



# ***Exploding The Phone***

db376

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Bibliographic Cover Sheet

Title           **FBI File 87-LA-41319, Walter H. Shaw, ITSP-FBW**

Date            1975-06-26

Abstract       Investigation of Walter H. Shaw for FBW and check kiting.

Keywords      Walter H. Shaw

Notes          Corresponding files are 87-HQ-137138 and 87-MM-34168.

Source         FBI via FOIA

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U.S. Department of Justice

Federal Bureau of Investigation

Washington, D.C. 20535

October 6, 2006

Subject: FILE 87-41319

FOIPA No.

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

- |  |   |                                 |
|--|---|---------------------------------|
| <input type="checkbox"/> (b)(1)            | <input type="checkbox"/> (b)(7)(A)            | <input type="checkbox"/> (d)(5) |
| <input type="checkbox"/> (b)(2)            | <input type="checkbox"/> (b)(7)(B)            | <input type="checkbox"/> (j)(2) |
| <input type="checkbox"/> (b)(3) _____      | <input checked="" type="checkbox"/> (b)(7)(C) | <input type="checkbox"/> (k)(1) |
| _____                                      | <input checked="" type="checkbox"/> (b)(7)(D) | <input type="checkbox"/> (k)(2) |
| _____                                      | <input type="checkbox"/> (b)(7)(E)            | <input type="checkbox"/> (k)(3) |
| _____                                      | <input type="checkbox"/> (b)(7)(F)            | <input type="checkbox"/> (k)(4) |
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| <input type="checkbox"/> (b)(5)            | <input type="checkbox"/> (b)(9)               | <input type="checkbox"/> (k)(6) |
| <input checked="" type="checkbox"/> (b)(6) |   | <input type="checkbox"/> (k)(7) |

92 page(s) were reviewed and 87 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", followed by a stylized flourish or number "3".

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

Enclosure(s)

## EXPLANATION OF EXEMPTIONS

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

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

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

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

- (k)(6) testing or examination material used to determine individual qualifications for appointment or promotion in Federal Government service the release of which would compromise the testing or examination process;
- (k)(7) material used to determine potential for promotion in the armed services, the disclosure of which would reveal the identity of the person who furnished the material pursuant to a promise that his/her identity would be held in confidence.

FBI/DOJ

FEDERAL BUREAU OF INVESTIGATION  
FOIPA  
DELETED PAGE INFORMATION SHEET

Serial Description ~ COVER SHEET      06/26/1975

Total Deleted Page(s) ~ 5

Page 39 ~ b6, b7C

Page 40 ~ b6, b7C

Page 41 ~ b6, b7C

Page 42 ~ b6, b7C

Page 43 ~ b6, b7C

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UNITED STATES GOVERNMENT

# Memorandum

TO : SAC, NEWARK

DATE: 6/26/75

FROM : SAC, LOS ANGELES (87-NEW) (P)

SUBJECT: UNSUB, aka  
Walter H. Shaw  
ITSP  
OO: Los Angeles

b6  
b7C

Enclosed for receiving offices is a copy of check returned "account closed" to the Marriott Hotel, Newport Beach, California.

For the information of the receiving offices on 6/23/75 [redacted] Marriott Hotel, 900 Newport Center Drive, Newport Beach, California, was contacted and furnished the following information pertaining to the unknown subject.

[redacted] advised that on 5/14/75 the unknown subject made out a check for his stay at the Marriott Hotel in the amount of \$231.52. The check was drawn on the Peoples Trust of New Jersey, A United Jersey Bank, Summit-Essex Office, Hackensack, New Jersey. The check was returned marked "account closed".

[redacted] recalls the unknown subject to be a white, male in his late 30's or early 40's, five feet ten inches tall and weighing 170 pounds.

It is the feeling of [redacted] that the check may have been stolen and hence falls under the investigative purview of the FBI.

[redacted] states that the check in which was returned "account closed" had American International Telephone, Inc., 3 Oakland Avenue, Warwick, New York imprinted on it. In addition, the unknown subject presented a card which had the following information imprinted on it:

- 2 - Newark (Encl. 1)
- 1 - Miami (Encl. 1) (INFO)
- 1 - New York (Encl. 1) (INFO)
- 1 - San Antonio (Encl. 1) (INFO)
- 2 - Los Angeles



JMON/clis  
(7)

OFFICE COPY

Buy U.S. Savings Bonds Regularly on the Payroll

87-41319-1  
SEARCHED  
INDEXED  
SERIALIZED  
FILED

LA 87-NEW

"Texas International Telephone, Inc.  
2200 Guadalupe, Suite 226  
Austin, Texas  
Telephone Number (512) 472-7258  
WALTER H. SHAW,  
Chairman of the Board"

On the registration card signed by the unknown subject WALTER H. SHAW indicated his home address to be 3500 North (West) 52nd Avenue, Hollywood, Florida.

