating that some areas would require licensing, other areas would not and that further information was required concerning certain operations before an opinion could be rendered. [] concluded his remarks with the statement that from date of AIT's application for 'value added common carrier' with the FCC, it could take 30 to 90 days (or possibly longer) for the agency to act. If there were an objection made to the issuance of the certificate by any source (either from inside or outside the Federal Government), final action on the application could stretch out for months, or even years. AIT has not yet filed the application.

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With this disconcerting information, we proceeded to New York for our scheduled meeting with [] and Walter Shaw Friday, May 30. We met [] about an hour before Shaw's arrival and outlined the following conclusions to him:

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- o If SPC could not provide AIT with the equipment for its customers and SPC was not going to service and maintain such equipment, all on a long-term lease basis, who would do so? If AIT has not concluded such an agreement, how could its projections of cash flow and profitability be taken seriously?

- o If SPC could not tie together AIT's offices and customers via satellite, thus saving AIT's customers 30% or more on their long-distance telephone charges, how could AIT pass thru to the customer such savings in the form of added services (facsimile, TWX, conference call, etc.) that Shaw has maintained represents the backbone of his program?
- o If FCC approval is required for AIT's program, and the time required to obtain such certification is an unknown, how could AIT set up a prototype office (Hawthorne, N.J.), accepting the financial commitment of the licensee, put such office 'on stream' to demonstrate AIT's program to the investment group (\$10-million) and expect to avoid serious problems and lengthy delays in the process?

[] appeared to be surprised by our comments about SPC but indicated he was aware of the FCC problem as the result of a telephone conversation with [] on the day preceding our visit to his office. [] commented that he was finding it virtually impossible to tie enough facts down regarding Shaw's program to assemble any kind of a 'business plan' to present to his sources of investment capital and he confided in us of his displeasure in the seemingly disorganized way in which Shaw was conducting his business. Moments before Shaw arrived for our meeting, [] inferred that he was going to insist that Shaw "straighten up and fly right" or some unfavorable result would occur.

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As soon as Shaw arrived ('loaded for bear', as [] says) he immediately announced he was no longer depending upon SPC but he had made a new deal with Western Union (owners of the Westar Satellite) and they were going to do everything for AIT that SPC were formerly going to do. He gave us the name of the Western Union representative in New Jersey with whom he had made his new deal and invited us to call or see him to verify the new arrangement. Having settled that question, he commenced answering [] inquiries regarding various technical aspects of his program with, according to [] rather unsatisfactory responses. Not wishing to create an unpleasant situation [] and with the knowledge we would be meeting Shaw at his Hawthorne facility on Monday, June 2 (tomorrow, as I write this) for a 'demonstration' for Andy's benefit, and we wanted a clarification of the Western Union commitment from the Western Union representative before making a final judgement on Shaw's action, we did not push him to the wall. However, [] intends to tie together the loose ends, technologically speaking, during his Hawthorne visit tomorrow and at the same time we will qualify the Western Union development. At that time, [] will add his comments and conclusions. (This information will be forwarded separately.)

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Wednesday, June 4

[] and I are in Chicago to meet Hal Yost to bring him up-to-date on the Shaw situation and to plan our strategy in the Empire Management/Stanley matter.

Monday morning we met Shaw in his Hawthorne office and before answering [] questions regarding his program, Shaw asked us to sign a confidential disclosure agreement, in which we agreed not to reveal his 'know how' to anyone. Then he proceeded to explain his 'system' to [] and [] will forward his opinion separately.

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We left Shaw after lunch and called [] of Western Union with primary responsibilities in the Westar Satellite operation. [] was very candid in his remarks about AIT, briefly as follows:

- Western Union (WU) will lease voice grade circuits on Westar to AIT if AIT will file its application with the FCC for certification as a 'value added common carrier' and at that time provide WU with a copy of the FCC application. WU will then file notice with the FCC that WU will be leasing circuits to AIT.
- [] stated that he believed several companies, including American Telephone and Telegraph, would file an objection with the FCC against the grant of certification to AIT. [] added that WU might themselves file an objection and they would so advise Shaw before entering a leasing agreement with AIT. As [] phrased it, AIT is reaching out to WU and ATT retail accounts which is the 'guts' of their business.
- [] acknowledged that WU would probably agree to lease some equipment to AIT and provide some assistance in the establishment of the microwave and regular telephone circuitry required by Shaw.
- [] concluded with the statement there was another group offering a service similar to Shaw's program who were proceeding on the basis no FCC certification as 'value added common carrier' was necessary because their services qualified as 'non-regulated common carrier'. [] said that in his opinion this was a very dangerous course and he believed they were heading "for a lot of trouble". I mention this as Shaw has said he does not believe he needs FCC clearance for his program - when confronted with the question of how could he possibly set up Hawthorne or Newport Beach without the FCC matter completely resolved.

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With this information, we set up a Monday evening meeting with [] and Shaw in [] office. The results of that meeting were very disappointing to us as we initiated it with the objective of offering constructive advice as to the development of a systematic plan to secure interim financing for AIT's program as well as our own, with time to get all necessary federal and state regulatory clearances. Much to our regret we found [] and Shaw deaf to our proposal, both still professing that these problem areas had already been provided for and they were proceeding to sign up licensees and customer accounts as previously scheduled.

- Without the FCC certification, [] and I can predict the likelihood of serious problems including court action (civil and possibly criminal) with the FCC, Interstate Commerce Commission and the Securities and Exchange Commission. State regulatory agencies in similar areas of conflict in such violations of laws governing customer communication services and offering of investments to the public may also bring serious charges against AIT.

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Needless to say, we cannot now see any merit to becoming involved with AIT at this or any future time unless Shaw immediately and radically changes his methods. We have so advised you by Telex yesterday and I will send a summary comment on the Newport Beach question in another letter tomorrow. This is Disneyland East, []

Cordially,

[]

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[]

cc:

[]

LAW OFFICES

April 22, 1975

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Federal Communications Commission
1913 K Street, N. W.
Washington, D. C. 20554

ATTENTION: [redacted] Chief
Common Carrier Bureau

Re: American International
Telephone, Inc.
Section 214 application

Gentlemen:

American International Telephone, Inc. (AIT), is a Florida corporation organized for the purpose of providing a variety of augmented communications service for hire to the public through leased lines of specialized common carriers and/or the American Telephone & Telegraph Company, including the leasing of appropriate and necessary equipment to the subscriber. In addition, AIT will lease to the public, subscriber and non-subscriber alike to our augmented communications service, equipment which is designed to provide that party with greater utility and flexibility in the use of his telephone service be it public message service, WATS, leased private line, etc.

It is our belief that our augmented communication service to the public using leased lines of specialized common carriers amounts to a value added common carrier service for which authority by the Federal Communications Commission under Section 214 of the Communications Act of 1934, as amended, is required but that the equipment we will lease to subscribers to enhance the utility and value of their subscribed service with the local landline telephone company amounts to the leasing of "interconnection" equipment for which no authority by the FCC is required. The purpose of this letter is to obtain an informal opinion from your office before preparing and filing an application for authority under Section 214 of the Communications Act, as amended, to offer the communication service for hire to the public.

Value Added Common Carrier Service

We propose to establish a network, initially consisting of 12 offices located throughout the continental United States and Hawaii,

which will be later expanded to additional offices that will be connected by private leased lines and WATS for the purpose of providing terminal to terminal communications capable of handling a great variety of service such as data, facsimile, TTY printers, voice dictation and any message forwarding service. Our subscriber(s) will be connected to the nearest AIT terminal complex by an off-premise extension circuit provided by the local wireline telephone company. The typical arrangement would be as follows: AIT will obtain the private leased lines from a specialized common carrier who will act as AIT's authorized agent in ordering the required local distribution facilities. AIT will in turn lease the necessary encoders, decoders, facsimile, data modems, conference call, and other equipment to be interfaced at the customer's location, in order to permit the customer to transmit the data or facsimile to AIT's facilities. The customer in some cases will need assistance of AIT operators staffing the terminal complex to use the network while in other cases the customer would program the computers, and storage and retrieval equipment automatically depending upon the exact nature of the communication service to which the customer has subscribed.

For your information, voice dictation is a service whereby a customer can use the communication network for transmitting voice messages. Under this service, the customer will be allowed a specified amount of time per month in which its voice messages will be transmitted. The terminal complex will include automatic storage of the voice message. AIT will regulate the forwarding of the voice messages in order to obtain maximum efficient utilization of the total communications network.

All communications, after being forwarded to the appropriate AIT terminal complex located nearest the customer, will be relayed to the customer, in most cases using the local distribution facilities although in some cases it will be necessary to use messengers. AIT, in addition to leasing the equipment previously identified, will manage the entire communications network, overseeing the operation, which will include processing customer requests for access to the network with the use of computers to program the traffic in order to obtain maximum utilization of the circuits and to avoid circuit congestion as well as to select the most efficient route through the established network.

Interconnection Equipment

Besides establishment of the augmented communication service, AIT has the right to the use and lease of patented devices designed

Federal Communications Commission
Page 3
April 22, 1975

to increase and enhance the value of a party's telephone communication facilities. One such device permits off-premise use of the party's telephone communication facilities. It permits a party to access its telephone communication facilities, be it a private lease line, TWSS, or whatever, through an encoder-decoder arrangement from another standard landline telephone instrument either within the exchange or outside the exchange. An example of its use or function is the situation where a business or firm has a private leased line and a member of the firm is away from the office where the private lease line station is installed. By using the patented encoder, the individual can access the private lease line using any standard landline telephone instrument connected to the public message wireline telephone network.

Another device is a call forwarding device which enables a party to route or forward his calls to any standard landline telephone instrument connected to the public message network. An example of this is a businessman who will be away from his office but who desires to receive calls at whatever location or locations he may be during the period he is away from his office. With the use of the patented encoder-decoder device, the party's calls will be routed or forwarded to the number of the instrument selected without the knowledge of the calling party.

In summary of this proposal, ATE is requesting the Common Carrier Bureau for guidelines, advice or instruction as to what procedure to follow in order to obtain authority to render this proposed service to the public as a licensed common carrier.

Very truly yours,

[Redacted Signature]

cc: Walter H. Shaw

[Redacted]

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[redacted]
[redacted]
June 13, 1975

[redacted]
Consumer Microcircuits Ltd.
Winston Road
Industrial Estate East
Witham Essex CMA 3TD England

RECEIVED

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Re: A.I.T. with C.M.A.

Dear [redacted]

In this letter we will amplify and confirm our telephone conversation of this date concerning the projected takeover by A.I.T. of C.M.A. We last met with [redacted] and [redacted] at my office just about ten or twelve days ago. At that time, [redacted] recommended that rather than the proposed takeover by A.I.T. of C.M.A., that a "joint venture" between the two companies would be in order, each company sharing equally in the production of the other. I have given this consideration much serious thought and would tend to recommend against such a joint venture. The first proposal, to wit, the takeover of majority control of C.M.A. by A.I.T. is much preferable, both from our own selfish viewpoint, and with regard to the prospective lender's view of funding A.I.T. A stock interest is much superior in their view to an agreement to participate together in profits.

Apropos of your suggestion to come to New York or to the States and discuss the matter further, in an effort to "clear the air" I would recommend your first discussing this matter rather carefully with [redacted] and [redacted] as to whether or not they would still be in the frame of mind of acceding to a takeover, or, indeed, as to whether or not they are in a position to await the necessary funding.

