



# ***Exploding The Phone***

db880

www.explodingthephone.com

Bibliographic Cover Sheet

**Title**            **FBI File 166-HQ-1765, Alvin Bubis, et al., ITAR-Gambling; ITWP; FBW-Conspiracy, portions concerning Clement, Salathiel, and Hoffman**

**Date**            1966-03-25

**Abstract**        Portions of FBI file 166-HQ-1765 (a multi-subject file on the May, 1966 blue box arrests) concerning Virgil Salathiel, Gray Hoffman, and Carl Clement. Serial #1 mentions TARCASE.

**Keywords**      Virgil Salathiel; Gray Hoffman; Carl Clement; May 1966 raids; blue box; FBI; TARCASE

**Source**         FBI via FOIA

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Federal Bureau of Investigation

Washington, D.C. 20535

March 13, 2008

Subject: HOFFMAN, GRAY

FOIPA No. 1065665- 000

Dear Requester:

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

Section 552		Section 552a
<input type="checkbox"/> (b)(1)	<input type="checkbox"/> (b)(7)(A)	<input type="checkbox"/> (d)(5)
<input checked="" 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)
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_____	<input type="checkbox"/> (b)(7)(F)	<input type="checkbox"/> (k)(4)
<input type="checkbox"/> (b)(4)	<input type="checkbox"/> (b)(8)	<input type="checkbox"/> (k)(5)
<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)

169 page(s) were reviewed and 129 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 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,



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

Enclosure(s) 2

Enclosed are documents from FBIHQ file number 166-1765 (sections 1-5). Pursuant to Title 28, Code of Federal Regulations, Sections 16.11 and 16.49, there is a fee of ten cents per page for duplication. To expedite your request, this material is being sent in advance of your payment. At this time, we requesting payment in the amount of \$12.90 payable to the Federal Bureau of Investigation for this interim release of pages. To insure proper identification for your request, please return this letter or include FOIPA number 1065665 on your check or money order.

No further action will be taken on your request until we receive your check or money order for the enclosed material. If payment is not received within 45 days from the date of this letter, your request will be administratively closed.

Please be advised that the enclosed documents are maintained in a multiple subject investigation of which your subjects Gray Hoffman, Virgil Salathiel, and Carl Lovelace Clement were indexed as three of the subjects. In processing such a case pursuant to a FOIPA request, it is the practice of the FBI to address only that portion which specifically pertains to them rather than information pertaining to other subjects.

Note: Your subjects all appear in file 166-1765 therefore, Virgil Salathiel 1065666 and Carl Lovelace Clement 1065649 requests are being administratively closed. When making inquiries regarding these two subjects, please refer to FOIPA 1065665 Gray Hoffman.

## 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.

FEDERAL BUREAU OF INVESTIGATION  
FOIPA  
DELETED PAGE INFORMATION SHEET

Serial Description ~ COVER SHEET

Total Deleted Page(s) ~ 2  
Page 235 ~ b6, b7C, b7D  
Page 236 ~ b6, b7C

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X for this Page X  
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FEDERAL BUREAU OF INVESTIGATION  
FOIPA  
DELETED PAGE INFORMATION SHEET

Serial Description ~ COVER SHEET

Total Deleted Page(s) ~ 2  
Page 212 ~ b5, b6, b7C  
Page 213 ~ b5

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FEDERAL BUREAU OF INVESTIGATION  
FOIPA  
DELETED PAGE INFORMATION SHEET

Serial Description ~ COVER SHEET

Total Deleted Page(s) ~ 36

Page 25 ~ b6, b7C

Page 69 ~ b6, b7C, b7D

Page 70 ~ b6, b7C, b7D

Page 129 ~ Duplicate serial 99

Page 131 ~ Duplicate serial 99

Page 132 ~ Duplicate serial 99

Page 135 ~ b7D

Page 146 ~ b6, b7C, b7D

Page 147 ~ b6, b7C, b7D

Page 148 ~ b6, b7C, b7D

Page 149 ~ b6, b7C, b7D

Page 150 ~ b6, b7C, b7D

Page 151 ~ b7D

Page 152 ~ b6, b7C, b7D

Page 153 ~ b6, b7C, b7D

Page 154 ~ b6, b7C, b7D

Page 155 ~ b6, b7C, b7D

Page 156 ~ b6, b7C, b7D

Page 410 ~ Duplicate serial 99

Page 411 ~ Duplicate serial 99

Page 412 ~ Duplicate serial 99

Page 415 ~ b5, b6, b7C

Page 416 ~ b3, b6, b7C, b7D

Page 417 ~ b6, b7C, b7D

Page 418 ~ b7C, b7D

Page 419 ~ b6, b7C, b7D

Page 420 ~ b6, b7C, b7D

Page 421 ~ b6, b7C, b7D

Page 464 ~ b6, b7C, b7D

Page 465 ~ b6, b7C, b7D

Page 466 ~ b6, b7C, b7D

Page 467 ~ b6, b7C, b7D

Page 468 ~ b6, b7C, b7D

Page 470 ~ Duplicate serial 104

Page 493 ~ Duplicate serial 104

Page 494 ~ Duplicate serial 104

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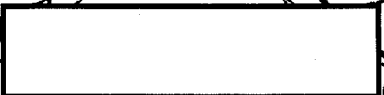
3/25/66

Airtel

To: SACs, Philadelphia (165-698) - Enc.  
Los Angeles

From: Director, FBI

TARCASE  
(OO: PHILADELPHIA)



UNKNOWN SUBJECTS.  
ITAR - GAMBLING;  
ITWP; FBW - CONSPIRACY  
(OO: LOS ANGELES)

Re Los Angeles teletype to Bureau 3/24/66,  
xerox copy of which is forwarded as an enclosure to the  
Philadelphia Office.

For the information of the Los Angeles Office  
Philadelphia is office of origin in an extensive investigation  
concerning a major gambling network covering many states.  
This investigation has revealed use of devices for the  
elimination of registering of toll calls.

Philadelphia Office will supply the Los Angeles  
Office with summary of usable information for the assistance  
of the Los Angeles Office in the investigation of above  
captioned Los Angeles case.

Los Angeles will keep the Bureau and the Philadelphia  
Office advised of all pertinent developments from Los Angeles  
investigation.

1 - 165-1895

SEE NOTE PAGE 2.

PJB:dsa asa  
(8)

APR 3 1966  
218

MAILED 18  
MAR 25 1966  
COMM-FBI

REC-81

MGT-20

165-1765-1

19 MAR 28 1966

- Tolson \_\_\_\_\_
- DeLoach \_\_\_\_\_
- Mohr \_\_\_\_\_
- Wick \_\_\_\_\_
- Casper \_\_\_\_\_
- Callahan \_\_\_\_\_
- Conrad \_\_\_\_\_
- Felt \_\_\_\_\_
- Gale \_\_\_\_\_
- Rosen \_\_\_\_\_
- Sullivan \_\_\_\_\_
- Tavel \_\_\_\_\_
- Tele. Room \_\_\_\_\_
- Holmes \_\_\_\_\_
- Gandy \_\_\_\_\_



MAIL ROOM  TELETYPE UNIT

10  
b6  
b7C

RECORDED COPY FILED IN



Airtel to Philadelphia  
Re: Tarcase

NOTE: Los Angeles is beginning an investigation based on information that electronic devices, commonly known as "black boxes" are being manufactured by [redacted] in Altadena, California. Los Angeles is aware of the fact that a small device was seized in the investigation in the Kenneth Herbert Hanna case and asks for information from other office where electronic device, "black box" has been used. Philadelphia, office of origin in the "Tarcase," is being directed to supply information to the Los Angeles Office. Los Angeles is being directed to keep Philadelphia advised of all developments.

b6  
b7c

FBI

Date: 4/1/66

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

Via AIRTEL AIR MAIL  
(Priority)

TO: DIRECTOR, FBI  
FROM: SAC, LOS ANGELES (166-462)  
RE:

*as per [unclear]*  
*2798*

UNSUBS  
ITAR - GAMBLING;  
ITWP; FBW - CONSPIRACY  
OO: LOS ANGELES

b6  
b7c

Re Los Angeles teletype to the Director 3/28/66.  
Oklahoma City letter to Dallas 2/16/66,  
captioned  ET AL, FBW,  
Bureau file 87-86712.