LEADS

MIAMI

AT HOLLYWOOD, FLORIDA: (1) Will attempt to contact WALTER SHAW at 3500 North (West) 52nd Avenue in an effort to determine if he had been at the Marriott Hotel, Newport Beach, California, as of 5/14/75.

(2) Will determine if he is identical to the unknown subject.

(3) If not identical will conduct logical Interstate Transportation of Stolen Property (ITSP) investigation.

NEWARK

AT HACKENSACK, NEW JERSEY: (1) Will contact appropriate personnel at Peoples Trust of New Jersey, Summit-Essex Office, Hackensack, for information pertaining to the status of the American International Telephone, Inc. checking account.

(2) Will conduct logical ITSP investigation.



LA 87-NEW

NEW YORK

AT WARWICK, NEW YORK: (1) Will contact appropriate personnel at American International Telephone, Inc., 3 Oakland Avenue, to determine if a WALTER H. SHAW is thus employed.

(2) Will determine the status of their account with Peoples Trust of New Jersey, Summit-Essex Office.

(3) Conduct logical ITSP investigation.

SAN ANTONIO

AT AUSTIN, TEXAS: (1) Will contact appropriate personnel at Texas International Telephone, Inc., 2200 Guadalupe, Suite 226, telephone number (512) 472-7258, to determine if WALTER H. SHAW is in fact associated with the company and to further determine if SHAW is aware of any lost or stolen checks.

(2) Conduct logical ITSP investigation.

LOS ANGELES

AT NEWPORT BEACH, CALIFORNIA: Will maintain contact with [REDACTED] for information pertaining to subject matter.

b6  
b7c



b6  
b7C

File No. 87-41319-101

Date Received 6/23/75

From [Redacted]

(NAME OF CONTRIBUTOR)  
MARZIOFF 16401

(ADDRESS OF CONTRIBUTOR)  
Newport Beach, CALIF

[Redacted]

To Be Returned ☒ Yes Receipt Given ☐ Yes

☒ No ☒ No

Description:

1- copy of check  
Dated 5/14/75  
Signed Walter H. Shaw

8-4-75 PJ



AMERICAN INTERNATIONAL TELEPHONE, INC.  
3 OAKLAND AVENUE  
WARWICK, N. Y. 10990

1020

PAY  
TO THE  
ORDER OF

MARRIOTT

MAY 7-14 1975 55-216  
212

\$231.52

TWO HUNDRED THIRTY ONE AND 52/100 DOLLARS



PEOPLES TRUST  
OF NEW JERSEY  
A United Jersey Bank  
SUMMIT-ESSEX OFFICE, HACKENSACK, N. J. 07601

FOR HOTEL - ACC

PAID  
ENCLOSURE  
55-216

02120216

12000999

0000023152

b6  
b7C

File No. 87-41319-122

Date Received 8/7/75

From

[Redacted]

[Redacted]

To Be Returned ☐ Yes

☒ No

Receipt Given

☒ Yes

☐ No

Description:

Receipt Given to  
[Redacted]

FOR letters re subj.

8-14-75 fcb

Received from [redacted] 67 75  
Copy of letter re: American  
International Telephone Inc.  
dated 6-5-75 with attachments

b6  
b7C

[redacted]  
FBI - Santa Ana

87-4131 2-102

UNITED STATES GOVERNMENT

# Memorandum

TO : SAC, LOS ANGELES

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

SUBJECT: WALTER H. SHAW, aka  
Edward Roberts,  
George Shaw  
ITSP - FBW  
OO: MM

DATE: 7/25/75

Re Los Angeles letter to Newark 6/26/75,  
entitled, "UNSUB, aka Walter H. Shaw, ITSP, OO: LOS  
ANGELES."

For information of all receiving offices,  
SHAW is subject of a telephone "blue box" investigation,  
who has been indicted by the FGJ, SDF, Miami, Florida,  
on 6/5/75, charging him with four counts each of  
violations of T18, USC, Section 1343 and T47, USC,  
Section 220. SHAW surrendered upon issuance of a  
summons pursuant to this indictment, and trial is  
scheduled in USDC, Miami, Florida, on 7/28/75.

b6  
b7C

SHAW is a white male, 57 yrs. old, 5'10",  
175 pounds, brown eyes, dark brown hair, greying.  
He presents a rather distinguished appearance and  
appears younger than he really is. Approximately five  
years ago, SHAW was fired from his position as engineer for  
Southern Bell Telephone and Telegraph Company, Miami,  
Florida. Southern Bell security personnel have described  
him as an electronics genius, who has been the major  
manufacturer of "blue boxes" in the South Florida area.