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June 13, 1975

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[redacted]

With regard to such funding, it is my opinion that if I had formal signed agreements with C.M.A. giving certain time limitations on raising the capital to accomplish the stock purchase, and such contract recited in the body thereof the exclusive licensing agreements by Consumer Micro-circuits Ltd. and spelled out the import of same, that I would be in a position to proceed and this situation within sixty (60) days from the date of entering into such agreement. Although, as you are aware, this is not a guarantee, I can see somewhat down the road and hope to be able to accomplish this, with some degree of reasonable expectation.

I would be most happy to hear from you and/or [redacted] and/or [redacted] concerning the ideas expressed in this communication. If we need arrange a meeting, I will be at your disposal.

My best personal regards. As ever, I remain

Sincerely yours,

[redacted]

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[redacted]

August 4, 1975

Page 4

The A.I.T. [redacted] Matter. I have not been unmindful of the concern I may have caused you with my long silence on this subject. I am not an attorney and I certainly don't want to appear to be practicing law as I take exception to the manner in which [redacted] appears to have been handling the Walter Shaw/American International Telephone client relationship. As my letter to you of June 5 stated on page 5, paragraph 2:

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"Without the FCC certification, [redacted] and I can predict the likelihood of serious problems including court action (civil and possibly criminal) with the FCC, Interstate Commerce Commission and the Securities and Exchange Commission. State regulatory agencies in similar areas of conflict in such violations of laws governing customer communication services and offering of investments to the public may also bring serious charges against AIT."

I have underlined my references to possible securities violations as my experience in the field of investments has made me extremely sensitive to the potential seriousness of charges by the S.E.C. or by independent state securities regulatory agencies, particularly when the accused company is at the start-up phase and is optimistically looking forward to its first registered public offering (floatation) of its shares. I know of nothing more damaging to prospects of attainment of such goal by a young company than a history of charges of securities fraud, even though final disposition of such charges may have resulted in little more than admonition by the authorities that management be good guys and not to do it again. Privately-held companies could very likely be relatively unaffected by such problems but the necessity for their full disclosure in all public stock offering material does make underwriters skeptical which could, in turn, cause the underwriting effort to be aborted even before the shares have completed the registration process. I have seen this happen to profitable young companies with apparently solid future prospects and I can predict trouble in this area for us in any marriage of CMA with AIT. I have reached this conclusion because I am now convinced that:

- o The manner in which AIT is trying to license its services requires registration with the securities commissions of most of the important industrial American states. The applicable statute in the State of California, similarly adopted in most states, is the Franchise Investment Law.

- o If Walter Shaw or [redacted] have used any of the potential licensees' funds, supposedly escrowed until licensees' office is completely set up with all necessary equipment and with thirty enrolled subscribers, there exists a violation of the Franchise Investment Law, and in the case of California's interpretation, securities fraud has been perpetrated.

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August 4, 1975

Page 5

o Shaw's business methods, either through design or ignorance, are replete with crude misrepresentations and apparent dishonesty, and anyone who has him for a partner had better have a good corporate attorney.

o [] does not appear to have those qualifications.

In conclusion, it would seem to me we might use [] and his purported money-raising expertise in the same manner we have proposed to []. The reservation I would propose would be that absolute majority voting control not be given up to any combination of his investors and himself. You will more fully understand my concern in this area after you have received Part II of this report which will follow within two or three days.

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Yours sincerely,

[]

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[]

cc:

[]

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/13/75

[redacted] resides at the [redacted]
[redacted]
(claims no telephone number) voluntarily appeared at the Santa Ana Resident Agency of the FBI and was immediately apprised of the identities of the interviewing Agents and of the purpose of the interview. [redacted] voluntarily consented to be interviewed.

[redacted] advised that he, Colonel [redacted] [redacted] United States Air Force, retired, whose offices are located at Gabbs Plaza Building, Post Office Box 341912, Coral Gables, Florida, telephone number [redacted] who resides at [redacted] and [redacted] [redacted] General Dynamics Company, Pomona, California, are involved with a [redacted] in an operation known as Consumer Microcircuits Limited, Essex, England.

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On April 28, 1975, [redacted] recalls that he was contacted by Colonel [redacted] and informed by [redacted] that he had a business opportunity with a person named WALTER H. SHAW. [redacted] had arranged a meeting between SHAW, [redacted] and [redacted] at the Airporter Inn, Mac Arthur Boulevard, Irvine, California, on April 28, 1975. Discussion during this meeting concerned the possible acquisition by SHAW of Consumer Microcircuits Limited.

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[redacted] stated that he, [redacted] and [redacted] are responsible for distribution of the Consumer Microcircuits Limited in the United States. The microcircuits chief product is a low frequency switching device which is jointly activated.

At the meeting at the Airporter Inn on April 28, 1975 SHAW informed [redacted] and the others present that he had equipment that would tie into a satellite enabling a person with a telephone to talk anywhere in the world at

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Interviewed on 8/7/75 at Santa Ana, California File # Los Angeles 87-41319
SA [redacted] and [redacted] - 3/-
by SA [redacted] /JMON/clis Date dictated 8/8/75

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rates greatly lower than charged by major telephone companies.

SHAW, [] recalls, wanted to acquire 55% of Microcircuits stock for two million dollars. [] further recalled that SHAW stated that his [] had a group of Swiss business people that were waiting to invest ten million dollars into SHAW's device to get it started to act in direct competition to AT&T. [] stated that at the conclusion of the meeting the group appeared to be in agreement concerning the possibility of selling 55% of the stock but wished to determine if SHAW had in fact the Swiss investors who in fact could invest ten million dollars into the project.

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On May 6, 1975, [] stated he went to New York to the offices of [] At that meeting were [] and [] Again at this meeting SHAW reiterated his offer of two million dollars or 55% of the Microcircuits. At the time of the second meeting [] stated he was somewhat skeptical of the device SHAW had talked about and questioned SHAW pertaining to its possible use. SHAW invited those present to attend a demonstration at his New Jersey Office, 375 Diamondbridge, Hawthorne, New Jersey.

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[] and [] went with SHAW to his Hawthorne Office where upon SHAW got a telephone, placed his device on the instrument and dialed []

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SHAW stated to [] that this call was being transmitted via satellite.

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LA 37-41319

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On May 14, 1975, [] stated that he met SHAW at the Marriott Hotel, Newport Beach, California. The purpose of SHAW's visit to Newport Beach Marriott, [] was informed, was that SHAW wished to form his National Office in the Newport Beach, California area. In addition, he wished to find a home for his wife and child. [] recalled that SHAW went to the Wells Fargo building, 660 Newport Center Drive, Newport Beach, California, wherein SHAW advised that he found a suite suitable for his purposes and had taken necessary action to acquire said suite.

[] stated that they then went to the Bank of America, Newport Center Branch, 500 Newport Center Drive, Newport Beach, California, where they met Bank Officer [] SHAW wished to open up a checking account. [] inquired of SHAW, according to [] what business SHAW was in where upon SHAW produced from his attache case a device wherein he plugged into [] telephone and advised [] that he could call anywhere in the world via satellite by use of this instrument. SHAW then dialed his office in Hawthorne, New Jersey, via [] telephone.

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[] recalls that [] asked "are you sure you have all the financing you need for this operation?" [] felt that [] was interested in investing in SHAW's project. [] arranged for SHAW to open up a checking account at the Newport Center Branch of the Bank of America. At that time SHAW gave [] a check for \$500.00 to open the checking account.

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On May 20, 1975, [] went to the [] in [] for the purpose of meeting an investor in SHAW's project from Florida. At that meeting he met with a [] who was allegedly a prime investor in SHAW's project. However, during the conversation

between [] and [] learned that [] had no knowledge of SHAW's investment and had come to [] office for the purpose of meeting other investors in SHAW's project. [] stated that he was informed by [] that there would be investors from Geneva, Switzerland, at this meeting. [] and [] noted that there were none at this meeting and [] did not explain why they were not there. [] stated that he terminated the meeting and went to Washington, D.C. in an effort to get more information on SHAW.

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On May 28, 1975, [] said he was back in Newport Beach, California, when SHAW and his family came to Newport Beach. The purpose of the meeting SHAW allowed was to find a house for his family and to tie up a few "loose ends" that were not fully explained to []

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On May 30, 1975, [] advised that he and his other associates felt that SHAW could not meet his offer and was consequently advised that there would be no contract.

[] recalls that one of the meetings with SHAW, SHAW stated that [] had been contacted and that [] was now the owner of the Philadelphia franchise of the American International Telephone Company. [] could not recall any of the details or names pertaining to that particular transaction.

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[] said he had no further visual contact with SHAW since the 30th of June, however SHAW has attempted to contact him telephonically through [] telephone in [] stated that the last time SHAW attempted to contact him was on August 7, 1975. However, he did not speak to SHAW at that time.

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LA 87-41319

[] stated he will cooperate with the FBI and he understands there is a warrant out for SHAW and if he learns of any information pertaining to the whereabouts of SHAW he would immediately notify the FBI.

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FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 8/11/75

[redacted] born [redacted] Waukegan, Illinois, [redacted] Bank of America, Newport Center Office, 500 Newport Center Drive, Newport Beach, California, telephone [redacted] who resides at [redacted] [redacted] telephone [redacted], was apprised of the identity of the interviewing agent and the purpose of the interview at his place of employment.

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[redacted] advised that on or about May 13, 1975, WALTER H. SHAW and [redacted] came to the Newport Center Office of the Bank of America. The purpose of their visit was that SHAW wished to open a commercial checking account in the name of American International Telephone Company (AIT), 660 Newport Center Drive, Newport Beach, California.

[redacted] recalled that during his conversation with SHAW, SHAW advised that he had a device which could be attached to a telephone and a telephone message could be passed via satellite to anywhere in the world at a rate substantially less than that charged by American Telephone and Telegraph Company (ATT).

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[redacted] noted that at this time SHAW took out of his attache case the device and put it on [redacted] telephone which was located on his desk. [redacted] could not recall whether or not SHAW did in fact dial an outside number.

[redacted] advised that he took \$550 on behalf of the Bank of America and opened a commercial checking account for SHAW. [redacted] recalled that the check was drawn on a bank in Hackensack, New Jersey, exact name unrecalled at this time.

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[redacted] recalled that on June 2, 1975, he received two checks from Vacation Tours, 1820 N.E. 163rd Street,

Interviewed on 8/11/75 at Newport Beach, California, Los Angeles 87-41319
by SA [redacted] /kah Date dictated 8/11/75

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LA 87-41319

Miami, Florida. The first check was in the amount of \$40,000 and the second check was in the amount of \$30,000. Both checks were made out to AIT. [] recalled that both checks were returned marked "Account Closed". The checks were signed by [] and were drawn on the Pan American Bank of Dade County, 1323 N.E. 163rd Street, North Miami, Florida, account number []. [] advised that he contacted the appropriate personnel at the Pan American Bank and was informed that this account had been closed and that the bank officer had no knowledge of a [] ever having been associated with Vacation Tours.

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[] stated that there had been numerous checks drawn on the account that SHAW had opened; however, prior to crediting SHAW's account with the \$70,000 in checks he had checked and found that the checks were no good and he closed SHAW's account.

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[] stated he recalled having one telephone conversation with SHAW informing him of the action he had taken and that SHAW stated he would make good any bad checks; however, [] informed him that the bank, at this point, was not out any money, but owing to the various circumstances surrounding SHAW's operation they were no longer confident pertaining to his business transactions.