REC-81

*166-1765-11*

Referenced letter reflects seizure of "four black boxes" and diagrams relating to manufacturer of these devices in the Oklahoma City area. Referenced letter indicates VIRGIL SALATHIEL, in the spring of 1965, met in Los Angeles with individuals from Oklahoma City and sold them a "black box" for \$500. This device was reportedly manufactured by an ex-Western Electric engineer in Los Angeles and appears to be the one seized at Okliana Corporation, Oklahoma City, on 1/17/66.

- 3 - Bureau
- 2 - Oklahoma City (87-12262) (AM)
- 2 - Los Angeles
- (7)

*Wick*

*Stop from [unclear] unit*

10 APR 4 1966

*[Handwritten signature]*

Approved: *[Signature]*  
Special Agent in Charge.

Sent \_\_\_\_\_ M. Per \_\_\_\_\_

7  
SPECIAL INVESTIGATIVE DIVISION

April 14, 1966

This case involves subjects in Los Angeles who are allegedly manufacturing and distributing electronic devices throughout the United States. These devices, known as "blue boxes," circumvent telephone company billing and are being used to avoid detection and toll charges in gambling operations. Assistant United States Attorney Lally, Los Angeles, intends to call grand jury and subpoena telephone company records reflecting interception of gambling traffic where such devices used.

*D*  
PJB:mlp *me*

*JLB*

5-16-66

**Airtel**

**To: SAC, Los Angeles (155-481)**

**From: Director, FBI (155-1765)**

**RE: [REDACTED]**

**ALBUQUERQUE;  
ET AL  
IPAR - GAMBLING; FWA;  
FBW - CONSPIRACY  
EUBED MAY 23, 1966  
RESEARCH (ONLINE RECORDS)**

*See index*

*2  
LQ*

*(Handwritten initials)*

*(Handwritten circle)*

**Re Los Angeles airtel, 5-10-66.**

The Bureau will make a decision as to the advisability of a national press release when all facts concerning instant matter are known. In all probability a national press release will be made by me in Washington, D. C., concerning this matter.

To assist in such a release, all auxiliary offices should review the thumbfiles of subjects in their territory as furnished by Los Angeles and insure that they are accurate. In those instances where employment or residence is not known, such should be discreetly obtained and furnished to the Bureau. Also furnish to the Bureau any known arrest records of potential subjects.

- 2 - Atlanta
- 2 - Baltimore
- 2 - Butte
- 2 - Memphis
- 2 - Miami
- 2 - Newark
- 2 - New Orleans

MAILED 9  
MAY 16 1966  
COMM-FBI

- 2 - New York
- 2 - Oklahoma City
- 2 - Philadelphia
- 2 - Salt Lake City
- 2 - Seattle

*Handwritten initials*

1 - Mr. Gale  
1 - Follow-up made for 5-23-66.

MCT-1166-1765-418

- Tolson \_\_\_\_\_
- DeLoach \_\_\_\_\_
- Mohr \_\_\_\_\_
- Wick \_\_\_\_\_
- Casper \_\_\_\_\_
- Callahan \_\_\_\_\_
- Conrad \_\_\_\_\_
- Felt \_\_\_\_\_
- Gale \_\_\_\_\_
- Rosen \_\_\_\_\_
- Sullivan \_\_\_\_\_
- Tavel \_\_\_\_\_
- Trotter \_\_\_\_\_
- Tele. Room \_\_\_\_\_
- Holmes \_\_\_\_\_
- Gandy \_\_\_\_\_

NOTE: This matter involves the probable arrest of numerous individuals located in several different states in connection with Interstate Gambling and Fraud by Wire. It is now contemplated that simultaneous arrests will take place around the end of May, 1966.

TBC:nal (30)

*Handwritten signatures*

19 MAY 27 1966  
*Handwritten initials*

56 MAY 27 1966 TELETYPE UNIT

Los Angeles should follow this latter very closely and promptly furnish to the Bureau, Attention: Crime Records Division, any additional pertinent background information concerning potential subjects and any information which would affect a national press release.

All offices should advise the Bureau, Attention: Crime Records Division, of any necessary changes to the transcripts as furnished by Los Angeles by May 23, 1968.

[Redacted]

Airtel to SAC, Los Angeles  
 FBI Chicago

b6  
 b7c

FBI

Date: 5/10/66

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

Via A I R T E L A I R M A I L  
(Priority)

TO: Director, FBI (166-1765) ATTENTION: CRIME RECORDS

FROM: SAC, Los Angeles (166-462)

RE: CHANGED: [redacted] aka.,

Al Bubbis;  
ET AL  
ITAR-GAMBLING; ITWI;  
FBW - CONSPIRACY

OO: Los Angeles

The title is marked CHANGED to reflect the correct spelling of [redacted] name as reflected in his company records.

Re Los Angeles teletype to Director dated 4/27/66.

BACKGROUND

This case entails the use of an electronic device called a multi-frequency tone generator or "blue box" used to make long-distance telephone calls circumventing

- 3 - Bureau
- 2 - Atlanta
- 2 - Baltimore
- 1 - Butte (Info)
- 2 - Memphis
- 2 - Miami
- 2 - Newark
- 2 - New Orleans
- 1 - New York (Info)
- 1 - Oklahoma City (Info)
- 1 - Philadelphia (Info)
- 1 - Salt Lake City (Info)
- 1 - Seattle (Info)
- 2 - Los Angeles

REC-49

166-1765-42

MAY 11 1966

CRIME RESEARCH

JRP/ser  
51 JUN 9 1966

Approved: [Signature] Special Agent in Charge

Sent \_\_\_\_\_ M

Per [Signature]

2

But

b6  
b7c

4

ce 4-17-66

[Signature]

LA 166-462

normal billing procedures and in the case of gamblers, detection of the individual called. The Los Angeles area records of [redacted] reflect that there are or have been numerous users of this device, coupled with information that this device is being manufactured in this area by certain engineers. Investigation of these facts has determined that this device is used by individuals falling within two classes, (a.) gamblers and, (b.) salesmen and other legitimate individuals merely circumventing costs of interstate calls.