- ② - Los Angeles
  - 1 - Newark (Info.)
  - 1 - New York (Info.)
  - 1 - San Antonio (Info.)
  - 3 - Miami
- WPS/pwm  
(8)



5010-106

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

MM 87-34168

Approximately three years ago, SHAW organized the American International Telephone, Inc. (AIT) and determined to enter in to long distance toll competition with the Southern Bell Telephone system by manufacturing and offering for sale a multiplexing device which he designed and which is supposed to be capable of transmitting numerous conversations over one single wats line, simultaneously. In this regard, SHAW is promoting this scheme on a nationwide franchise basis, soliciting customers for a monthly rate of \$1,400. FCC rates for telephone companies throughout the United States for this same type of service is \$1,950 per month. Southern Bell security personnel, Miami, and Dade County Department of Public Safety, Organized Crime Section detectives, stated that SHAW obtained financing for this scheme from [REDACTED] a Fort Lauderdale, Florida "hood" with possible LCN connections. It is also reported that SHAW has opened AIT offices at 2200 Guadalupe Street, Austin, Texas, and 375 Diamond Bridge Avenue, Hawthorne, New Jersey. It is also reported that the [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

b6  
b7C  
b7D

On 6/27/75, the Newark Office advised that SHAW was at that moment, in jail in that Division, being held on local charges of fraud, relating to AIT.



MM 87-34168

Regarding the FGJ indictment at Miami, on 6/5/75, two of the four fraudulent telephone calls which SHAW is charged with making, were made by him from his home telephone to Haifa, Israel. The documentation of this matter by security personnel, Southern Bell Telephone Company, Miami, Florida, recorded on magnetic tape, SHAW's prowess in making "blue box" calls almost anywhere in the world. He was recorded placing calls not only within the U.S. but also to Hawaii, Czechoslovakia, France, Italy, England, and Germany. In order to accomplish this, it was necessary for him to know or have access to the routing codes which are used within the Southern Bell telephone toll network only by overseas toll operators. This information is closely guarded and highly restricted within the Southern Bell System.

LEAD

MIAMI

AT HOLLYWOOD, FLORIDA

Will conduct investigation requested in re Los Angeles letter to Newark dated 6/26/75.

AT HOMESTEAD, FLORIDA

Follow and report prosecutive action.

NR007 MM PLAIN

2:35PM URGENT AUGUST 4, 1975 JWB

TO LOS ANGELES

FROM MIAMI (87-34168) (P) 2P

WALTER H. SHAW, AKA, ITSP - FBW 00: MIAMI.

RE LOS ANGELES LETTER TO NEWARK DATED JUNE 26, 1975  
ENTITLED, "UNSUB, AKA, WALTER H. SHAW, ITSP (00: LOS ANGELES)"  
AND MIAMI LETTER TO LOS ANGELES DATED JULY 25, 1975.

FOR LOS ANGELES INFORMATION, SUBJECT WAS INDICTED FEDERAL  
GRAND JURY, MIAMI, JUNE 5, 1975 IN "BLUE BOX" MATTER FOR 4 COUNTS  
EACH VIOLATIONS TITLE 18, USC, SECTION 1343 AND TITLE 47, USC,  
SECTION 220, AND SERIES OF ADMINISTRATIVE ERRORS RESULTED IN  
FOLLOWING EVENTS: SUMMONS, INSTEAD OF ARREST WARRANT WAS  
ISSUED JUNE 10, 1975; SUBJECT SURRENDERED TO U. S. MAGISTRATE,  
MIAMI JUNE 18, 1975, AND WAS ARRAIGNED BEFORE U. S. MAGISTRATE,  
MIAMI; U. S. MAGISTRATE FAILED TO MENTION ANY BOND OR SET ANY  
RESTRICTION, DATE, OR REQUIREMENT FOR FURTHER APPEARANCE.

TRIAL DATE SUBSEQUENTLY SET BY U. S. DISTRICT COURT, MIAMI,  
FOR WEEK OF AUGUST 4, 1975. AT CALENDAR CALL AUGUST 4, 1975,  
AUSA ADVISED COURT OF ABOVE AND DEFENSE COUNSEL REQUESTED  
DISCHARGE FROM REPRESENTATION OF SUBJECT FOR LACK OF COOPERATION,  
AND ADVISED U. S. DISTRICT JUDGE LAWRENCE KING THAT SUBJECT'S  
END PAGE ONE

*advised 8/4/75.*  
*ll*

7-41-175

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 11 1975	
FBI - MIAMI	

ES

PAGE TWO (NM 87-34168)

PRESENT WHEREABOUTS UNKNOWN, BUT LAST WEEK, SUBJECT WAS AT 660 NEWPORT CENTER DRIVE, NEWPORT BEACH, CALIFORNIA.

U. S. DISTRICT JUDGE KING STATED HE WANTS TRIAL IN THIS MATTER TO COMMENCE THIS WEEK. HE THEN SIGNED AN ORDER FOR ISSUANCE OF ARREST WARRANT, AUGUST 4, 1975 AND ORDERED THAT SUBJECT BE BROUGHT TO TRIAL, MIAMI, THIS WEEK.