[] stated that he has had no further contact with SHAW since that time.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/13/75

[redacted] for
Matlow-Kennedy Corporation, 660 Newport Center Drive,
Newport Beach, California, telephone number [redacted]
was apprised of the official identity of the interviewing
Agent and of the purpose of the interview at the place of
her employment.

[redacted] stated that Matlow-Kennedy Corporation
are the realtors for the Wells Fargo office building,
660 Newport Center Drive, Newport Beach, California.

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[redacted] recalls that on or about May 15, 1975,
WALTER SHAW came to her office at 660 Newport Center Drive,
Newport Beach, California, and made inquiries as to the renting
of a suite of offices in the Wells Fargo building.

SHAW was shown, [redacted] recalls, a suite of
offices which was known as Suite 220. SHAW looked over the
offices, stated he liked them and signed an agreement in
which he would take occupancy upon the concurrence of [redacted]
[redacted] whose name and address SHAW gave as [redacted]
[redacted]
[redacted]

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SHAW stated that upon confirmation of [redacted]
he would then sign the contract for the leasing of
Suite 220, located at 660 Newport Center Drive, Newport
Beach, California.

A reference used by SHAW was [redacted]
[redacted]
telephone number [redacted]

[redacted] stated that she sent a letter out to
[redacted] on or about May 15, 1975,
however, [redacted] never returned the correspondence.

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Interviewed on 8/7/75 at Newport Beach, California File # Los Angeles 87-41319
by SA [redacted] /cls Date dictated 8/8/75

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LA 87-41319

[] stated that SHAW never gave her any money for the down payment for the lease of the office suite.

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[] states that SHAW or anyone representing him never took over the office suite. [] states she has no further information pertaining to the actions of SHAW.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/13/75

[redacted] Marriott Hotel, Newport Center Drive, Newport Beach, California, was apprised of the official identities of the interviewing Agents and of the purpose of the interview at the place of her employment.

[redacted] advised that on May 29, 1975, she received a check signed WALTER H. SHAW, drawn on the Bank of America, Newport Center Branch, 500 Newport Center Drive, Newport Beach, California, in the amount of \$174.96. This check had typed on it "America International Telephone Company, 660 Newport Center Drive, Suite 220, Newport Beach, California, 92660, telephone number 640-7311". [redacted] stated that this check was received from SHAW to cover his stay at the Marriott Hotel, Newport Beach, California.

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Approximately ten days later, the check was returned to the Marriott Hotel with the notation from the Bank of America that the account has been closed. [redacted] states that she attempted to contact SHAW at telephone number 640-7311 and found out that it was an answering service. She further determined that SHAW was not current with his bill at the telephone exchange as of June 20, 1975 and had never paid any portion of that bill.

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With regard to SHAW's further stay at the Hotel [redacted] advised that he has not stayed at the Hotel since late May of 1975. She has no idea as to her present whereabouts. [redacted] further advised that the Hotel does not keep a record of local telephone calls. Further, a review of SHAW's bills indicate that he made no long distance calls from his Hotel room. Marriott registration card reflects that SHAW gave his home address as 3500 North 52nd Avenue, Hollywood, Florida.

Interviewed on 8/7/75 at Newport Beach, California File # Los Angeles 87-41319
by SA [redacted] and -40-
SA [redacted] /JMON/clb Date dictated 8/8/75

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LA 87-41319

[] says she has no additional information
pertaining to the activities of SHAW.

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FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 8/18/75

On August 18, 1975, SA [redacted]
received in the United States mail a letter from [redacted]
[redacted] detailing his association with WALTER H. SHAW/
American International Telephone Company (AIT). A copy
of this correspondence is attached.

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Interviewed on 8/18/75 at Santa Ana, California File # Los Angeles 87-41319

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by SA [redacted] /kah Date dictated 8/18/75

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

Post Office Box 193
Santa Ana, CA 92702

August 8, 1975

Mr. [redacted] Agent
Federal Bureau of Investigation
Room 916 Federal Building
34 Civic Center Plaza
Santa Ana, California

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Subject: Walter H. Shaw/American International Telephone Company (AIT)

Dear [redacted]

For the benefit of my associates as well as for those business persons in Newport Beach with whom I became acquainted in company of Walter Shaw during the month of May, I am writing this letter to you to confirm the statements I made to you and your fellow agent, [redacted] at our meeting in your offices yesterday morning, all in connection with your current investigation of Walter Shaw and his corporation, American International Telephone Company.

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o [redacted] to Consumer Microcircuits of America, Inc. (hereinafter referred to as CMA), a Delaware Corporation with company offices at 114 East Simmons Street, Galesburg, Illinois 61401, Telephone (309) 342-5311.

o CMA is presently owned almost equally by [redacted] Colonel (USAF Ret.) and [redacted] and Consumer Microcircuits, Ltd., an English Corporation (hereinafter referred to as CML).

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o The only guarantors to the financial obligations of CMA are [redacted] and [redacted]

o On or about March 1, 1975, Walter H. Shaw, President of American International Telephone Company (hereinafter referred to as AIT), a Florida Corporation allegedly maintaining company offices at 375 Diamond Bridge Avenue, Hawthorne, New Jersey, Telephone (201) 423-2410, contacted Colonel [redacted] through a third party whose name I cannot recall but whom I believe was known to Colonel [redacted]. The purpose of the call was to arrange a meeting between the parties to discuss the possibility of an association of business interests between AIT and CMA. This meeting was held on or about March 15, 1975 in Miami and its result was an agreement in principle between Shaw and [redacted] that AIT would purchase common stock in CMA to represent 55% of the equity shares to be outstanding pro forma after their acquisition for total purchase price of \$500,000 (Five Hundred Thousand dollars). [redacted] subsequently wrote a letter to Shaw in New Jersey (undated and included

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August 8, 1975

Page 2

herewith as Exhibit "A") confirming the understandings and enclosing a draft of a proposed Stock Acquisition Agreement between the parties that [] had prepared (copy of which will be made available to you at your request).

o A series of meetings was held in Newport Beach from April 19 to May 1 between the principals of CMA and the [] of Consumer Microcircuits, Ltd., England, []. The main purpose of the meetings was to discuss and make plans for an expanded effort by CMA to successfully penetrate the American market for CML's products. Ancillary to this objective was consideration of various methods of financing the effort, of which Shaw's AIT proposal was one.

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o At his request, Shaw as given an audience to present his proposal and he arrived in Newport Beach on or about April 26 to do so. (Shaw stayed at the Airporter Inn, Newport Beach, during this visit.) During the conferences that followed between us, Shaw made the following claims:

1. His [] had obtained a commitment from a group of European investors to fund AIT's new national satellite communications system, with an initial takedown of these funds to be available within sixty days and to be in the amount of \$10,000,000 (Ten Million dollars).
2. Shaw and [] had agreed that they would purchase the 55% equity interest in CMA in accordance with [] draft of a proposed stock acquisition agreement between the parties for the sum required in that document and that amount, \$500,000, would be available to CMA within sixty days.
3. Shaw and [] had agreed to make available to the CMA group an additional amount of \$1,500,000 (One Million Five Hundred Thousand dollars) to finance a new company to be formed by AIT and the CMA principals jointly, for development of proprietary products related to CML's integrated circuit technology. AIT was to own 55% of the outstanding common stock of this new company and the company would be incorporated as soon as an agreement was reached between the principals and would be funded with the \$1.5 million AIT commitment within sixty days.
4. Shaw claimed that his company, AIT, had all necessary FCC permits required to operate his new national communications system, that he had concluded contracts with Southern Pacific Communications Company to lease circuits on the Westar Satellite, SPC's microwave transmission

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August 8, 1975

Page 3

services and all equipment necessary to service the subscribers to his "Shaw Sepax System", and he was proceeding to license offices across the country to use this system.

o As my associates were impressed with Shaw's apparent technical expertise and as [] had confirmed by telephone from his offices in New York City most of Shaw's representations, we decided to fly east as soon as possible to meet with [] and Shaw to accelerate our negotiations. Consequently, [] and myself arrived there for a meeting with them in [] office on Saturday, May 3. [] address is [] Telephone []

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At this meeting, [] supported and elaborated upon Shaw's claims and representations and he concluded the meeting with a promise to formally send to the CMA principals and to CML's [] a letter of intent to detail AIT's planned acquisition of controlling interest in CMA and to provide a timetable of events to be carried out by all parties, with particular emphasis upon the funding. He promised to dispatch this letter within a week's time.

o After this May 3 meeting, Shaw told us he would demonstrate his 'system' at his Hawthorne, New Jersey 'prototype' office and we met him there later that afternoon. [] was not present as he had to catch a plane.) The Hawthorne facility was rather sparsely furnished but did have a PABX, teletype, message storage (secretarial service pool capability) and a device which Shaw demonstrated to us as his link-up to the SPC satellite communication system. As neither [] nor myself are technically trained in the communications field, none of us questioned Shaw's claim that by putting his telephone into a mouthpiece on a 'speaker-like' instrument and pushing a few buttons on a 'touch tone' panel, he could indeed reach a California telephone via satellite, without utilizing the telephone companies' long-distance services.

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o At this point in time, [] and I were becoming quite enthusiastic about the potential for Shaw's ideas and in view of [] rather positive stance with regard to the forthcoming \$10 million financing for AIT, we agreed there appeared to be a great opportunity opening up for our group. It was in this area of goodwill that Shaw offered to reserve the franchise for development of AIT services in the State of California for us. [] was particularly interested in this possibility and the initial cost - \$30,000 down to be held in escrow account by [] and the balance of \$70,000 to be due when an office was set up in Newport Beach with all necessary equipment in place and not less than 30 subscribers contracted to first year's service - was well within range of potential investment by himself and his British associates. We agreed that I would look into this matter for him and as Walter Shaw told us, he was going to visit Newport Beach the following week (to arrive May 7 or 8, as I recall) for the dual purpose of leasing an office in Newport Center as AIT's new corporate headquarters

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August 8, 1975
Page 4

and to select a home in the area for his family, I told him I would make myself available to act as his guide. Shaw gave us copies of his licensing agreement and customer contract forms (Exhibit "B" - provided for F.B.I. only).

o Shaw arrived in Newport Beach and checked into the Marriott Hotel on or about May 8. During the next several days I took him to various real estate offices in search of prospective residences for himself and his family and I also accompanied him to the Bank of America branch at Newport Center, where he opened an AIT Corporate account and to the new Wells Fargo building, where he reserved space for his new offices with the leasing agents, Matlow-Kennedy Corporation. In each and every case, I introduced myself as the representative of a group that might become licensees for Shaw's AIT services and at no time - repeat for emphasis - at absolutely no time was I asked to provide support for Shaw's statements and representations nor did I give reference or substantiation to anyone to establish Shaw's credibility. I want to particularly emphasize the fact that I informed Matlow-Kennedy's leasing agent (I believe his name was [redacted]) that my group was interested in becoming licensees for Shaw's services and if we did become licensees, we would probably want to have space in the Wells Fargo building near to or adjoining AIT's Corporate offices and, in fact, we could possibly sub-let part of the space AIT was proposing to lease. Because of this latter possibility, I asked [redacted] to send me a copy of the lease form he was going to send to AIT's [redacted] and this he did on May 15, addressed to my [redacted]

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o It was as a result of being with Shaw these several days that I began to discover inconsistencies in his stories and to feel distrust of his flamboyant business methods. Therefore, I advised my associates we should proceed very slowly in our negotiations with his company and before making any commitments whatsoever, we should verify all important representations made to us by his attorney or himself. To provide this verification, [redacted] and I embarked upon the trip detailed in my letter on the subject dated 5 June 1975, addressed to [redacted] a copy of which has been given to you as well as to all those to whom I have provided a copy of this letter.