In the case of gamblers investigation has determined that [redacted] the subject of this case, has been in contact with numerous gamblers throughout the country and has placed bets or obtained gambling information in telephone conversations with these individuals which he did on the instructions and orders of nationally known Miami gambler [redacted]

Assistant United States Attorney JOHN LALLY, Chief of the Organized Crime Section, USA's Office, Los Angeles, stated that it was his opinion that users of the "blue box" were in violation of Fraud by Wire statutes, if the calls were made interstate utilizing this device. In addition, he advised that users of this device could also be prosecuted for violation of federal gambling statutes if the "blue box" were utilized in interstate calls in furtherance of gambling operations.

b6  
b7C  
b7D

Assistant U. S. Attorney LALLY stated that if the telephone company, acting on their own initiative and not at the request of the FBI, monitored individuals using this device, any tapes made during the monitoring would be admissible evidence.

Officials of [redacted] advised that they were in accord with AUSA LALLY's opinion and agreed to furnish the identities of users of the "blue box" and also provide [redacted]

[redacted] representatives requested that such [redacted] be furnished the government through the issuance of a subpoena duces tecum.

LA 166-462

Los Angeles has positively determined that eleven individuals have used this device in recent months and AUSA LALLY will proceed against these individuals on charges of Fraud by Wire. Other subjects may develop through current investigation being conducted and these names likewise will be furnished the Bureau promptly when received.

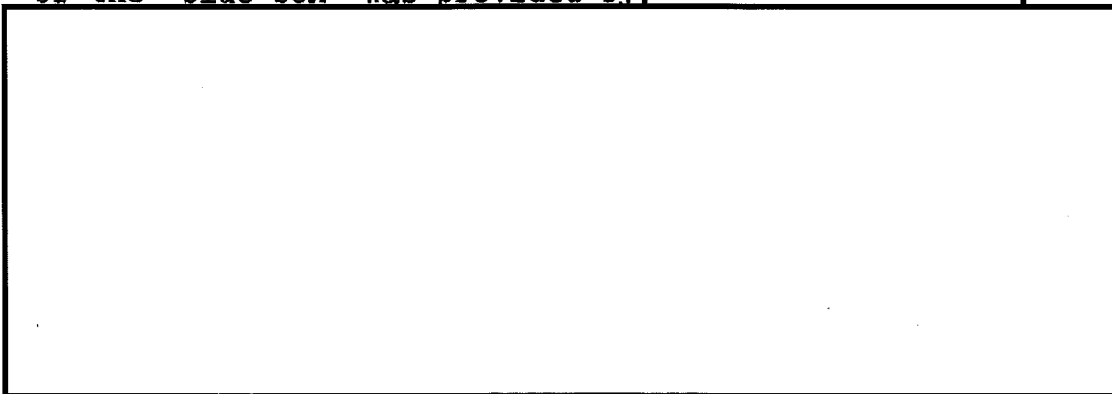
AUSA LALLY desires that all individuals both in Los Angeles and out of state, be arrested on the same date in order to establish a dramatic effect in an effort to aid the telephone company through wide spread publicity that would be achieved and to discourage future use of this device.

At a conference held in Los Angeles attended by representatives of the telephone companies, United States Attorney and the Los Angeles Office of the FBI, telephone company officials expressed serious concern over the cost to their company in policing suspected users of the device and of the costs lost to them by these illegitimate calls. They strongly urged that in their opinion the best means to circumvent and stop this type of activity was to fully cooperate with the FBI in causing arrests of the users which they felt would be the best way to thwart its future use.

b6  
b7C  
b7D

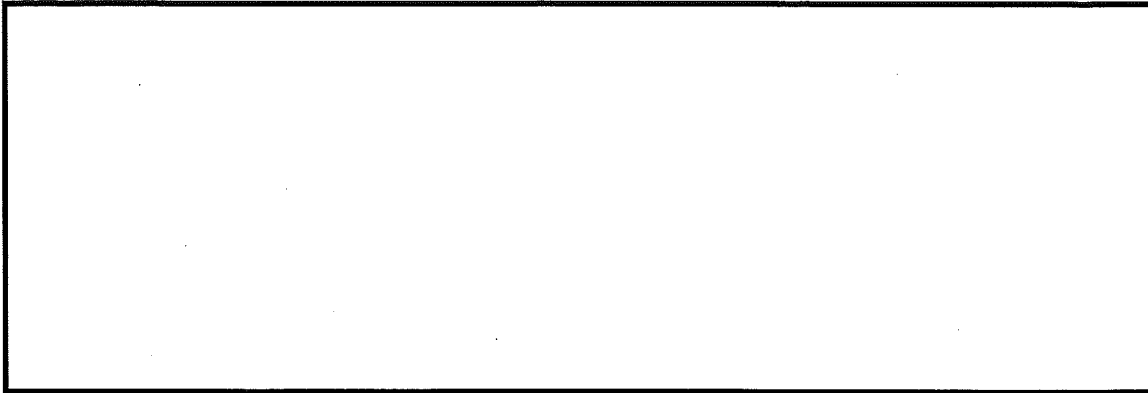
TECHNICAL EXPLANATION OF THE "BLUE BOX"

The following information concerning the operation of the "blue box" was provided by





LA 166-462



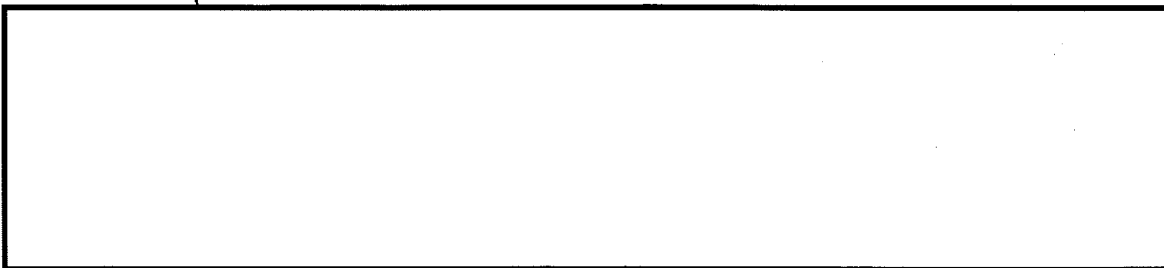
b6  
b7C  
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DATE OF ARRESTS

AUSA JOHN LALLY has indicated a desire to have all arrests made this case at the end of May, 1966, if investigation can be logically concluded by that time. In addition to those arrested there will be simultaneous interviews made in the Los Angeles area of approximately 20 other individuals who are suspected by the telephone company of using such a device. The USA has advised that if these individuals during interview admit the use of this device to make interstate calls he will consider authorizing the arrest of them for Fraud by Wire.

THUMBNAIL OF INDIVIDUALS TO BE ARRESTED  
OUT OF STATE

Miami Division



Memphis Division

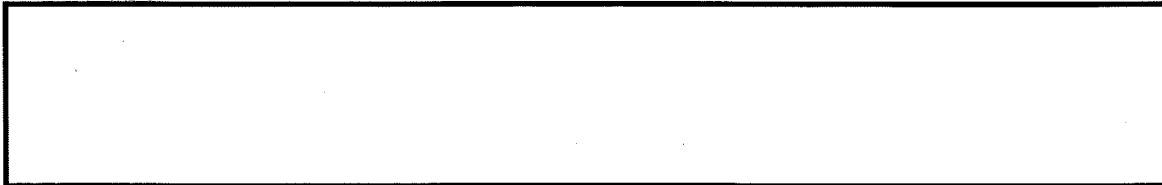
At Nashville, Tennessee THOMAS MILTON BOYD, a well known gambling figure in Nashville born in that city

LA 166-462

*B. Approp. 1926*

~~GRAY HOFFMAN~~ is 40 years of age and resides at 212 South Mariposa in Burbank, California and is employed as manager of the Kahr Bearing Corporation, 3010 North San Fernando Road, Burbank, California. He has no known arrest record.