AT NOON AUGUST 4, 1975, CLERK OF COURT ADVISED BENCH WARRANT PRESENTLY BEING ISSUED. AUSA RECOMMENDED BOND AT \$5,000 SURETY.

LOS ANGELES AT NEWPORT BEACH, CALIFORNIA, WILL LOCATE AND ARREST SUBJECT, TAKE HIM BEFORE U. S. MAGISTRATE TO SET BOND AND FOR HIM ORDERED TO APPEAR IN MIAMI FORTHWITH.

SUTEL.

END

JEM FBI LOS ANGELES CLR TU

F B I

Date: 8/6/75

19

Transmit the following in PLAINTEXT  
(Type in plaintext or code)Via TELETYPE URGENT  
(Priority)TO MIAMI (87-34168) JV  
NEW YORK **PLA**

FROM LOS ANGELES (87-41319)

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

RE MIAMI LETTER TO LOS ANGELES, JULY 25, 1975; MIAMI  
TELETYPE TO LOS ANGELES, AUGUST 4, 1975 AND LOS ANGELES  
LETTER TO NEWARK, JUNE 26, 1975 ENTITLED "UNSUB, AKA  
WALTER H. SHAW, ITSP. OO: LOS ANGELES".

b6  
b7c

FOR INFORMATION OF NEW YORK, RE TELETYPE ADVISED  
SUBJECT FAILED TO APPEAR FOR TRIAL AUGUST 4, 1975, FOR  
VIOLATION TITLE 18, USC, SECTION 1343 AND TITLE 18, USC,  
SECTION 220- "BLUE BOX". USDJ LAWRENCE KING, FDC, MIAMI  
ORDERED ISSURANCE OF BENCH WARRANT FOR SUBJECT'S ARREST  
AND DIRECTED THAT SUBJECT BE BROUGHT TO TRIAL MIAMI THIS  
WEEK. \$5,000 SURETY BOND RECOMMENDED.

ON AUGUST 4, 1975, CONTACT MADE WITH [REDACTED]  
REAL ESTATE AGENT FOR MATLOW-KENNEDY CORPORATION, 660  
NEWPORT CENTER DRIVE, NEWPORT BEACH, CALIFORNIA. [REDACTED]  
ADVISED SUBJECT ATTEMPTED TO RENT SUITE 220 AT 660 NEWPORT  
CENTER DRIVE ON MAY 27, 1975. NO MONEY WAS GIVEN AS DOWN  
PAYMENT NOR DID SUBJECT EVER TAKE OVER RESIDENCE

87-41319  
JTH/bat  
(1)

MM-9:48/P

NY-9:17 PM

Approved: *[Signature]*

Special Agent in Charge

Sent

LA 87-41319

PAGE TWO

[REDACTED] STATES THAT HER BUSINESS ~~HAS~~ HAD NO CONTACT WITH SUBJECT SINCE THAT DATE.

[REDACTED] STATES THAT A COPY OF RENTAL AGREEMENT WAS SENT TO SUBJECT'S ATTORNEY, [REDACTED] AMERICAN INTERNATIONAL TELEPHONE (AIT), 101 WEST 31ST STREET, NEW YORK, NEW YORK. NO REPLY WAS HEARD FROM SUBJECT'S ATTORNEY.

b6  
b7c

A PHYSICAL CHECK OF SUITE 220 INDICATES NO FURNITURE BUT FIVE TELEPHONE INSTRUMENTS WITH TELEPHONE NUMBER 640-7311 IN SUITE.

[REDACTED] ADVISED THAT SUBJECT USED REFERENCE OF [REDACTED]  
[REDACTED] ATTEMPTS TO LOCATE [REDACTED]  
[REDACTED] HAVE BEEN NEGATIVE.

ON AUGUST 5, 1975, CONTACT MADE WITH [REDACTED]  
[REDACTED] MARRIOTT HOTEL, NEWPORT BEACH, *WHO*  
ADVISED 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 ACCOUNT CLOSED. THE CHECK HAD TYPED ON IT AIT COMPANY, 660 NEWPORT

LA 87-41319

PAGE THREE

CENTER DRIVE, SUITE 220, NEWPORT BEACH, CALIFORNIA, TELEPHONE  
NUMBER (714) 640-7311. [ ] HAS NO IDEA AS TO PRESENT  
LOCATION OF SUBJECT.

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.

b6  
b7c

MIAMI AT MIAMI, OBTAIN SUBPOENA DUCES TECUM FOR  
RECORDS CONTAINED AT THE BANK OF AMERICA, NEWPORT CENTER  
BRANCH, 500 NEWPORT CENTER DRIVE, NEWPORT BEACH, CALIFORNIA,  
~~FOR~~ AIT COMPANY, SUITE 220, NEWPORT BEACH, CALIFORNIA.

NEW YORK AT WARWICK, NEW YORK, WILL IMMEDIATELY  
CONDUCT INVESTIGATION REQUESTED IN LOS ANGELES LETTER TO  
NEWARK, JUNE 26, 1975, FOR PURPOSE OF LOCATING AND APPREHENDING  
SUBJECT.