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o The result of the exposures of the June 5 report as well as [redacted] conclusions in memo to us dated June 10 (Exhibit "C" enclosed herewith) was an immediate termination of our negotiations with Shaw and [redacted] and I have not personally seen or talked with either of them since leaving [redacted] office on June 2.

In conclusion, I wish to reiterate that no person in my group has given or received any funds from Shaw, from his American International Telephone Company, or from his

August 8, 1975
Page 5

[redacted] and neither of them were known to any of us prior to the events chronicled in this letter. We, of course, will cooperate with your current efforts in any way we may be asked to do so.

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Sincerely yours,

[redacted]

[redacted]

cc w/encl:

[redacted]

Bank of America
500 Newport Center Drive
Newport Beach, California 92660

Matlow-Kennedy Corporation
660 Newport Center Drive
Newport Beach, California 92660

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EXHIBIT "A"

WALTER
Mr. Robert H. Shaw, President
American International Telephone, Inc.
375 Diamond Ridge
Hawthorne, N. J. 07506

Dear Mr. Shaw,

It was indeed a pleasure having the opportunity to meet you last Saturday to discuss mutual interests.

A draft agreement as we discussed is enclosed. I am mailing a copy, also, to our [redacted] who has given his agreement by telephone to the major points in the draft.

When your attorney has had the opportunity to complete his draft of the agreement incorporating such points as you may wish to make, we will be pleased to work out the finalization with you.

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Incidentally, [redacted] will be visiting clients in the east the latter part of this week. If you will be available, he will be pleased to visit you at your offices in Hawthorne during the early part of next week. He will be prepared to talk about specific applications and technical aspects with you and your staff, if you would like.

I look forward to meeting with you again soon to further the relationship between our companies.

Sincerely,

[redacted]

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A G R E E M E N T

THIS AGREEMENT, made and entered into this _____ day of _____, 197____, by and between AMERICAN INTERNATIONAL TELEPHONE, INC., a Florida corporation having its principal office at _____ hereinafter referred to as LICENSOR, and _____ of _____ hereinafter referred to collectively as LICENSEE:

W I T N E S S E T H:

WHEREAS, WALTER H. SHAW, is the creator of a concept of electronic telephonic communication system hereinafter referred to as the "SHAW SEPAX SYSTEM", which system includes electronic automatic branch equipment, leased telephone circuits, multiplex equipment; and

WHEREAS, AMERICAN INTERNATIONAL TELEPHONE, INC. is the sole and exclusive owner of all proprietary and other property rights and interest in and to the trade name and/or trademark "SHAW SEPAX SYSTEM"; and

WHEREAS, LICENSOR has obtained from WALTER H. SHAW by license agreement, copy of which is attached, exclusive right to sub-license others to use the said trade name and/or trademark in connection with the operation of a branch telephone system at _____ in the city of _____ and State of _____, hereinafter referred to as the "LOCATION."

NOW, THEREFORE, in consideration of the premises as aforesaid and other good and valuable considerations, and the mutual covenants and agreements contained herein, it is mutually agreed as follows:

1. LICENSOR hereby gives and grants to LICENSEE, and LICENSEE hereby accepts for the period and upon and subject to the terms, conditions and limitations hereinafter set forth, the following rights, licenses and privileges with respect to the LOCATION:

A. To adopt and use the "SHAW SEPAX SYSTEM" and in connection therewith, to indicate to the public the LICENSEE'S establishment is operated as part of the "SHAW SEPAX SYSTEM", and

B. To adopt and use the subject trade names and/or trademarks in connection with services sold, furnished and/or rendered at the LOCATION.

2. LICENSOR does hereby agree to order and deliver to the leased premises of the LICENSEE within from the signing of this AGREEMENT, the equipment as per Schedule "A" which is attached hereto and made a part hereof, for the term of this Agreement and any extension thereof.

LICENSOR shall have the unlimited and unrestricted right to substitute for any of the above items any other of equal or better quality, or to modify, change, delete or add equipment in the LOCATION of the LICENSEE. At all times, however there shall be sufficient and adequate equipment in the LOCATION for the LICENSEE to have a functioning SHAW SEPAX SYSTEM branch office.

3. The system shall be delivered to the location of the LICENSEE and made fully operable and functional at no cost to the LICENSEE. In making the system operational, LICENSOR at its sole expense, will provide all connecting links, lines, and equipment, and licenses, which are necessary to provide subscribers or customers of the LICENSEE a SHAW SEPAX SYSTEM of complete communications flexibility, compatible with the customer agreement attached hereto and made a part hereof as Schedule "C".

LICENSEE agrees that the system and all related equipment is to be used for customers or subscribers located in

the _____ Area Code of the State of _____ and that any other use for the system and its related equipment shall be construed to be an infringement of the patent rights to the equipment and a breach of this Agreement and just cause for immediate cancellation and termination of this Agreement by LICENSOR.

4. LICENSOR shall not be held responsible for any delays in or inability to perform under this Agreement caused by acts of God, labor disputes, strikes, riots, war, disasters, fire, floods, manufacturer's production delays, shortage of supplies and material, governmental limitation or other circumstances unavoidable or beyond LICENSOR'S control.

5. LICENSOR warrants to LICENSEE that the operation of the SHAW SEPAX SYSTEM and its related services is not violative of any Federal or State Law and is not in conflict with or contrary to the rules and regulations of the Federal Communications Commission, or any other agency or instrumentality of the Federal or State government having regulatory authority in this field. LICENSOR will indemnify and save LICENSEE harmless from all fines, suits, proceedings, claims, demands or action of any kind or nature, from any person, government or governmental agency, arising out of or otherwise connected with the operation of the SHAW SEPAX SYSTEM.

LICENSOR warrants that the "SHAW SEPAX SYSTEM" is presently free of any suits at law or in equity or complaints from any other competitive system now in use, and that there are no suits, hearings or claims which could result in LICENSEE being unable to implement the customer agreement attached as Exhibit C.

6. LICENSOR agrees that it will maintain and service the LICENSEE'S SHAW SEPAX SYSTEM and all its related equipment for a period of one year from the time the equipment

is installed and fully operational, at no cost to the LICENSEE. LICENSOR further agrees to promptly provide all required subsequent service and maintenance to LICENSEE at LICENSOR'S cost plus fifteen (15%) percent; however, LICENSOR warrants that the said subsequent system and maintenance cost will never exceed \$100 per month to the LICENSEE for the term of this Agreement and subsequent term of any option.

LICENSOR agrees to provide all managerial and administrative assistance requested by the LICENSEE necessary in the operation of the LOCATION during the first year of operation without cost to the LICENSEE.

7. LICENSEE agrees to furnish to LICENSOR monthly statements of its income and expenses. Quarterly statements of income and expenses shall be certified by a Certified Public Accountant. LICENSEE further agrees to keep its books and records available to LICENSOR at the LICENSEE'S office or its accountant's office at any reasonable time during the term of Agreement or any renewal thereof for the purpose of auditing and/or examination. LICENSEE shall be responsible for the monthly billing of subscribers or customers and shall provide LICENSOR with a complete list thereof with amount of payments received and delinquencies, on or before the 5th day of the month for the prior month's activity.

8. LICENSEE agrees to use the name or names of "SHAW SEPAX SYSTEM" during the term of this Agreement.

9. LICENSOR agrees to solicit and obtain the contracts for the first 60 services of the LICENSEE for the LOCATION at the sole expense of the LICENSOR.

LICENSEE agrees to carry out and to pay the cost for advertising its LOCATION only after the initial 60 accounts agreements have been executed and the first month's security deposits have been received and deposited in a joint LICENSOR-LICENSEE escrow account at _____ and after the office is fully operational and is turned over to

the LICENSEE. LICENSEE may thereafter advertise and promote its LOCATION as it shall deem expedient, but consistent with the reasonable requirements, advice and director of LICENSOR.

10. The LICENSEE agrees to pay the LICENSOR for this license the sum of \$100,000.00, payable as per Schedules A & B which are attached hereto, and made a part hereof.

In addition to the foregoing, during the term of this license, LICENSEE shall pay LICENSOR as license royalty, the sum of fifty (50%) percent of the net profit from the operation of each establishment or LOCATION covered by this Agreement. The term "net profits" as herein used shall be determined by the following formula: "Gross Income" shall mean all income except any sum which may be collected on account of any sales tax which may now or hereafter be levied by government authorities. "Net Profit" shall then be determined by deducting those expenses for the operation of each office which are directly related to the operation of the system before Federal and/or State Taxes are deducted therefrom. In no event shall the total amount of deductions allowable in the computation of net profit for the purpose of license royalties exceed the sum of TWELVE THOUSAND and 00/100 (\$12,000.00) DOLLARS per month for office or LOCATION as further limited per Schedule "A." Such royalty payment shall and must be made monthly and shall be due no later than the fifth day of the month following the month for which payment is made. Failure by LICENSEE to make royalty payments within 10 days of due date shall be cause for revocation by LICENSOR of the license granted herein.

The limit of allowable deductions to TWELVE THOUSAND and 00/100 (\$12,000.00) DOLLARS shall be absolute in the computation of royalties due LICENSOR, but shall be subject to increase in the event the monthly charges for leased circuits, or interface facilities are increased by the common carriers, after the charges agreed upon at the time the LICENSEE'S office is

initially set up in which amount the total monthly disbursements by LICENSEE may exceed \$12,000.00 by the amount of such increases. It is the duty and obligation of the LICENSEE to pay for and disburse all monthly charges for leased circuits and other expenses per Schedule "A", only after the office is fully operational.

The LICENSOR shall obtain at its expense, and keep in effect for the LICENSEE, FROM THE DATE THE EQUIPMENT IS INSTALLED IN THE LOCATION, any and all necessary licenses or approvals from any regulatory agency or agencies which may be required in connection with the lawful operation of the SHAW SEPAX SYSTEM at the LOCATION.

12. LICENSEE shall have the right to enter into Agreements or contracts wherein subscribers or customers agree to pay specific amounts of money for the equipment which the LICENSEE will be able to provide when LOCATION becomes operational, but only with approval of the LICENSOR. These Agreements or contracts cannot be sold, transferred, assigned in any manner, shape, or form by the LICENSEE and in the event this Agreement is cancelled, terminated or breached for any reason, these contracts or Agreements become automatically by unrestricted consent and agreement of the LICENSEE the sole and exclusive property of the LICENSOR. The LICENSEE agrees to hold in an interest bearing escrow account any and all monies collected by it as a security deposit from the customers or subscribers. These accounts shall be in the name of both the LICENSOR and LICENSEE, and will be used in accordance with the customers agreement attached hereunto and will show each customer's name and address and the amount of deposit by each customer. In the event of cancellation or termination of this Agreement for any reason, the LICENSEE, its creditors, assigns, transferees, or successors shall have no claim to or any right, title, or interest therein or thereto inconsistent with the customer agreement.

-54-

13. LICENSEE shall be responsible for all loss or damage to any equipment located in the LICENSEE'S office or LOCATION, and for all claims or demand for damages to property or for injury or death of persons directly or indirectly resulting therefrom. LICENSEE agrees to indemnify and save harmless LICENSOR of and from such claims, loss or damage. However, LICENSEE shall not be responsible for any loss or damage or claims arising out of any equipment located outside LICENSEE'S office and it shall not be required to indemnify and save harmless the LICENSOR from claims, loss or damage arising out or or related to equipment located outside LICENSEE'S office.