~~VIRGIL SALATHIEL~~ normally resides at 5055 Walnut Hill Lane, Dallas, Texas, but has from time to time maintained an apartment in the Los Angeles area. SALATHIEL operates the Teco Wheel Balancing Company, 1005 Arbor Vitae Inglewood, California which also has facilities in Dallas, Texas.



b6  
b7C

~~CARL LOVELACE CLEMENT~~ who is approximately 55 years of age, resides at 9336 Lemona, Sepulveda, California and is employed as a manager of engineers at the Escoa Corporation, 15519 South Crenshaw, Gardena, California. CLEMENT is married and has no known police record.

*B. Approp. 1911*



RECOMMENDATION

Based on the wide spread publicity which would be caused by national arrests of gamblers coupled with the unique use of technical devices to make interstate calls, it is recommended that the Bureau give consideration to making a national press release based on the anticipated arrests later this month.

If the Bureau so desires to make such a release Los Angeles will keep you abreast of all information and the identities of additional subjects or suspects. All offices will be advised the night prior to the complaints being

LA 166-462

filed that the arrests will be made and approximately one week before such arrests, each office will be requested to determine if the subject they are to arrest is in their field division territory. Following the arrests, each Division will be requested to telephonically advise the Bureau and Los Angeles if they were successful in making the arrest and if gambling paraphernalia found. Additionally, Los Angeles will provide the Bureau the number of "blue box" devices seized in connection with the arrests made in the Los Angeles area.

A copy of this communication has been designated for every office having had past correspondence or leads in this case in the event the Bureau may desire to ask a field division for additional information regarding an individual .

The Bureau is requested to provide Los Angeles in advance a copy of any desired press release in order that Los Angeles may delete or add any subjects based on future investigation or U. S. Attorney's opinion.

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION  
MAY 20 1966

TELETYPE *je*

Mr. Tolson	_____
Mr. DeLoach	_____
Mr. Mohr	_____
Mr. Wick	_____
Mr. Casper	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. Felt	_____
Mr. Gale	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

FBI LOS ANG.

8:05 PM PDT URGENT 5-20-66 EVK

TO BUREAU (166-1765) ATT: CRIME RECORDS DIVISION,  
ATLANTA, BALTIMORE, CHARLOTTE, MEMPHIS, MIAMI, NEWARK, NEW  
ORLEANS

FROM LOS ANGELES (166-462)

[Redacted]

[Redacted] *9*

Interstate Transmission of Wagering Information  
*also known as* FRAUD BY WIRE Office of Origin  
AKA. ITWI. FWB- CONSPIRACY. 99; LOS ANGELES.

RE LOS ANGELES AIRTEL TO DIRECTOR MAY TEN LAST.

Interstate Transportation in Aid of Racketeering  
I-FAR-GAMELING IS DELETED FROM CHARACTER.

Assistant United States Attorney  
AUSA JOHN LALLY, LOS ANGELES TODAY CONFIRMED HE

WOULD AUTHORIZE FILING OF COMPLAINTS AGAINST THE FOLLOWING  
Interstate Transmission of Wagering Information

UNDER ITWI STATUTE: [Redacted] MIAMI; HERBERT

KAUFMAN, BALTIMORE, MARYLAND; [Redacted] CONYERS,

GEORGIA; THOMAS MILTON BOYD, NASHVILLE, TENNESSEE; [Redacted]

[Redacted] UNION CITY, NEW JERSEY AND [Redacted] AND

END PAGE ONE

REC-24 166-1765-43  
MCT-20

MAY 24 1966

~~JUN 6 1966~~ 129  
50 JUN 14 1966  
-58

b6  
b7C

*d*

PAGE TWO

[REDACTED] LOS ANGELES, CALIFORNIA.

Assistant United States Attorney

AUSA LALLY DID NOT CONFIRM BUT GIVING CONSIDERATION  
TO EUGENE NOLN, BATON ROUGE, LOUISIANA; [REDACTED]  
GREENSBORO, NORTH CAROLINA.

COMPLAINTS WILL BE AUTHORIZED AGAINST THE FOLLOWING  
FOR FBW: <sup>FRAUD BY WIRE</sup> [REDACTED] SUPRA; [REDACTED]  
HAROLD "BUZ" MAHAN; GREY HOFFMAN; VIRGIL SALATHIEL; CARL  
LOVELACE CLEMENT.

PROBABLE CAUSE DOES NOT EXIST FOR JOSEPH SOLDIS  
AT THIS TIME.

ADDITIONAL SUBJECT [REDACTED]

[REDACTED] TO BE INCLUDED <sup>FRAUD BY WIRE</sup> FBW.

THE FOLLOWING THUMBNAIL OF [REDACTED] BORN

[REDACTED]

COMPLAINTS WILL BE FILED FOR AIDING AND ABETTING <sup>FRAUD BY WIRE</sup> FBW

AGAINST [REDACTED]

THE BUREAU, NEW ORLEANS AND CHARLOTTE WILL BE  
IMMEDIATELY ADVISED OF ANY PERTINENT DEVELOPMENTS CONCERNING  
QUESTIONABLE SUBJECTS THEIR TERRITORIES.

END PAGE TWO

b6  
b7C

PAGE THREE

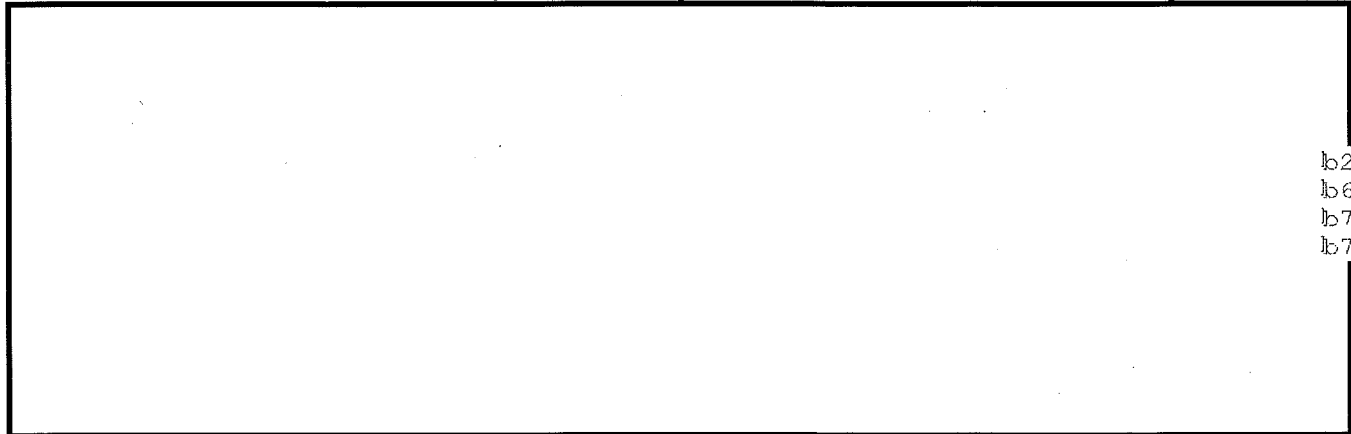
ALL OFFICES IMMEDIATE DETERMINE WHEREABOUTS OF  
SUBJECTS THEIR TERRITORY AND SUTEL BUREAU AND LOS ANGELES  
BY MAY TWENTY THREE NEXT.