NEW YORK AT NEW YORK, WILL CONTACT ATTORNEY [ ]

[ ] FOR INFORMATION RE SUBJECT'S CURRENT LOCATION.

LOS ANGELES AT SANTA ANA, WILL ATTEMPT TO LOCATE

[ ] FOR INFORMATION PERTAINING TO THE PRESENT  
WHEREABOUTS OF SUBJECT. ALSO WILL DEVELOP INFORMATION  
PERTAINING TO SUBSCRIBER OF TELEPHONE NUMBER [ ]

END.

## FEDERAL BUREAU OF INVESTIGATION

1.Date of transcription 7/31/75

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

[redacted] advised that in January, 1975, he was  
personally contacted by WALTER H. SHAW [redacted]  
representing a firm called American International Telephone,  
Inc., of Hawthorne, New Jersey (NJ). [redacted] recalls  
that SHAW [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) 423-2411.  
He does not know whether American International Telephone is a  
legitimate enterprise. [redacted] 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.

b6  
b7C

Interviewed on 7/29/75 at Warwick, New York File # NY 87-76322  
by SA [redacted] /ljk Date dictated 7/31/75

UNITED STATES GOVERNMENT

# Memorandum

TO : SAC, LOS ANGELES

DATE: 8/1/75

FROM : SAC, NEW YORK (RUC) (87-76332)

SUBJECT: UNSUB aka;  
WALTER H. SHAW  
ITSP  
(OO: LA)

ReLAlet to NK, 6/26/75.

Enclosed for Los Angeles are six (6) copies of an FD-302, showing results of a recent interview with [redacted] Warwick Valley Telephone Company, Warwick, NY.

To summarize, [redacted] advised that WALTER SHAW and his partner, [redacted] contacted Warwick Valley Telephone January, 1975, ostensibly for the purpose of setting up offices around the country to provide a facsimile conference call service, expressing a desire to rent telephone equipment of the Warwick Valley Telephone Company. He does not know whether SHAW or his company were legitimate.

Enclosed for each indicated office is an information copy of the aforementioned FD-302.

b6  
b7C

- ② - Los Angeles (Encls. 6)  
1 - Newark (Encl. 1)(INFO)  
1 - San Antonio (Encl. 1)(INFO)  
1 - Miami (Encl. 1)(INFO)  
1 - New York

HCL:ljc  
(6)



5010-110

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

87-41317-6

SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....
AUG 6 1975	
FBI - NEW YORK	

*[Handwritten signatures and initials over the stamp]*



NR011 NY PLAIN

1-14 AM NITEL 8-8-75 PLQ SENT 8/9

TO: SACS, LOS ANGELES (87-41319) AND  
MIAMI (87-34168)

FROM: SAC, NEW YORK (87-76322) (P)

WALTER H. SHAW AKA; ITSP-FBW (OO:MIAMI).

RE L S ANGELES TELETYPE TO MIAMI, AUGUST 6, 1975 AND NEW  
YORK LETTER TO LOS ANGELES, AUGUST 1, 1975.

EFFORTS TO LOCATE ATTORNEY [REDACTED] NEGATIVE ON AUGUST  
7, 1975. HIS SECRETARY STATES SHE HAS NOT SEEN HIM FOR THREE  
DAYS AND BELIEVES HE IS ON A FISHING TRIP.

SHE ALSO ADVISED THAT SUBJECT NOT ASSOCIATED WITH [REDACTED]  
AND ONLY DEALING BETWEEN THEM WAS AN ATTORNEY, CLIENT RELATIONSHIP.  
SHE STATED SHE HAD NO INFO RE SUBJECT'S WHEREABOUTS.

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FOR INFO LOS ANGELES AND MIAMI, NEW YORK LEAD AT WARUICK,  
NEW YORK COVERED AND REPORTED IN RE NEW YORK LETTER TO LOS  
ANGELES, AUGUST 1, 1975.

NEW YORK WILL CONTINUE EFFORTS TO LOCATE [REDACTED] RE  
SUBJECT'S WHEREABOUTS.

END

LA-

87-41319-7

SEARCHED INDEXED  
SERIALIZED FILED  
AUG 8 1975  
FBI - LOS ANGELES

*[Handwritten signature]*

NR001 MM PLAIN

10:25AM URGENT AUGUST 11, 1975 JRB

TO LOS ANGELES (87-41319)

SAN ANTONIO

NEW YORK

FROM MIAMI (87-34168) (P)

WALTER H. SHAW, AKA. - FUGITIVE. ITSP - FBW. OO MIAMI.  
RE NEWARK TEL TO MIAMI, AUGUST 8, 1975.

DISCONTINUE EFFORTS TO LOCATE SHAW. SHAW ARRESTED  
BY BUREAU AGENTS NIGHT OF AUGUST 8, 1975, AT PARAMUS,  
NEW JERSEY.