LICENSEE shall carry at all times during the term of this Agreement with a _____ approved insurance carrier, adequate Workmen's Compensation Insurance and General Liability Insurance of not less than \$100,000/\$500,00.00. Said insurance shall also name LICENSOR as an insured covering Public Liability; and LICENSEE will, at the request of LICENSOR, furnish or cause to be furnished to LICENSOR, copies of said policies and/or the endorsements thereto evidencing compliance with this paragraph, and will promptly pay all premiums on said policies as and when the same become due.

14. This Agreement shall terminate at the option of the LICENSOR in the event that LICENSEE discontinues the operation at the LOCATION specified, or in the event LICENSEE fails to substantially fulfill any of its obligations under this Agreement. Failure of LICENSOR to terminate this Agreement for any of the reasons mentioned herein shall not constitute a waiver of its right to terminate this Agreement for such reason or any other reason at a subsequent time.

15. LICENSEE shall not voluntarily, or by operation of law or otherwise, sell, assign, transfer, convey, or encumber this Agreement or any right or interest therein or thereunder, unless the written consent of the LICENSOR is first had and

obtained. LICENSEE shall be permitted to assign, transfer and convey the licenses to a corporation to be organized for the purpose of operating the business and in which _____

_____ is/are the principal stockholders.

In the event the LICENSOR gives such consent it is at all times subject to the limitation that no sale, assignment, transfer, conveyance or encumbrance of this Agreement or any right or interest therein or thereunder shall result in a profit to and for the LICENSEE. By no device, method, program, schedule, scheme or agreement shall LICENSEE receive a price, money, or anything of value in excess of the purchase price paid by the LICENSEE under this Agreement.

Furthermore, the LICENSOR prior to any sale, assignment, transfer or conveyance, shall be given the right to purchase all the right, title or interest of the LICENSEE in the LOCATION, at no less than the original \$100,000.00 cost to the LICENSEE. LICENSOR shall have 30 days after the LICENSEE has certified to it the purchase price, to refuse or agree to purchase. If the LICENSOR refuses to purchase, it must notify the LICENSEE within 30 days thereafter of either its consent to the change of ownership or disapproval. LICENSOR agrees not to unreasonably withhold consent.

16. In the event LICENSEE be adjudicated a bankrupt or become insolvent, or if a receiver, whether permanent or temporary, of the LICENSEE'S property, or any part thereof, shall be appointed by a court of competent authority, or if LICENSEE shall make a general assignment for the benefit of its creditors, or fails to make payment of indebtedness to LICENSOR within the period of time provided in paragraph 7 above, or if any judgement against LICENSEE remains unsatisfied or unbonded of record for thirty (30) days or longer, or in the event LICENSEE substantially

defaults in the performance of any of the terms and conditions of this Agreement on its part to be kept and performed, or upon and subject to which is based the Agreement and license hereunder, and said default be not cured within fifteen (15) days after service or written notice of default upon LICENSEE, then LICENSOR, at its option, and without prejudice to any and all remedies which it may otherwise have, may forthwith terminate this Agreement and license by service of written notice of intention so to do upon LICENSEE.

17. No waiver by LICENSOR of any default in performance on the part of LICENSEE, or like waiver by LICENSOR of any breach or a series of breaches, or any of the terms, covenants and conditions of this Agreement, shall constitute a waiver of any subsequent breach or waiver of said terms, conditions or covenants.

18. On termination of this Agreement and license, whether by reason or lapse of time, default in performance or other cause of contingency, LICENSEE shall forthwith discontinue the use of the said trade name and trademark and shall remove and/or obliterate any sign or designation at the said establishment or elsewhere that might indicate the operation of the business licenses under this Agreement, and LICENSEE shall forthwith discontinue the use of any and all printed goods bearing the said trade name and/or trademark or any reference whatever thereto; LICENSEE further agreeing that it will not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that the license was still in force, and LICENSEE further agreeing that it shall not, for a period of five (5) years thereafter engage in the same or similar business.

19. This Agreement and said rights and license granted hereunder, unless theretofore terminated, shall be and

remain in full force and effect for a period of twenty (20) years from and after the effective date of this Agreement, which shall be the date the LICENSEE'S office is fully operational and customer contracts signed. Upon the expiration of the term of this Agreement and provided LICENSEE shall not then be in default thereunder, LICENSEE shall have the right, privilege and option of renewing this Agreement for an additional period of not less than five (5) years nor more than ten (10) years upon written notice to LICENSOR then given of LICENSEE'S election so to do. Except with respect to the length of the Agreement, during the renewal period, all terms and conditions of this Agreement shall remain the same.

20. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal service or by depositing a copy thereof in United States Registered or Certified Mail, with postage thereon fully prepaid, in a sealed envelope, to be addressed to LICENSEE at said LOCATION, if notice is to be given to it. The address hereby given for the service of notice may be changed at any time by either party through written notice to be given to the other as herein provided.

21. In the event it becomes necessary for LICENSOR or LICENSEE to institute any action at law or in equity against the other to secure or protect rights under this Agreement, the prevailing party shall be entitled to recover in any judgement entered therein in its favor such reasonable attorney's fees as may be allowed by the court, together with such court costs and damages as provided by law.

22. All reference herein in the singular may be construed to include the plural where applicable, and the masculine to include the neuter gender; and all covenants, agreements and obligations of the several persons named herein as LICENSEE.

23. Should any part of this Agreement except paragraph 5 hereof, be for any reason declared invalid, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in force and effect as if

this Agreement had been executed with the invalid portion thereof eliminated and it is hereby declared the intention of the parties hereto that they would have executed the remaining portion of this Agreement without including therein any such part, parts or portion which may for any reason be hereafter declared invalid, except that if any such portion of this Agreement shall be declared invalid and the invalid portion shall frustrate the overall intent of this Agreement or prevent or impede the LICENSEE from engaging in the business contemplated herein and on substantially the terms set out herein, the whole Agreement shall be deemed invalid. Notwithstanding the foregoing, LICENSOR specifically guarantees the provisions of paragraph 5 hereof. The LICENSOR agrees that in the event there is found to be, now or in the future, any violation at the option of the LICENSEE, the purchase price and all other monies invested by the LICENSEE, under this Agreement, that have not already been returned to the LICENSEE as a profit under Schedule "A", shall be returned and refunded to the LICENSEE by the LICENSOR, its successors or assigns.

24. This Agreement supersedes any and all other Agreements, either oral or in writing, between the parties with respect to said matter and shall be governed by the Laws of the State of _____; LICENSOR specifically agrees that any litigation between the parties arising out of this Agreement shall take place in an appropriate court, either Federal or State, located in the State of _____ and the LICENSOR agrees to voluntarily submit itself to the jurisdiction of such court or courts with service of process on it by Certified or Registered Mail being deemed good and valid service.

25. This Agreement shall inure to the benefit of the successors and assigns of LICENSOR. The interest of the LICENSEE in this Agreement is personal and shall not be assigned,

transferred, shared or divided in any manner by the LICENSEE, and if said LICENSEE is a corporation, it is understood and agreed that the shares of capital stock of said corporation shall not be sold, pledged, hypothecated, assigned or transferred so as to change the controlling interest therein, without the written consent of the LICENSOR first obtained, which consent shall not be unreasonably withheld; provided, however, that in the event of the death of _____, the transfer of the interest of such deceased person, either by will or intestacy or to the survivor of said _____ persons, if there is a stockholders buy and sell agreement in existence between them, shall not constitute an assignment or transfer within the meaning of this paragraph and the said survivor, whether it be the said _____ or _____, shall be permitted to retain the license and continue to operate the business in the same manner and to the same extent as if both the said _____ and _____ had survived. In the further event that both the said _____ and _____ shall die, the rights and obligations of each such deceased person shall inure to the benefit of the estates of each such deceased person provided the beneficiaries thereunder shall be capable of performing the duties and obligations required under this Agreement and provided further that such beneficiaries shall first give notice in writing to LICENSOR of such election thirty (30) days from the date of death; and provided, further, that in the event the LICENSEE shall be an individual and shall die leaving no beneficiary capable of performing the obligations set forth above, then his estate or legal representative shall have the right to sell subject to the provisions of this Agreement, the operation to a responsible bona fide purchaser acceptable to the LICENSOR and who shall agree

in writing with the LICENSOR to assume and honor this Agreement.

26. It is further agreed by LICENSOR that the LICENSEE shall have the right of first refusal to become the LICENSEE for a second office in the ____ Area Code, on the same terms and conditions as this license Agreement, within thirty (30) days from the time the LICENSOR deems it advisable and feasible after they have a waiting list of at least 30 additional lines subscribed to, with deposits held in escrow for these lines which the first office could not supply. It is also agreed by the LICENSOR that they will continue to solicit new customers in the ____ Area on the same terms and type of equipment offered as they did when signing customers for the first office, and that they will always give the LICENSEE herein first right of refusal on any new type of equipment which LICENSOR may have to offer.

27. LICENSOR further agrees that at no time during the life of this Agreement or any extension thereof, will they allow competition to develop between their LICENSEES, as the prices offered to customers by LICENSEE offices will always be established by LICENSOR and its sales corporation; LICENSOR further agrees that it will not grant an additional license or licenses in Area Code ____ if the same would result in the LICENSEE herein maintaining 60 service agreements as contemplated in paragraph 9 above.

28. LICENSEE shall conduct no business at the LOCATION other than the business involved in the operation of a branch telephone office as part of the SHAW SEPAX SYSTEM.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, the day and year in the Agreement first



ONE TIME EXPENSE

EQUIPMENT

A. ENCODERS, DECODERS, 9,195.00
& CENTRAL DICTATION

-2-
175 HARRISON STREET, AUSTIN
TEXAS 78701 TEL. 481-1111
1-800-451-1111

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SCHEDULE "B"

LICENSEE agrees to pay to LICENSOR the sum of \$30,000.00 upon the signing of the Agreement. The further sum of \$70,000.00 will be paid to LICENSOR when the LICENSEE'S office is fully operational and functioning with at least 60 prepaid and legally binding accounts executed in favor of the LICENSEE, and assigned to LICENSEE.

LICENSOR further agrees that immediately upon payment of the Aggregate sum of \$30,000.00, all necessary equipment will be ordered for the LICENSEE'S office, and that it will be shipped to and installed in the said office before the expiration of 30 days thereafter. LICENSOR further warrants and represents that said entire sum of \$30,000.00 will be used for equipment and all leased circuits and all other items required for the establishment of LICENSEE'S office and not for any other purpose.

LICENSOR further agrees that within 30 days after payment of the aggregate sum of \$30,000.00, it will come into the _____ area to obtain customer contracts for the office, and contract with proper telephone companies for the necessary interface lines and obtain the permits necessary to the valid operation of the LICENSEE'S office and the proper function of the SHAW SEPAX SYSTEM, to be installed therein.

LICENSOR warrants that in the event they are unable, after sincere negotiations by them, to acquire all necessary permits and leased circuits for the legal operation of the office in _____, within 90 days from the signing of the Agreement, of which this is a part, the LICENSEE would then have the option to demand the return of the \$30,000.00 payment that LICENSOR would within 30 days of such

written request by LICENSEE, refund the \$30,000.00 plus any and all costs pertaining to the leasing of an office LOCATION incurred by LICENSEE to date, thereby voiding the entire Agreement.

ATTEST:

AMERICAN INTERNATIONAL
TELEPHONE, INC.