IT IS ANTICIPATED THAT COMPLAINTS FILED AND  
WARRANTS WILL BE ISSUED DATED MAY TWENTY FOUR NEXT TO BE  
EXECUTED EARLY AM MAY TWENTY FIVE NEXT.

ALL OFFICES WILL BE ADVISED TUESDAY BY TEL THAT  
COMPLAINTS FILED. SHORT TEL WILL LEAVE LOS ANGELES WEDNESDAY  
MORNING ADVISING TO ARREST. ARRESTS TO BE COORDINATED BY LA.

FOLLOWING ARREST EACH OFFICE TELEPHONICALLY  
ADVISE LOS ANGELES THAT SUBJECT IN CUSTODY AND IF  
SEARCH INCIDENTAL RECOVERED GAMBLING PARAPHERNALIA.

FOR INFO MIAMI IT IS UNDECIDED AT THIS TIME  
WHETHER PROCESS CAN BE OBTAINED FOR



b2  
b6  
b7C  
b7D

END PAGE THREE

510  
JUN 1 1966 R472

UNITED STATES GOVERNMENT

# Memorandum

TO : Director, FBI (Att.: Special Investigative Division)

DATE: 5/24/66  
Office of  
Origin: LOS ANGELES

FROM : SAC, LOS ANGELES (166-534)

O.O. File No. \_\_\_\_\_  
(If other than submitting office)

SUBJECT: VIRGIL SALATHIEL - FUGITIVE  
FBW [Redacted]

*m*

*SK 9*  
*JP-217*

b6  
b7c

In order that a fugitive index card may be prepared without delay, the following information is furnished:

Probation violator's warrant issued by USDC for District of \_\_\_\_\_, (date) \_\_\_\_\_

Warrant issued by  U. S. Commissioner  Clerk, USDC at Los Angeles  
California, (date) 5/24/66

Date probation violator or bond default case referred to office \_\_\_\_\_

Name and Aliases:

FBI #

VIRGIL SALATHIEL

"FUGITIVE CARDS  
PREPARED 5-31-66 *deew*

Other Identifying #

Offense Charged: Fraud By Wire

Title 18, U. S. Code, Section 1343

If an indictment or information is outstanding specify which, giving date and place of issuance: \_\_\_\_\_

*All ready*

*all*

### Description

Sex <input checked="" type="checkbox"/> Male <input type="checkbox"/> Female	Race <u>white</u>	Complexion	Age	Birth date <u>4/28/18</u>	Birthplace <u>Oklahoma City, Okla.</u>
Height	Weight	Build	Hair	Eyes <u>Ch</u>	Residence <u>5055 Walnut Hill Lane, Dallas, Texas</u>

Nationality \_\_\_\_\_ Marital status \_\_\_\_\_  
Statement (where applicable)

Scars, marks and other identifying remarks

REC-40  
166-1765-49

MAY 26 1966

Occupation Owner: Teco Company, Inglewood, California  
Todd Industries, Dallas, Texas

① Bureau JUN 8 1966  
1 - Los Angeles  
TLD/mjg (2)

*ELI...*

Federal Bureau of Investigation  
Records Branch

6-2, 1966

- Name Searching Unit - Room 6527
  - Service Unit - Room 6524
  - Forward to File Review
  - Attention
  - Return [ ] 1243
- Room Ext.

b6  
b7C

Type of References Requested:

- Regular Request (Analytical Search)
- All References (Subversive & Nonsubversive)
- Subversive References Only
- Nonsubversive References Only
- Main                      References Only  
*All Mains & Subv. See*

Type of Search Requested:

- Restricted to Locality of
- Exact Name Only (On the Nose)
- Buildup  Variations

**JUN 3 1966**

Subject Virgil Salathiel

Birthdate & Place                     

Address                     

Localities                     

R# 472 Date 6-2-66 Searcher Initials 510

Prod.                      FILE NUMBER SERIAL

<input checked="" type="checkbox"/>	<u>87-86712</u>	<u>had info file</u>
<input checked="" type="checkbox"/>	<u>166-1765</u>	<u>had info file</u>

**JUN 7 1966**



502  
JUN 2 1966  
R627

UNITED STATES GOVERNMENT

# Memorandum

TO : Director, FBI (Att.: Special Investigative Division)

DATE: 5/24/66  
Office of  
Origin: LOS ANGELES

FROM : SAC, LOS ANGELES (166-506)

O.O. File No. \_\_\_\_\_  
(If other than submitting office)

SUBJECT: CARL LOVELACE CLEMENT - FUGITIVE  
FBW

[Redacted Box]

In order that a fugitive index card may be prepared without delay, the following information is furnished:

Probation violator's warrant issued by USDC for District of \_\_\_\_\_, (date) \_\_\_\_\_

Warrant issued by  U. S. Commissioner  Clerk, USDC at Los Angeles, California, (date) 5/24/66

Date probation violator or bond default case referred to office \_\_\_\_\_

Name and Aliases:

FBI #

CARL LOVELACE CLEMENT

FUGITIVE CARDS  
PREPARED 6-2 sal  
Date by

Other Identifying #  
U.S. Army Serial No.  
6255185

Offense Charged: Fraud By Wire

Title 18, U. S. Code, Section 1343

If an indictment or information is outstanding specify which, giving date and place of issuance: \_\_\_\_\_

### Description

Sex <input checked="" type="checkbox"/> Male <input type="checkbox"/> Female	Race W	Complexion medium	Age 52	Birth date 11/24/13	Birthplace Paris, Tennessee
Height 5'6"	Weight 155	Build medium	Hair bald brown	Eyes blue- grey	Residence 9336 Lemona, Sepulveda, Calif.
Nationality American	Marital status married		Caution statement (where applicable)		
Scars, marks and other identifying remarks mole - right cheek					
Occupation Engineer					

MCT-43

REC 29

166-1765-57

10 MAY 26 1966

① - Bureau  
1 - Los Angeles  
TLD/mjg (2)

RS

SEARCHED  
SERIALIZED

b6  
b7c

Federal Bureau of Investigation  
Records Branch

*1-2*, 19 *66*

Name Searching Unit - Room 6527  
 Service Unit - Room 6524  
 Forward to File Review  
 Attention   
 Return to  Supervisor Room Ext.