END

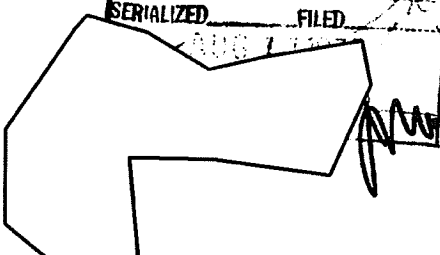
NJZ FBI LOS ANGELES CLR

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*8/11/75 SA advised  
at 11:25 a.m.  
dal*

87-41319

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 11 1975	



F B I

Date: 8/9/75

Transmit the following in PLAINTEXT  
(Type in plaintext or code)Via TELETYPE NITEL  
(Priority)

TO DIRECTOR

MIAMI

FROM NEWARK (87-27886)

WALTER H. SHAW, AKA EDWARD ROBERTS, GEORGE SHAW -  
FUGITIVE, ITSP - FRAUD BY WIRE (OO: MIAMI).

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

RE NEWARK TELEPHONE CALL TO SUPERVISOR [REDACTED]

MIAMI, 8/8/75.

SUBJECT APPREHENDED AUGUST 8, 1975, BY BUREAU AGENTS WHERE  
HE WAS RESIDING [REDACTED] 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

- 1 - LOS ANGELES (INFO) (AIR MAIL)  
1 - NEW YORK (87-76322) (INFO) (AIR MAIL)  
1 - SAN ANTONIO (INFO) (AIR MAIL)

JJG/jas

(4)

Approved: \_\_\_\_\_  
Special Agent in Charge

Sent \_\_\_\_\_ Per \_\_\_\_\_

U. S.

PRINTING OFFICE : 1069 O - 346-090 (11)

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F B I

Date:

Transmit the following in \_\_\_\_\_  
(Type in plaintext or code)Via \_\_\_\_\_  
(Priority)

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 HOSPITALIZED. 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 THE 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.

Approved: \_\_\_\_\_ Sent \_\_\_\_\_ M Per \_\_\_\_\_  
Special Agent in Charge

UNITED STATES GOVERNMENT

# Memorandum

TO : SAC, MIAMI (87-34168)

DATE: 8/20/75

FROM : ADIC, LOS ANGELES (87-41319) (C)

SUBJECT: WALTER H. SHAW, aka  
Edward Roberts,  
George Shaw  
ITSP - FBW  
OO: Miami

UNSUB, aka  
Walter H. Shaw  
ITSP  
OO: Los Angeles

Re Newark teletype to Miami dated 8/9/75, and  
Miami teletype to Los Angeles dated 8/11/75.

Enclosed for receiving offices are two copies  
each of six FD-302's reflecting investigation conducted  
by the Los Angeles Division.

In referenced Newark teletype to Miami, subject  
admitted he wrote checks in captioned Los Angeles case  
payable to the Marriott Hotel dated 5/14/75. In view of the  
above statement, it appears that the checks were true name  
checks and, consequently, do not appear to be a violation  
of the Interstate Transportation of Stolen Property Statute.

All offices discontinue.

- 2 - Miami (Encls. 12)
- 2 - Newark (Encls. 12) (87-27886)
- 2 - New York (Encls. 12) (87-76322)
- 2 - San Antonio (Encls. 12)
- 1 - Los Angeles

JMON/kah  
(9)

SEARCHED  
INDEXED  
SERIALIZED  
FILED

8/25/75

PAC #22

OFFICE COPY

87-41319-70

5 June 1975

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

Subject: American International Telephone, Inc.

Dear [redacted]

Since our meeting in New York on May 4th with [redacted] Walter Shaw, [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 Shaw May 22 and 23, and the trip [redacted] 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:

- o 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;
- o 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;
- o 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.
- o 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, [ ] 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 Shaw's attorney 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.

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:

- 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 [ ] was present) 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 [ ] 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.)



Wednesday, June 4

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

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:

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- o 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.
- o [ ] 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.
- o [ ] 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.
- o [ ] 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.

With this information, we set up a Monday evening meeting with [ ] 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.

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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.

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,

[ ]

RKM/bg

cc:

[ ]

LAW OFFICES  
DARYAL A. MYSE  
1737 H STREET, N. W.,  
WASHINGTON, D. C. 20005  
(202) 298-6019

April 22, 1975

Federal Communications Commission  
1912 K Street, N. W.  
Washington, D. C. 20554

ATTENTION:

Common Carrier Bureau

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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,

April 22, 1975

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, TWX 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, TWX, 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.

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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 rerouted or forwarded to the number of the instrument selected without the knowledge of the calling party.

In summary of this proposal, AIT 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,



Attorney for AIT

cc: Walter H. Shaw

DAM/mbm

DENNIS H. LEWITAS

*Attorney and Counselor at Law*875 AVENUE OF THE AMERICAS  
NEW YORK, N. Y. 10001

(212) 686 3645

June 13, 1975

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

13  
11/13/75Re: A.I.T. with C.M.A.