WALTER H. SHAW, President

WITNESS:

-64-

CUSTOMER - SHARED ELECTRONIC PRIVATE AUTOMATIC EXCHANGE (SEPAX) AGREEMENT

THIS AGREEMENT made and entered into this _____ day of _____, 197____, by and between American International Telephone, Inc., with its office at _____, HERINAFTER REFERRED TO AS "AIT," and _____, a private business with its main office located at _____, herinafter referred to as "Customer."

WITNESSETH:

WHEREAS:

1. AIT will provide:

- A. Facsimile: Dex 580.
- B. Telex Message Forwarding Service.
- C. One remote access tone dialer.
- D. Conference call unit.
- E. Digital paging.
- F. Central dictation facilities.
- G. Call forwarding unit.

2. AIT also agrees to provide at extra charges: Customer in addition to SEPAX

- A. _____ remote dialers.
- B. Data modems.
- C. _____ facsimile Dex units.

3. Customer agrees to pay the sum of _____ per month for these AIT Services, such amount to be paid in advance and within the first ten (10) days of the new monthly period. The monthly period shall begin on the first day of SEPAX Service.

4. This Agreement shall be on a month-to-month basis with either Party having the option to terminate the Agreement upon thirty (30) days written notice sent to other Party at the address above first written. In the event AIT terminates without cause, AIT shall return the initial security deposit less any amounts due, on a pro-rata basis. If the Customer terminates, then AIT shall apply the Security Deposit to any monies due not to exceed the amount of the Security Deposit. If the Customer fails to pay his monthly payment within ten (10) days of his monthly billing date, then the Company has the right to terminate this Agreement for cause and apply the Security Deposit to any monies due by Customer.

5. Customer hereby warrants and covenants that it is a private business and that all services under this Agreement will be used only in its capacity as a private business. Customer further agrees that it will not engage in any activities in the usage of the Services provided in this Agreement that are in violation of the laws of the United States of America or of the State of _____. Any breach of this paragraph shall give AIT the right to terminate this Agreement without other cause and without notice as provided in Paragraph 4 hereof.

6. AIT hereby agrees that all installation and servicing of the aforementioned equipment shall be at its expense. In the event equipment is not in working order within three hours after notification of a defect in equipment to AIT, then Customer shall be entitled to a pro-rata rebate for each such day. (Equipment, as used in this Contract, only refers to the service of this equipment specified in paragraph one.) In the event such defect continues for a period of three (3) days from such notification to AIT, then Customer shall have the right to terminate this Agreement immediately.

7. AIT may not increase prices for service and equipment under this Agreement for one calendar year.

REMARKS:

Accepted by:

AMERICAN INTERNATIONAL TELEPHONE, INC.

Authorized officer or agent

Accepted by:

24

Authorized signature

CUSTOMER - SHARED ELECTRONIC PRIVATE AUTOMATIC EXCHANGE (SEPAX) AGREEMENT

THIS AGREEMENT made and entered into this _____ day of _____, 197____, by and between American International Telephone, Inc., with its office at _____, HERINAFTER REFERRED TO AS "AIT," and _____, a private business with its main office located at _____, herinafter referred to as "Customer."

WITNESSETH:

WHEREAS:

1. AIT will provide:

- A. Facsimile: Dex 580.
- B. Telex Message Forwarding Service.
- C. One remote access tone dialer.
- D. Conference call unit.
- E. Digital paging.
- F. Central dictation facilities.
- G. Call forwarding unit.

2. AIT also agrees to provide at extra charges: Customer in addition to SEPAX

- A. _____ remote dialers.
- B. Data modems.
- C. _____ facsimile Dex units.

3. Customer agrees to pay the sum of _____ per month for these AIT Services, such amount to be paid in advance and within the first ten (10) days of the new monthly period. The monthly period shall begin on the first day of SEPAX Service.

4. This Agreement shall be on a month-to-month basis with either Party having the option to terminate the Agreement upon thirty (30) days written notice sent to other Party at the address above first written. In the event AIT terminates without cause, AIT shall return the initial security deposit less any amounts due, on a pro-rata basis. If the Customer terminates, then AIT shall apply the Security Deposit to any monies due not to exceed the amount of the Security Deposit. If the Customer fails to pay his monthly payment within ten (10) days of his monthly billing date, then the Company has the right to terminate this Agreement for cause and apply the Security Deposit to any monies due by Customer.

5. Customer hereby warrants and covenants that it is a private business and that all services under this Agreement will be used only in its capacity as a private business. Customer further agrees that it will not engage in any activities in the usage of the Services provided in this Agreement that are in violation of the laws of the United States of America or of the State of _____. Any breach of this paragraph shall give AIT the right to terminate this Agreement without other cause and without notice as provided in Paragraph 4 hereof.

6. AIT hereby agrees that all installation and servicing of the aforementioned equipment shall be at its expense. In the event equipment is not in working order within three hours after notification of a defect in equipment to AIT, then Customer shall be entitled to a pro-rata rebate for each such day. (Equipment, as used in this Contract, only refers to the service of this equipment specified in paragraph one.) In the event such defect continues for a period of three (3) days from such notification to AIT, then Customer shall have the right to terminate this Agreement immediately.

7. AIT may not increase prices for service and equipment under this Agreement for one calendar year.

REMARKS:

Accepted by:

AMERICAN INTERNATIONAL TELEPHONE, INC.

Accepted by:

25

Authorized officer or agent

Authorized signature

THIS AGREEMENT made and entered into this _____ day of _____, 197____, by and between American International Telephone, Inc., with its office at _____, HERINAFTER REFERRED TO AS "AIT," and _____, a private business with its main office located at _____, herinafter referred to as "Customer."

WITNESSETH:

WHEREAS:

1. AIT will provide:

- A. Facsimile: Dex 580.
- B. Telex Message Forwarding Service.
- C. One remote access tone dialer.
- D. Conference call unit.
- E. Digital paging.
- F. Central dictation facilities.
- G. Call forwarding unit.

2. AIT also agrees to provide at extra charges: Customer in addition to SEPAX

- A. _____ remote dialers.
- B. Data modems.
- C. _____ facsimile Dex units.

3. Customer agrees to pay the sum of _____ per month for these AIT Services, such amount to be paid in advance and within the first ten (10) days of the new monthly period. The monthly period shall begin on the first day of SEPAX Service.

4. This Agreement shall be on a month-to-month basis with either Party having the option to terminate the Agreement upon thirty (30) days written notice sent to other Party at the address above first written. In the event AIT terminates without cause, AIT shall return the initial security deposit less any amounts due, on a pro-rata basis. If the Customer terminates, then AIT shall apply the Security Deposit to any monies due not to exceed the amount of the Security Deposit. If the Customer fails to pay his monthly payment within ten (10) days of his monthly billing date, then the Company has the right to terminate this Agreement for cause and apply the Security Deposit to any monies due by Customer.

5. Customer hereby warrants and covenants that it is a private business and that all services under this Agreement will be used only in its capacity as a private business. Customer further agrees that it will not engage in any activities in the usage of the Services provided in this Agreement that are in violation of the laws of the United States of America or of the State of _____. Any breach of this paragraph shall give AIT the right to terminate this Agreement without other cause and without notice as provided in Paragraph 4 hereof.

6. AIT hereby agrees that all installation and servicing of the aforementioned equipment shall be at its expense. In the event equipment is not in working order within three hours after notification of a defect in equipment to AIT, then Customer shall be entitled to a pro-rata rebate for each such day. (Equipment, as used in this Contract, only refers to the service of this equipment specified in paragraph one.) In the event such defect continues for a period of three (3) days from such notification to AIT, then Customer shall have the right to terminate this Agreement immediately.

7. AIT may not increase prices for service and equipment under this Agreement for one calendar year.

REMARKS:

Accepted by:

AMERICAN INTERNATIONAL TELEPHONE, INC.

Authorized officer or agent

Accepted by:

Authorized signature

MEMO

TO: [REDACTED]

FROM: [REDACTED]

CC [REDACTED]

EXHIBIT "C"

b6

b7C

June 10, 1975

SUBJECT: American International Telephone Inc.

Further to [REDACTED] memo to you regarding the above subject:

In our study it became quite clear that Walter Shaw is offering nothing "new" to the Telephone Interconnect Industry in general or to be specific, Walter's company offers nothing new in the way of services to prospective subscribers.

Basically the company is (at present) subscribing to PABX subscriber service much in the same manner as any other firm. The PABX is an automatic switch board and is installed and maintained by the Bell and/ or the local telephone company which may be an independent. As I understand the plan the "central office", franchised by AIT, would connect the branch lines of the PABX to subscribers (of the AIT Plan) by either dial up or dedicated lines. The trunk lines of the PABX would then be available to the subscribers much in the same manner as trunk lines are available to any branch desk set in factory or office. The switching simply takes place through the PABX. "The add on," if any, would be the access; by way of trunk lines to either Watts lines, micro-wave channels or satalite link.

TO: []

FROM []

b6

b7C

From our many conversations with Walter Shaw we have determined that through the PABX terminal, supplied by the Bell or local telco he (his company) will offer services such as photo facsimile, teletype, telephone, message forwarding and other services much in the same way as some of today's sophisticated telephone answering service companies. I am absolutely positive that AIT will be required by law at some point in time to file for a license with the FCC if he plans to "sell" metered time on leased lines.

Technically; what Walter plans to do is quite feasible. From a marketing point of view, as well as the legal problems involved in doing it; I must say that neither Walter nor [] [] have been lucid enough, with me at least, for me to form an opinion.

b6

b7C

From the outset Walter has been very "defensive". This attitude will have to be completely reversed before we can form constructive plans to interface our company and/ or our products with his(AIT).

b6

b7C



With the Compliments of

CONSUMER MICROCIRCUITS OF AMERICA, INC.

10727 Indian Head Industrial Blvd. ■ St. Louis, Missouri 63132 ■ Phone 314/423-4900

short
form
summary

C.M.A. INTRODUCES THE
FOLLOWING NEW LINE OF INTEGRATED CIRCUITS

FX-101L/FX-101	MULTI-PURPOSE FREQUENCY SENSITIVE SWITCHES
FX-301L/FX-301	HIGH/LOW DATUM SWITCHES
FX-401	FREQUENCY SENSITIVE TRI-STATE SWITCH
FX-501 & FX-501-R	TONE TRIGGERED BISTABLE SWITCHES
FX-601 & FX-601-R	TONE TRIGGERED MONOSTABLE TIMERS
FX-107	3-TONE SEQUENTIAL CODE TRANSCEIVER
FX-207	3-TONE MULTI-CODE TRANSMITTER
FX-307	3-TONE MULTI-CODE RECEIVER
FX-109	DUAL MONOSTABLE TIMER
FX-105	DIGITAL TONE FILTER SWITCH

SOON TO BE RELEASED:

5-TONE SEQUENTIAL CODE TRANSCEIVERS

- 70 -

FX-101L/FX-101 — MULTI-PURPOSE FREQUENCY SENSITIVE SWITCHES

Operating frequency adjustment range 1 Hz to 50 kHz, bandwidth adjustable from 1% upwards. The output switch is an integral MOS transistor which is turned ON when the input frequency lies within the selected bandwidth. Operates with sine or pulse input signals of 0.1V to 15/20V. Both devices are pin compatible and housed in 10 lead TO-5 case, FX-101L supply voltage 8V to 15V and FX-101 12V to 22V.