Type of References Requested:

- Regular Request (Analytical Search)
- All References (Subversive & Nonsubversive)
- Subversive References Only
- Nonsubversive References Only
- Main ~~Sub~~ References Only

Type of Search Requested:

- Restricted to Locality of \_\_\_\_\_
- Exact Name Only (On the Nose)
- Buildup  Variations

JUN 6 1966

Subject *Clement, Carl Lovelace*  
 Birthdate & Place \_\_\_\_\_  
 Address \_\_\_\_\_

Localities \_\_\_\_\_  
 R# *608* Date *6/3* Searcher Initials *502*  
 Prod. *20*

	FILE NUMBER	SERIAL
<input checked="" type="checkbox"/>	<i>166-1765</i>	<i>has info. pla</i>
<input checked="" type="checkbox"/>	<i>Carl L</i>	
<input checked="" type="checkbox"/>	<input type="text"/>	
<input checked="" type="checkbox"/>	<i>Carl</i>	
<input checked="" type="checkbox"/>	<input type="text"/>	

JUN 8 1966

b2  
b6  
b7C

UNITED STATES GOVERNMENT

# Memorandum

TO : Director, FBI (Att.: Special Investigative Division)

DATE 5/24/66

Office of

Origin: LOS ANGELES

FROM : SAC, LOS ANGELES (166-516)

O.O. File No. \_\_\_\_\_  
(If other than submitting office)

SUBJECT: GRAY HOFFMAN  
FBW



In order that a fugitive index card may be prepared without delay, the following information is furnished:

Probation violator's warrant issued by USDC for District of \_\_\_\_\_, (date) \_\_\_\_\_

Warrant issued by  U. S. Commissioner  Clerk, USDC at Los Angeles  
California, (date) 5/24/66

Date probation violator or bond default case referred to office \_\_\_\_\_

Name and Aliases:

GRAY HOFFMAN

*6/11 jt*

FBI #

Other Identifying #

Offense Charged: Fraud By Wire

Title 18, U. S. Code, Section 1343

If an indictment or information is outstanding specify which, giving date and place of issuance: *al*

### Description

Sex <input checked="" type="checkbox"/> Male <input type="checkbox"/> Female	Race <u>white</u>	Complexion <u>medium</u>	Age <u>45</u>	Birth date <u>9/23/20</u>	Birthplace <u>San Francisco, Calif.</u>
Height <u>6'</u>	Weight <u>178</u>	Build <u>slim</u>	Hair <u>black</u>	Eyes <u>brown</u>	Residence <u>212 S. Mariposa Burbank, Calif.</u>
Nationality	Marital status <u>single</u>	Statement (where applicable)			

Scars, marks and other identifying remarks

*MVA 31 10 58 VIN 22*

*MGT-43 166-1765-59*  
**REC 70**  
**18 MAY 26 1966**

Occupation Production Control Manager,  
Kahr Bearing Corporation, Burbank

*05 Bureau 8 1966*

*1 - Los Angeles*

*TLD/mjg (2)*

*(5) JUN 1 1966 R367*

*REC 70*

b6  
b7c

NA  
5/25/66  
28

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

MAY 25 1966

TELETYPE

Mr. Tolson	_____
Mr. DeLoach	_____
Mr. Mohr	_____
Mr. Wick	_____
Mr. Casper	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. Felt	_____
Mr. Gale	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

FBI DALLAS

9:59 PM CST URGENT 5/25/66 JDP

TO DIRECTOR (166-1765) AND LOS ANGELES (166-462)  
FROM DALLAS (166-241)

[REDACTED] AKA - FUGITIVE; ET AL - FUGITIVES,  
ITAR - GAMBLING; ITWP; FBW - CONSPIRACY. OO - LOS ANGELES.  
RE DALLAS TELETYPE THIS DATE, ADVISING SALATHIEL APPREHENDED.  
VIRGIL SALATHIEL ARRAIGNED THIS DATE BEFORE USC

WILLIAM MADDEN HILL, NDT, DALLAS, AND WAS REPRESENTED BY DALLAS  
[REDACTED] ATTORNEYS REQUESTED A FULL  
HEARING BEFORE USC, WHICH WAS SET FOR JUNE THREE, NINETEEN SIXTYSIX.  
SALATHIEL POSTED A FIFTEEN HUNDRED DOLLAR CASH TEMPORARY BOND AND  
WAS RELEASED.

LOS ANGELES REQUESTED TO CONTACT USA AT LOS ANGELES HANDLING  
THIS MATTER IN ORDER TO HAVE NECESSARY WITNESSES AT HEARING AND  
FURNISH NECESSARY REPORTS TO USA'S OFFICE, DALLAS, FOR THEIR USE  
AT THE HEARING. - P-

END

WA...NHH  
FBI WASH DC  
LA...PLS  
FBI LOS ANG.

REC-87

166-1765-72

4 MAY 27 1966

CC MR. ROSEN  
51 JUN 2 1966

51 JUN 8 1966

b6  
b7c

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

MAY 25 1966

TELETYPE

Mr. Tolson	_____
Mr. DeLoach	_____
Mr. Mohr	_____
Mr. Wick	_____
Mr. Casper	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. Felt	_____
Mr. Gale	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

b6  
b7c

FBI DALLAS

11-42 AM CST URGENT 5-25-66 EEA

TO DIRECTOR (166-1765) AND LOS ANGELES (166-462)

FROM DALLAS (166-241) 1-P

Date 6-2-66  
Per SAK

[Redacted]

AKA; ETAL; ITAR - GAMBLING; ITWP; FRAUD

BY WIRE - CONSPIRACY. RE DALLAS TELEPHONE CALL TO BUREAU, TODAY.

VIRGIL SALATHIEL, WM, BORN APRIL TWENTYEIGHT, EIGHTEEN,

OKLAHOMA CITY, OKLA., ARRESTED THIS DATE AT SEVEN FIFTYFIVE A.M.

AT HIS RESIDENCE, FIVE ZERO FIVE FIVE WALNUT HILL LANE, DALLAS, TEX.

SALATHIEL ADMITTED IDENTITY BUT DENIED KNOWLEDGE OF OFFENSE IN

COMPLAINT. SALATHIEL INCARCERATED DALLAS CO. JAIL AND BEING

AFFORDED HEARING BEFORE USC, DALLAS, THIS DATE.

LOS ANGELES REQUESTED TO HAVE THE NECESSARY PAPERS CONCERNING  
SALATHIEL SENT TO USM, DALLAS. TEX.

END ACK PLS WA

LA TO BE ADVISED

TMA

FBI WASH DC

TU CLR

51 JUN 8 1966

8 1966

56 JUN 3 1966

REC-87

166-1765-76

50 MAY 27 1966

cc - Mr. Rosen

[Redacted]

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

MAY 25 1966

TELETYPE

Mr. Tolson	_____
Mr. DeLoach	_____
Mr. Mohr	_____
Mr. Wick	_____
Mr. Casper	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. Felt	_____
Mr. Gale	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____
CLERK	_____

FBI WASH DC

FBI LOS ANG.

436 PM PDT URGENT 5-25-66 PLS

TO DIRECTOR (166-1765)

ATTN: SPECIAL INVESTIGATIVE DIV

FROM LOS ANGELES (166-462)

10 Memo to Ident.  
Date 6-2-66  
Per pat

[REDACTED] AKA DASH FUGITIVE. ET AL.

ITWI; FBW- CONSPIRACY. OO: LOS ANGELES.

FUGITIVES; [REDACTED]

[REDACTED] CARL

LOVELACE CLEMENT, GRAY HOFFMAN, [REDACTED]

[REDACTED] ALL ARRESTED BY  
SPECIAL AGENTS, LOS ANGELES THIS DATE, APPEARED BEFORE  
USC AND RELEASED ON BOND.

[REDACTED] SURRENDERED TO SPECIAL  
AGENTS LOS ANGELES OFFICE THIS DATE, TAKEN BEFORE USC  
AND RELEASED ON BOND.