From: [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 recommendation such 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] 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.

June 13, 1975

[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] 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,

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DHL:jbt

[redacted]

August 4, 1975

Page 4

The A.I.T.-[ ] 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 [ ] 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:

"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."

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:

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- 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 [ ] 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.



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,

[ ]

bg

cc:

[ ]

## FEDERAL BUREAU OF INVESTIGATION

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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.

Interviewed on 8/18/75 at Santa Ana, California File # Los Angeles 87-41319  
by SA [redacted] /kah Date dictated 8/18/75

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.

Wm. Shaw  
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] in Galesburg, Illinois, who has given his agreement by telephone to the major points in the draft.

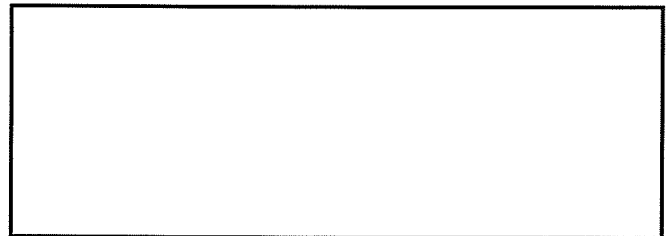
When your attorney has had the opportunity to complete his draft of the agreement incorporating such points as you may wish to make, we will be pleased to work out the finalization with you.

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.

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b7C

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

Sincerely,



# EXHIBIT "B"

## 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

~~and~~ adequate equipment in the LOCATION

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.

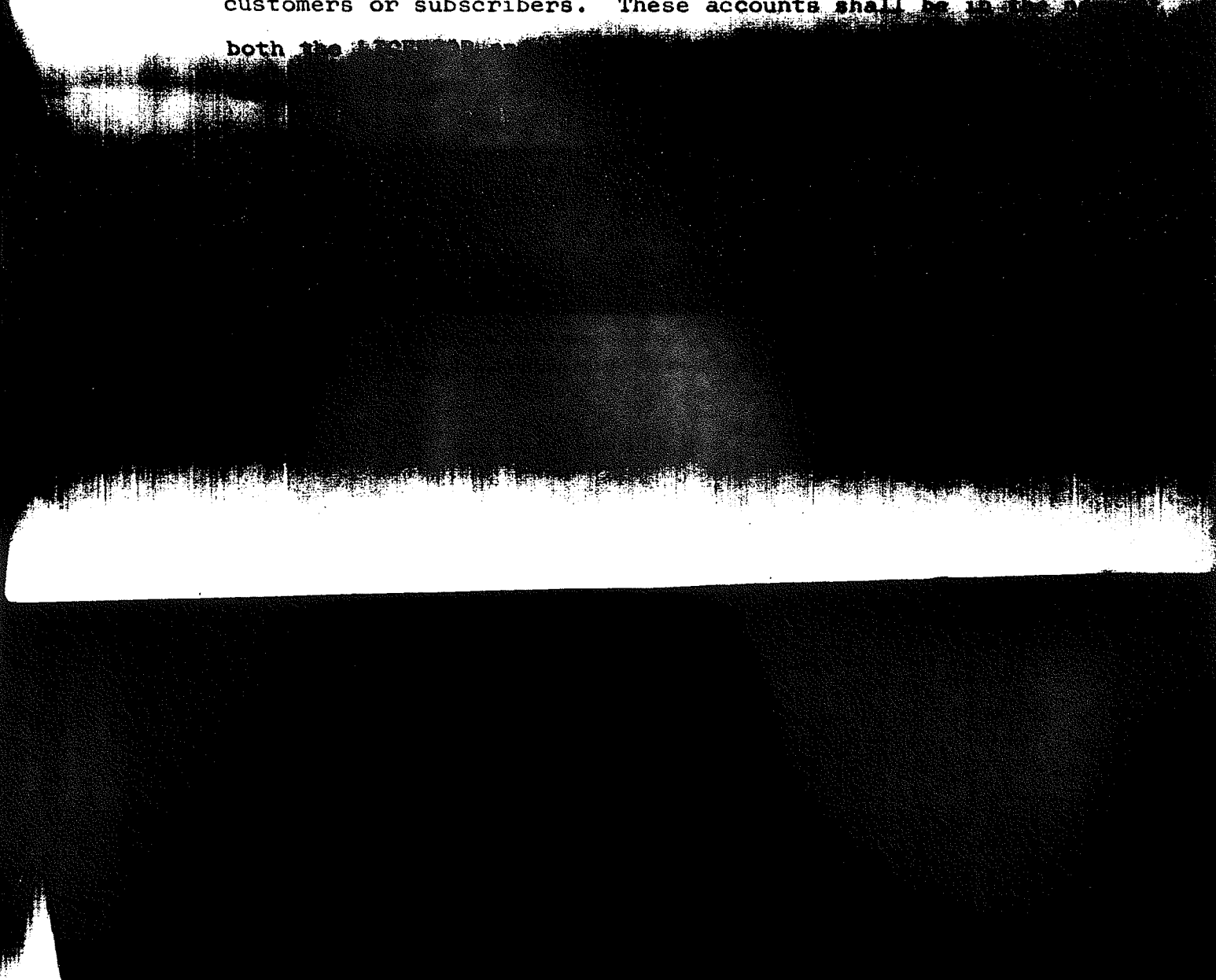
In addition to the foregoing, during the term of this license, LICENSEE shall pay LICENSOR as license royalty, the sum of fifty (50%) percent of the net profit from the operation of each establishment or LOCATION covered by this Agreement. The term "net profits" as herein used shall be determined by 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 LICENSEE and the LICENSOR.