FX-301L/FX-301 — HIGH/LOW DATUM SWITCHES

High performance frequency operated DATUM switches. Complementary outputs give a single-pole changeover switch action when the input frequency reaches a preset value. Operating frequency adjustable between 1 Hz and 50 kHz, set point hysteresis independently adjustable from 0.1% to 99%. Has wide application as a precision overspeed/underspeed tachometry switch. Both devices are pin compatible and housed in 10 lead TO-5 case, FX-301L supply voltage 8V to 15V and FX-301 supply voltage 12V to 22V.

FX-401 — FREQUENCY SENSITIVE TRI-STATE SWITCH

This device is designed to monitor variations of an input frequency relative to two independently adjustable set points. Three mutually exclusive output switches are provided to indicate when the signal is below the lowest set point, between the two set points or above the highest set point. Set points are independently adjustable between 1 Hz and 20 kHz, input signal amplitude is 0.1V to 20V sinewave or pulse. Control pins allow a choice of latching functions and a choice of output inversion. The FX401 also allows a choice of output switching actions in the event that the input signal is instantaneously interrupted or cut-off. Operating from an 8V to 15V supply, the FX-401 is housed in a 16 pin D.I.L. ceramic package.

FX-501 & FX-501-R — TONE TRIGGERED BISTABLE SWITCHES

On receipt of an in-band burst, the bistable output switch turns ON. The switch may be turned OFF by applying a further tone burst. Trigger-tone frequency is adjustable to any value between 10 Hz and 20 kHz; a high gain signal amplifier permits operation from signals of 50 mVp-p upwards. Both devices are identical in operation, but the FX-501 has a fixed $\pm 3.5\%$ tone channel bandwidth while the FX-501-R bandwidth is externally adjustable from 2% to 10%. 8 pin and 10 pin TO-5 cases respectively, supply voltage 8V to 15V.

FX-601 & FX-601-R — TONE TRIGGERED MONOSTABLE TIMERS

A precision monostable timer with adjustable timing period of 1 mS through 1 hour. The timer is triggered when an input tone frequency is received, trigger frequency is adjustable between 10 Hz and 20 kHz. FX-601 has a fixed $\pm 3.5\%$ tone channel bandwidth, the R version has an adjustable bandwidth of 2% to 10%. 8 pin and 10 pin TO-5 cases respectively, 8V to 15V operating voltage.

FX-107 — 3-TONE SEQUENTIAL CODE TRANSCEIVER

A complete sequential-tone code receiver/transmitter on a single monolithic chip. On receipt of a coded series of three input tones, the receiver output switches. Grounding the 'transmit' pin causes a 3-tone code to be transmitted. The FX-107 incorporates automatic receive/transmit transponder circuits and has facilities for independent adjustment of transmitter tone duration, tone channel bandwidth and receiver gate periods. The three-tone frequencies used are determined simply by the values of three fixed resistors and are adjustable between 100 Hz and 7 kHz. Packaged in a 16 pin ceramic D.I.L., the device operates from an 8V to 15V supply.

FX-207 — 3-TONE MULTI-CODE TRANSMITTER

This device transmits any one of eight different three-tone codes, selected by logic levels applied to three coding pins. The codes are derived from permuted sequences of three-tone frequencies, which are pre-set according to the values of three fixed resistors. Tone duration is adjustable and a timer is included which allows delayed transmission following a 'transmit' instruction. Packaged in a 16 pin ceramic D.I.L., the FX-207 operates from 8V to 15V supplies.

FX-307 — 3-TONE MULTI-CODE RECEIVER

Receipt of any one of eight different three-tone codes causes the output switch to operate; the output is a three-line binary word indicating which of the eight codes is received. The three tones used in the codes are programmed simply by fitting three fixed resistors, and are adjustable between 10 Hz and 7 kHz. Control pins are provided which allow various switch latching, updating and reset options to be obtained. Packaged in a 16 pin ceramic D.I.L., the FX-307 operates from 8V to 15V supplies. The FX-107, FX-207 and FX-307 are a family of compatible devices designed for selective calling and multi-instruction remote signaling functions using a common signaling line.

- 7/-

FX-109 -- DUAL MONOSTABLE TIMER

Two independent level-triggered monostables with uncommitted wire-OR-able outputs. The RC timing pins have very high input impedances and allow long timed periods to be obtained using moderate capacitor values. One of the monostables is retriggerable and incorporates a trigger amplifier. 10 pin TO-5 case, supply voltage 8V to 15V at 3 mA nominal.

FX-105 -- DIGITAL TONE FILTER SWITCH

A high-performance monolithic tone-operated switch designed for operation under high noise signaling conditions. A solid state replacement for resonant reeds, ceramic resonators, twin-tee and LC filter switches, the FX-105 features typical S/N ratios of -36 dB (wideband noise) and -12 dB (adjacent channel noise, channel separation 5%). Tone channel bandwidth is adjustable between 1% and 10%, independent of Q. Operating frequencies are 30 Hz to 3 kHz, supply voltage 10V to 15V and the package is 16 lead ceramic D.I.L. The FX-105 has wide application in CTSS, selective calling, supervisory tone and parallel N-from-M signaling systems.

SOON TO BE RELEASED

5-TONE SEQUENTIAL CODE TRANSCEIVERS

FX-407 (Operation in accordance with the frequencies and code format recommendations of CCIR).

FX-507 (Operation in accordance with the frequencies and code format recommendations of ZVEI).

These complex LSI monolithic circuits function as fully operational 5-tone sequential code encoders/decoders having been designed for use in selective calling systems utilizing the basic CCIR or ZVEI frequency standards. Each device incorporates its own filters and tone generators on chip, and has been pre-programmed to the 12 frequencies specified by the appropriate standard. Included also are all the logic, ancillary timing and gating functions for decoding and encoding a 5-tone code sequence.

Code programming is carried out by pin linking and can be easily varied at will; up to 100,000 codes can be selected in this manner. The coding may be interchanged for receive and transmit functions and the device can also be programmed to automatically transpond a reply code on receipt of its address code.

In addition to decoding the programmed address code, the device has provision for decoding group call-up codes. This is achieved by including either an '0' frequency tone or a special group tone at selected points of the 5-tone sequence. This group call facility entitles groups of up to 10, 100 or 1,000 receivers to be called simultaneously; also available is an auxiliary output switch which indicates whether a call has been received as an individual address code or as a group code.

Meticulous attention has been paid to the operation of the tone decoders under high noise signaling conditions and special digital filtering techniques are incorporated which allow for operation under adverse signal-to-noise ratios exceeding the appropriate standards by a wide margin. The filter circuits are designed with a wide dynamic input range and will accept tone amplitudes down to 25 mV RMS.

In transmit mode, the device generates a pseudo-sine output waveform consisting of incrementally stepped output levels; this is easily shaped by an external RC network to yield low-harmonic distortion sinewaves for transmitter modulation purposes. If line transmission systems are employed, the device transmit output can be applied directly to the coupling transformer of a telephone line and this will perform the shaping function accordingly.

The FX-407 and FX-507 are packaged in 40 pin D.I.L. ceramic cases and are rated for full operation over the temperature range -30°C to +85°C. They require only a single low current 10V to 15V supply and are suitable for portable or vehicle-mounted battery operation.

These advanced new products from CMA are designed to form the optimum solution to add-on or OEM design-in requirements for selective call facilities in equipments using the CCIR or ZVEI frequency standards; they offer unparalleled advantages in cost, performance, size and simplicity of use unobtainable to systems employing conventional techniques.

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS SECTION

JAN 12 1976

TELETYPE

NR007 MM PLAIN

12:39PM URGENT JANUARY 12, 1976 JWB

TO DIRECTOR (87-137183)

MOBILE

FROM MIAMI (87-34168) (P)

WALTER H. SHAW, AKA., ITSP - FBW. OO: MIAMI.

ON JANUARY 12, 1976, AUSA PAT SULLIVAN, SDF, MIAMI, FLORIDA, ADVISED THAT SA [REDACTED] MOBILE DIVISION, IS A NECESSARY WITNESS REGARDING CAPTIONED MATTER SCHEDULED FOR TRIAL U. S. DISTRICT COURT, MIAMI, FLORIDA, JANUARY 13, 1976. SA [REDACTED] TESTIMONY CONCERNS OBTAINING RECORDS NECESSARY FOR INTRODUCTION IN COURT.

UACB, SA [REDACTED] WILL ARRIVE MIAMI FOR TRIAL COMMENCING JANUARY 13, 1976.

END.

AJN FBIHQ CLR TU

Assoc. Dir. _____
Dep.-A.D.-Adm. _____
Dep.-A.D.-Inv. _____
Asst. Dir. : _____
Admin. _____
Comp. Syst. _____
Ext. Affairs _____
Files & Com. _____
Gen. Inv. _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____
Plan. & Eval. _____
Spec. Inv. _____
Training _____
Legal Coun. _____
Telephone Rm. _____
Director Sec'y _____

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REC-9

87-137183-6

23 JAN 20 1976

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3/14

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE MIAMI	OFFICE OF ORIGIN MIAMI	DATE 4/16/76	INVESTIGATIVE PERIOD 10/10/75 - 4/8/76	b6 b7C
TITLE OF CASE WALTER H. SHAW, aka 2		REPORT MADE BY <div style="border: 1px solid black; width: 150px; height: 20px;"></div>	TYPED BY pan	
		CHARACTER OF CASE ITSP - FBW <i>SRB</i>		

REFERENCES

Miami teletype to Newark, 10/10/75.
 Newark letter to Miami, 1/29/76.
 Miami teletype to Memphis, 12/17/75.
 Memphis teletype to Miami, 12/23/75.
 Miami teletype to Bureau, 4/4/76.

- P -

LEADSMIAMIAT HOMESTEAD, FLORIDA

Follow and report sentencing.

ACCOMPLISHMENTS CLAIMED					<input type="checkbox"/> NONE	ACQUIT- TALS	CASE HAS BEEN:
CON VIC.	PRETRIAL DIVERSION	FUG.	FINES	SAVINGS	RECOVERIES		
1-PM							PENDING OVER ONE YEAR <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

APPROVED

SPECIAL AGENT
IN CHARGE

DO NOT WRITE IN SPACES BELOW

COPIES MADE:

- ① - Bureau
- 1 - USA, Miami
(ATTN: AUSA GENESON)
- 1 - Mobile (Info)
- 2 - Miami (87-34168)

87-137183-7	REC 32
3 APR 20 1976	

Dissemination Record of Attached Report					Notations
Agency					
Request Recd.					
Date Fwd.					
How Fwd.					
By					

COVER PAGE

0-7R/stm
"no cons. cred. til sent"
4/29/76

MM 87-34168

ADMINISTRATIVE

The investigative period of this report is extensive, however, this matter has been in a prosecutive status during the investigative period and this case has been kept current by interoffice communications and constant contacts with the three Assistant U.S. Attorneys to whom this case has been assigned since referenced report.

Certain material regarding investigation to locate witnesses has been omitted from this report, because of lack of pertinence and in the interest of brevity.

- Cover Page -

- B* -

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATIONCopy to: 1 - United States Attorney, Miami, Florida
(Attention: Assistant U.S. Attorney DAVID GENESON)Report of: [REDACTED] Office: Miami, Florida
Date: 4/16/76

Field Office File #: 87-34168 Bureau File #:

Title: WALTER H. SHAW

Character: INTERSTATE TRANSPORTATION OF STOLEN PROPERTY;
FRAUD BY WIRE

Synopsis:

Trial, scheduled for 1/15/76, ordered postponed because SHAW admitted to hospital night of 1/13/14/76, allegedly suffering heart attack. Jury trial convened in U.S.D.C., SDF, Miami, 4/6/76. On 4/7/76, SHAW allegedly suffered heart attack in courtroom; taken to hospital. He was returned to trial on 4/8/76, and jury returned verdict of guilty to four counts of violation of T. 18, U.S. Code, S. 1343, and to four counts violation T. 47, U.S. Code, S. 220. Presentence investigation ordered. SHAW released and OR bond continued.