FOR INFO BUREAU [REDACTED] FURNISHED  
SIGNED STATEMENT ADMITTING MANUFACTURE AND SALE OF DEVICES  
TO [REDACTED] (LAST NAME UNKNOWN TO HIM BUT WILL PROBABLY BE

[REDACTED] WHEN SHOWN PHOTO)

[REDACTED] ADMITS MANUFACTURE AND SALE OF

END PAGE ONE

53 JUN 7 1966

b6  
b7c

*[Handwritten signature]*

REC-166-1765-78  
MAY 27 1966

[REDACTED]

PAGE TWO

EIGHT DEVICES TO MAHAN.

BLUE BOX DEVICES RECOVERED FROM [REDACTED]

[REDACTED] AND HOFFMAN.

REPORTS FOLLOW.

END

WA...RCS

FBI WASH DC

TU CLRX

b6  
b7c

TI  
2008 JUN 24 15 22

CC-MR. ROSEN

Revised 7:51 AM

FOR IMMEDIATE RELEASE  
May 23, 1966

FBI Agents today dealt a crippling blow to the users of electronic devices designed to circumvent toll charges on long distance telephone calls by the arrest of 19 individuals in 8 different states, Attorney General Nicholas said. Katzenbach announced.

FBI Director J. Edgar Hoover said the arrests were made on the basis of complaints filed in Los Angeles, California, by FBI Agents yesterday charging violations of Federal Statutes on the part of individuals in Florida, Maryland, Georgia, Tennessee, New Jersey, California, Louisiana and North Carolina.

The complaints allege violations of the Interstate Transmission of Wagering Information Statute, the Fraud by Wire Statute and the aiding and abetting of fraud by wire.

Mr. Hoover advised that the arrests today stemmed from an extensive and detailed investigation by FBI Agents throughout the United States. The violations charged were the use of electronic

services referred to as a multi frequency tone generator or

- Tolson \_\_\_\_\_
- DeLoach \_\_\_\_\_
- Mohr \_\_\_\_\_
- Wick \_\_\_\_\_
- Casper \_\_\_\_\_
- Callahan \_\_\_\_\_
- Conrad \_\_\_\_\_
- Felt \_\_\_\_\_
- Gale \_\_\_\_\_
- Rosen \_\_\_\_\_
- Sullivan \_\_\_\_\_
- Tavel \_\_\_\_\_
- Trotter \_\_\_\_\_
- Tele. Room \_\_\_\_\_
- Holmes \_\_\_\_\_
- Gandy \_\_\_\_\_

TBC:lcm/slr

(10)

MAIL ROOM  TELETYPE UNIT

~~166-1765-81~~

JV



"blue box," which instrument was used to circumvent normal billing procedures on long-distance telephone calls. The investigation determined that the device was used by both gamblers as well as ~~other~~ individuals attempting to circumvent costs of interstate calls. In the case of gamblers the instrument also prevented the detection of individual calls.

The FBI Director advised that the following individuals arrested were charged with violating the Interstate Transmission of Wagering Information Statutes and, if convicted, face sentences ranging up to \$10,000 fine and/or two years' imprisonment.

Gilbert Lee Beckley, 53, of Apartment 7B West, Blair House Apartments, 9100 Bay Drive, Bay Harbor Islands, Miami Beach, Florida. Beckley is allegedly one of the major bookmakers in the United States.

Herbert Kaufman, 55, married, a resident of 3600 Labyrinth Road, Baltimore, Maryland, and the owner and operator of Kaufman Realty, 1615 West North Avenue, Baltimore.

John Owen Tyler, a resident of the Hampshire House, Conyers, Georgia. Tyler has been described as a major gambler in the Atlanta, Georgia, area.

Thomas Milton Boyd, 36, married, a resident at 212 Rolling Fork Court, Nashville, Tennessee, and a partner in the operation

of the Uptown Recreation Center, 415 Diedrick, Nashville. Boyd is reportedly a well-known gambling figure in Nashville.

Francesco Sabato De Nigris, also known as Frank Dee and Frank Di Nigris, 35, of 463 Columbia Avenue, Cliffside Park, New Jersey. De Nigris is reportedly employed as a musician at the Casino-In-The-Park, Jersey City, New Jersey.

Alvin Bubis, 34, of 8401 West Sunset Boulevard, Los Angeles, California. Bubis is single and has been self-employed in the music publishing field and motion picture promotions under the names of Al Bubis Productions and Bubis Enterprises.

Gerald Hay Kilgore, 30, of 7517 Zelzah Avenue, Reseda, California. Kilgore is employed as the publisher of J. K. Sports Journal at 10687 Santa Monica Avenue, Los Angeles, California. The J. K. Sports Journal is described as a publication which provides information concerning nationwide sporting events.

Eugene Anthony Nolan, 36, married, of 1051 Rittiner Drive, Baton Rouge, Louisiana.

Henry E. Loman, of Greensboro, North Carolina.

Norman Louis Rosenthal, also known as Frank "Lefty" Rosenthal, 36, of 2123 Northeast 122nd Street, Miami, Florida. Rosenthal is reportedly a well-known handicapper and sports consultant and has been associated with the Multiple Sports News Service, 1090 Northeast 79th Street, Miami, Florida. This news service has provided sports information

including handicapping for professional baseball, basketball, football, hockey and college basketball and football.

Sam Solomon Green, also known as Stanley Green, 52, of 7851 Northeast Tenth Court, Miami, Florida. Green is reported to be the president of Multiple Sports News Service in Miami.

Mr. Hoover advised that the following individuals were charged with violations of the Fraud By Wire Statutes and, if convicted, face sentences ranging up to \$1,000 fine and/or five years' imprisonment:

Gerald Hay Kilgore, who is mentioned above as also being charged with violations of the Interstate Transmission of Wagering Information Statutes.

Dr. Milton M. Birnbaum, M.D., a resident of 8462 Sunset Boulevard, Los Angeles, California, with medical offices at 1237 North La Brea, Los Angeles.

Harold "Buz" Mahan, 47, of 9405 Sierra Mar Place, Beverly Hills, California. Mahan is single and is President of Aero Methods Engineering Corporation, 8912 West Olympic Boulevard, Los Angeles, and is also associated with Aerotic, Incorporated, Dallas, Texas.

Gray Hoffman, 40, of 212 South Mariposa, Burbank, California. He is employed as the Manager of the Kahr Bearing Corporation, 3010 North San Fernando Road, Burbank.

Virgil Salathiel, a resident of 5055 Walnut Hill Lane, Dallas, Texas, and Los Angeles, California. Salathiel operates the Teco Wheel Balancing Company, 1005 Arbor Vitae, Inglewood, California, which company also has facilities in Dallas, Texas.

Carl Lovelace Clement, approximately 55, of 9336 Lemona, Sepulveda, California. He is married and employed as a manager of engineers at the Escoa Corporation, 15519 South Crenshaw, Gardena, California.

Robert Pelletier, who is also known as Arthur Blake, 41, of 904 A Esplande, Redondo Beach, California. He is married and is self-employed as a free-lance engineer.

The FBI Director advised that the following two individuals were also arrested and charged in complaints with aiding and abetting fraud by wire and, if convicted, face sentences ranging up to \$1,000 fine and/or five years' imprisonment.