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 end of the term 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 obliga-  
tions 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 pro-  
vided, 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 lega  
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

AMERICAN  
INTERNATIONAL  
TELEPHONE  
INC



ONE TIME EXPENSE

EQUIPMENT

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

## 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

AMERICAN INTERNATIONAL TELEPHONE, INC.

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

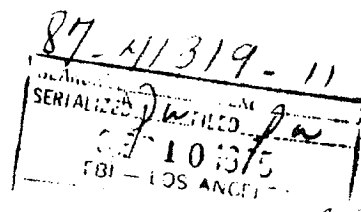
- A. \_\_\_\_\_ remote dialers.
- B. Data modems.
- C. \_\_\_\_\_ facsimile Dex units.

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 ~~the right to terminate this Agreement immediately.~~



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: [REDACTED]

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.

b6  
b7C

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 his attorney [REDACTED] have been lucid enough, with me at least, for me to form an opinion.

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).

[REDACTED]



*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

### **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.

## **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

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.

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 SA [redacted] /JMON/cls Date dictated 8/8/75

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

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/13/75

[ ] Service Representative for Matlow-Kennedy Corporation, 660 Newport Center Drive, Newport Beach, California, telephone number (714) 644-5165, was apprised of the official identity of the interviewing Agent and of the purpose of the interview at the place of her employment.

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

[ ] 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, [ ] 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 his attorney whose name and address SHAW gave as [ ] Attorney at Law, America International Telephone Company, 101 West 31st Street, New York City, New York.

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SHAW stated that upon confirmation of [ ] 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 [ ] Post Office Box 193, Santa Ana, California, 92702, telephone number (714) 542-7182.

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

Interviewed on 8/7/75 at Newport Beach, California File # Los Angeles 87-41319

by [ ] SA [ ] /cls Date dictated 8/8/75

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[ ] 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

1Date of transcription 8/13/75

[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, CM8 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/clis Date dictated 8/11/75

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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/13/75

[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, [redacted]  
[redacted]  
[redacted]  
[redacted]  
[redacted]  
[redacted] are involved with [redacted] in an operation known as Consumer Microcircuits Limited, Essex, England.

On April 28, 1975, [redacted] recalls that he was contacted by [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] 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] 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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by SA [redacted] and SA [redacted] /JMON/clg 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 Attorney, [ ] 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 [ ] 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.

[ ] went with SHAW to his Hawthorne Office where upon SHAW got a telephone, placed his device on the instrument and dialed [ ] parent's number in Santa Ana, California.

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

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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.

On May 20, 1975, [ ] went to the law offices in New York City of [ ] 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



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between [ ] 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.

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 heavy weight boxer [ ] Business Manager 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.

[ ] said he had no further visual contact with SHAW since the 30th of June, however SHAW has attempted to contact him telephonically through his mother's telephone in Santa Ana. [ ] 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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[redacted] 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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# FILES AND RECORDS DESTRUCTION ORDER

Date 8/20/75

TO: SAC, LOS ANGELES

FROM: SA

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RE: File No. 87-41319

I have reviewed this file, and under the criteria set forth in Part II, Section 3, of Manual of Rules and Regulations, this file should be:

☒ **Destroyed**

under the ☐ 120-day Rule ☐ 1-year Rule ☐ 5-year Rule ☒ 10-year Rule

☐ **Retained**

Justification for Retention is as Follows:

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Case Agent's Initials *pm*

Supervisor's Initials *BP*

Retain as a Floating Serial:

## FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 8/11/75b6  
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[redacted]  
[redacted] Bank of America, Newport Center Office, 500 Newport Center Drive, Newport Beach, California, telephone 714-836-3211, who resides at 3171 Hearthside, Orange, California, telephone 714-998-4837, was apprised of the identity of the interviewing agent and the purpose of the interview at his place of employment.

[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).

[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.

[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 File # Los Angeles 87-41319  
by SA [redacted] JR./kah Date dictated 8/11/75 -16

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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 0670-0631-598-368-0. [ ] 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.

[ ] 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.