- P -

DETAILS:

On October 10, 1975, U.S. District Judge JAMES LAWRENCE KING, Southern District of Florida (SDF), Miami, Florida, issued an order, directing that no later than

MM 87-34168

October 15, 1975, WALTER H. SHAW will present himself to a court appointed physician, Newark, New Jersey, for heart examination. This matter was handled telephonically by Assistant U.S. Attorney MICHAEL P. SULLIVAN, Miami, and Assistant U.S. Attorney DAUBER, Newark.

On January 29, 1976, the Newark Division of the FBI, advised that medical records at Valley Hospital, Ridgewood, New Jersey, and at St. Francis Hospital, Trenton, New Jersey, would be made available only by subpoena.

On December 1, 1975, this prosecutive matter was reassigned from Assistant U.S. Attorney MARSHA LYONS, Miami, to Assistant U.S. Attorney MICHAEL P. SULLIVAN, Miami.

On January 6, 1976, a Discovery Hearing was held in the office of Assistant U.S. Attorney MICHAEL P. SULLIVAN, Miami, and was attended by WALTER SHAW and his attorney, [redacted] U.S. Public Defender's Office, Miami, and SA [redacted]

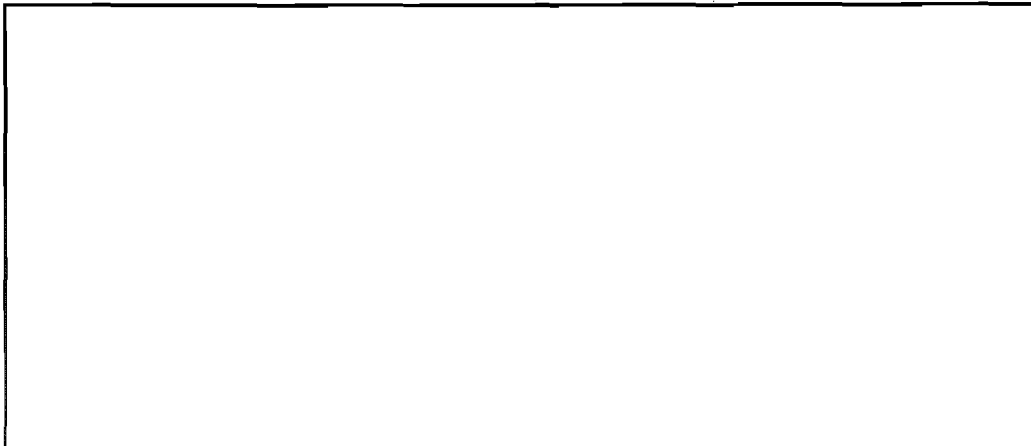
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On January 12, 1976, a pre-trial conference was held in SULLIVAN's office. Subpoenaed witnesses were as follows:

[redacted]

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MM 87-34168



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SA [redacted] FBI, Mobile, Alabama.

SA [redacted] FBI, Homestead,
Florida.

On the night of January 13-14, 1976, WALTER SHAW was admitted to the Cardiac Care Unit, North Shore Hospital, North Miami, Florida. According to Assistant U.S. Attorney SULLIVAN, he claimed to be suffering a heart attack. On January 14, 1976, U.S. District Judge JAMES LAWRENCE KING requested an immediate interview of SHAW's physician to determine the validity of this alleged heart attack.

On January 14, 1976, U.S. District Judge KING released all witnesses.

MM 87-34168

On January 14, 1976, [redacted]
[redacted] North Shore Hospital, advised that
WALTER SHAW was a "direct admittance" the previous day,
in that he arrived by ambulance and went directly into
the Cardiac Care Unit without signing any papers. His
condition is listed as serious. He advised that SHAW
is under the care of [redacted]
[redacted]

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On January 14, 1976, [redacted] was telephonically
contacted and confirmed that WALTER SHAW is his patient.
He expressed extreme concern regarding talking to the
Agent (SA [redacted]) without a release from
SHAW and stated only that SHAW would remain in the
hospital for a few days, no longer than one week.

While at [redacted] Office, an unidentified
nurse or secretary advised SA [redacted] that SHAW had walked
into [redacted] office the previous day, without an
appointment, complaining of chest pains. She stated
that it is standard practice that if there is the
slightest chance of an individual having heart trouble,
he would be admitted to a hospital for observation for
several days.

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On April 1, 1976, a second Discovery Hearing
was held in the office of Assistant U.S. Attorney MICHAEL
P. SULLIVAN, Southern District of Florida, Miami. This
time, the defense attorney was [redacted] former
Assistant U.S. Attorney, Miami. [redacted] primary interest
was in hearing the magnetic tapes which were made by
Southern Bell Telephone Company, prior to the opening
of this case.

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Assistant U.S. Attorney SULLIVAN said that the

MM 87-34168

call of the calendar for the week of April 5, 1976 occurred April 1, 1976, and this matter is being scheduled for trial late in the week of April 5, 1976.

He also said that the defense has agreed to stipulate to the foreign telephone numbers reached by SHAW with the aid of his "blue box"; thus it will not be necessary to bring witnesses from Israel and Hawaii.

On April 6, 1976, jury trial was convened in U.S. District Court, Southern District of Florida, Miami, before U.S. District Judge JAMES LAWRENCE KING. The Government was represented by Assistant U.S. Attorney DAVID GENESON, Southern District of Florida, Miami, and the defendant was represented by Attorney [REDACTED]

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On April 7, 1976, at approximately 2:30 p.m., WALTER H. SHAW indicated that he was having another heart attack. Trial was immediately recessed and SHAW was taken by ambulance to North Shore Hospital, Miami Shores, Florida, at his own request.

On the morning of April 8, 1976, SHAW returned to the court and trial was resumed. At 1:30 p.m., after about 1½ hours deliberation, the jury returned verdicts of guilty to each of eight counts as charged in the indictment, being four counts of violation of Title 18, U.S. Code, Section 1343, and four counts of violation of Title 47, U.S. Code, Section 220.

U.S. District Judge KING then ordered a pre-sentence investigation, with date for sentencing to be set. He ordered SHAW released and his OR bond continued.

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS SECTION

APR 04 1976

TELETYPE

NR 001 MM PLAIN

3:43PM URGENT APRIL 4, 1976 JGS

TO DIRECTOR

MOBILE

FROM MIAMI (87-34168)

WALTER H. SHAW, AKA, ITSP-FBW, OO: MIAMI.

RE MIAMI TELCALL TO MOBILE APRIL 4, 1976.

ON APRIL 4, 1976 AUSA MICHAEL P. SULLIVAN MIAMI ADVISED
THAT TRIAL IN THIS MATTER HAS BEEN RESCHEDULED TO BEGIN 9:00 AM
TUESDAY APRIL 6, 1976 IN USDC MIAMI. TESTIMONY OF SA [REDACTED]
MOBILE DIVISION IS REQUIRED AND [REDACTED] PRESENCE IS REQUESTED FOR
BEGINNING OF TRIAL. UACB.

END

Assoc. Dir.	_____
Dep.-A.D.-Adm.	_____
Dep.-A.D.-Inv.	_____
Asst. Dir.:	_____
Admin.	_____
Comp. Syst.	_____
Ext. Affairs	_____
Files & Com.	_____
Gen. Inv.	_____
Ident.	_____
Inspection	_____
Intell.	_____
Laboratory	_____
Plan. & Eval.	_____
Spec. Inv.	_____
Training	_____
Legal Coun.	_____
Telephone Rm.	_____
Director Sec'y	_____

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EX 103

REC 99 87-131123 8

F-257
MAY 12 1976

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE MIAMI	OFFICE OF ORIGIN MIAMI	DATE 6/1/76	INVESTIGATIVE PERIOD 5/5/76 - 5/11/76	b6 b7C
TITLE OF CASE WALTER H. SHAW, aka		REPORT MADE BY <div style="border: 1px solid black; width: 150px; height: 20px;"></div>	TYPED BY pan	
		CHARACTER OF CASE ITSP - FBW		

REFERENCES

Report of SA WILBUR P. SCARBOROUGH, 4/16/76,
at Miami.

- C -

ADMINISTRATIVE

Final Disposition Report (R-84) submitted.

One conviction statistic, claimed by Miami,
in referenced report, set aside by Bureau, pending
sentencing of subject. Sentencing reported herein.
Miami now claims one conviction statistic.

ST

ACCOMPLISHMENTS CLAIMED						<input type="checkbox"/> NONE	ACQUIT- TALS	CASE HAS BEEN:
CONVIC.	PRETRIAL DIVERSION	FUG.	FINES	SAVINGS	RECOVERIES			
1								PENDING OVER ONE YEAR <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

APPROVED	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN SPACES BELOW
COPIES MADE: 1 - Bureau (87-137183) 1 - USA, Miami (ATTN: AUSA GENESON) 1 - Miami (87-34168)		87-137183-9 14 JUN 7 1976 REC-84 EX-114

Dissemination Record of Attached Report					Notations
Agency					
Request Recd.					
Date Fwd.					
How Fwd.					
By					

54 JUN 29 1976

COVER PAGE

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - United States Attorney, Miami, Florida
(Assistant U.S. Attorney DAVID GENESON)

Report of: Office: Miami, Florida

Date: 6/1/76

Field Office File #: 87-34168 Bureau File #: 87-137183

Title: WALTER H. SHAW

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b7C

Character: INTERSTATE TRANSPORTATION OF STOLEN PROPERTY;
FRAUD BY WIRE

Synopsis:

*4-1343
6-477 USC 220*

On 5/11/76, WALTER H. SHAW forcibly appeared before U.S.D.J. JAMES LAWRENCE KING, SDF, Miami, Fla., and was sentenced to 3 yrs. custody U.S. AG.

- C -

DETAILS:

On May 5, 1976, WALTER H. SHAW failed to appear for sentencing before U.S. District Judge JAMES LAWRENCE KING, Southern District of Florida, Miami, Florida, as previously ordered. SHAW's attorney advised the court that on the previous evening, SHAW had been admitted to St. Francis Hospital, Miami Beach, Florida, allegedly suffering from a heart attack.

U.S. District Judge KING issued an order that SHAW shall not be released from the hospital except into the direct custody of his attorney. The order specified that SHAW was not to go home or anywhere else, but instead, was to be brought forthwith by his attorney to the chambers of Judge KING for sentencing.

STATISTICS TAKEN

JUN 25 4 18 PM '76

RECEIVED
PROSECUTION

MM 87-34168

On May 11, 1976, SHAW was released from St. Francis Hospital into the custody of Attorney [redacted] who brought SHAW directly from St. Francis Hospital to the chambers of U.S. District Judge KING.

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Judge KING then sentenced SHAW to three years concurrent, in the custody of the U.S. Attorney General on each of 8 counts, being four counts of violation of Title 18, U.S. Code, Section 1343 and four counts of violation of Title 47, U.S. Code, Section 220.

WALTER H. SHAW was then remanded to the custody of the U.S. Marshal, Miami, Florida, and was incarcerated in the Federal Youth Correction Institute, South Dade County, Florida, pending the filing of an appeal motion.