Wallace David Kies, 28, of 8629 Forty-fifth Street, Riverside, California. He is married and is employed as the acting supervisor of a steam plant at the University of California in Riverside, California.

Larry L. Simms, 31, of 4455 Rising Hill Road, Altadena, California. He is married and is employed as an electronics engineer at the Jet Propulsion Laboratory in Pasadena, California.

Mr. Hoover advised that all of the individuals arrested today will be arraigned before a United States Commissioner as soon as possible.

UNITED STATES GOVERNMENT

# Memorandum

Tolson	_____
DeLoach	_____
Mohr	_____
Wick	_____
Casper	_____
Callahan	_____
Conrad	_____
Felt	_____
Gale	_____
Rosen	_____
Sullivan	_____
Tavel	_____
Trotter	_____
Tele. Room	_____
Holmes	_____
Gandy	_____

TO : Mr. Wick

DATE: 5-23-66

FROM : M. A. Jones

SUBJECT: ALVIN KENNETH BUBIS - aka  
ET AL  
ITWI  
FBW - CONSPIRACY

*JM*

2-1  
*[Handwritten initials]*

The Los Angeles Office has been vigorously investigating instant case which involves the use of an electronic device designed to circumvent normal billing procedures on long-distance telephone calls.

An Assistant United States Attorney in Los Angeles has advised that complaints will be filed on May 24, 1966, charging 15 individuals with violations of Federal statutes. He is also considering the filing of complaints against 4 additional subjects. The individuals involved are located in several different states ranging from the east coast to the west coast of the United States.

In view of the magnitude of this case and the numerous offices involved, it is believed desirable to make a national press release on this matter.

RECOMMENDATIONS:

1. That the attached proposed press release be approved subject to minor changes, and returned to your (Mr. Wick's) office for further processing.

REG 45 166-1765-81

2. That the Director sign the enclosed transmittal memorandum to Mr. Jack Rosenthal, Director, Office of Public Information.

- Enclosures (2)
- 1 - Mr. DeLoach - Enclosures
- 1 - Mr. Wick - Enclosures
- 1 - Mr. Gale - Enclosures
- 1 - Mr. Gunsser - Enclosures

15 MAY 31 1966

TBC:nal (7)  
57 JUN 7 1966  
*mal*

*as* ✓  
*[Handwritten initials]*  
*[Handwritten initials]*  
*[Handwritten initials]*

UNITED STATES GOVERNMENT

# Memorandum

Tolson	_____
DeLoach	_____
Mohr	_____
Wick	_____
Casper	_____
Callahan	_____
Conrad	_____
Felt	_____
Gale	_____
Rosen	_____
Sullivan	_____
Tavel	_____
Trotter	_____
Tele. Room	_____
Holmes	_____
Gandy	_____

TO : Mr. DeLoach *DL*

DATE: 5-25-66

FROM : R. E. Wick *REW*

SUBJECT: ALVIN KENNETH BUBIS - aka  
ET AL  
ITWI  
FBW - CONSPIRACY

2-1

Reference Jones to Wick memo, 5-23-66, indicating that arrests of 19 individuals in 8 different states will take place today.

Agents throughout the United States made 16 arrests in 9 different states this morning; 4 additional individuals are being sought as fugitives and another individual is scheduled to surrender to Federal authorities today.

A national press release was issued in this matter at 11:45 a. m. after being approved by the Office of Public Information in the Department. Release furnished to Associated Press and United Press International at 11:45 a. m. Copies of the release were also furnished to the "Evening Star," the "Washington Post," the "Washington Daily News" and the 4 local television stations. All offices involved were furnished the press release and advised that they could release the information at 12:10 p. m. EDT. All offices were instructed to confine their remarks to the information set forth in the release.

A copy of the release, as given, is attached.

RECOMMENDATION:

For information.

- Enclosure
- 1 - Mr. DeLoach
  - 1 - Mr. Wick
  - 1 - Mr. Gale
  - 1 - Mr. Rosen
  - 1 - M. A. Jones

*V* *msc* *ENC*

REC 25  
766-1765-82

15 MAY 31 1966

TBC:nal (8)

ENCLOSURE

57 JUN 7 1966

CRIME RESEARCH

FINAL  
RELEASE

FOR IMMEDIATE RELEASE  
MAY 25, 1966

FBI Agents today dealt a crippling blow to the users of electronic devices designed to circumvent toll charges on long-distance telephone calls by the arrest of 16 individuals in 9 different states, Attorney General Nicholas deB. Katzenbach announced.

FBI Director J. Edgar Hoover said the arrests were made on the basis of complaints filed in Los Angeles, California, by the FBI yesterday charging violations of Federal Statutes on the part of individuals in New York, Maryland, Georgia, Tennessee, North Carolina, Florida, Texas, California and New Jersey.

The complaints allege violations of the Interstate Transmission of Wagering Information Statute, the Fraud By Wire Statute and the aiding and abetting of fraud by wire.

*OK'd by BPT  
5/25/66  
BPT*

Mr. Hoover advised that the arrests today climaxed an extensive and detailed investigation by FBI Agents throughout the United

States. The violations charge the use of an electronic device known as a multifrequency signal generator or "blue box," which

*165-1765-82*

- Tolson \_\_\_\_\_
- DeLoach \_\_\_\_\_
- Mohr \_\_\_\_\_
- Wick \_\_\_\_\_
- Casper \_\_\_\_\_
- Callahan \_\_\_\_\_
- Conrad \_\_\_\_\_
- Felt \_\_\_\_\_
- Gale \_\_\_\_\_
- Rosen \_\_\_\_\_
- Sullivan \_\_\_\_\_
- Tavel \_\_\_\_\_
- Trotter \_\_\_\_\_
- Tele. Room \_\_\_\_\_
- Holmes \_\_\_\_\_
- Gandy \_\_\_\_\_

ENCLOSURE

MAIL ROOM  TELETYPE UNIT



instrument is used to circumvent normal billing procedures on long-distance telephone calls. The investigation determined that the device was used by gamblers as well as other individuals attempting to circumvent costs of interstate calls.

The FBI Director advised that the following individuals arrested were charged with violating the Interstate Transmission of Wagering Information Statutes and, if convicted, face sentences ranging up to \$10,000 fine and/or two years' imprisonment.

Gilbert Lee Beckley, 53, of Apartment 7B West, Blair House Apartments, 9100 Bay Harbor Drive, Bay Harbor Islands, Florida. Beckley is allegedly one of the major bookmakers in the United States. He was arrested in New York City.

Thomas Milton Boyd, 36, married, a resident of 212 Rolling Fork Court, Nashville, Tennessee, and a partner in the operation of the Uptown Recreation Center, 415 Deaderick Street, Nashville. Boyd is reportedly a well-known gambling figure in Nashville.

Herbert Kaufman, 55, married, a resident of 3600 Labyrinth Road, Baltimore, Maryland, and the owner and operator of Kaufman Realty, 1615 West North Avenue, Baltimore.

John Owen Tyler, 50, a resident of the Hampshire House, Conyers, Georgia. Tyler has been described as a major gambler in the Atlanta, Georgia, area.

Henry Edward Loman, 50, of R. F. D. #5, Box 856, Wilcox Road, Greensboro, North Carolina. Loman is not known to be currently employed but formerly operated the Gridiron Grill in Greensboro.

Samuel Green, also known as Stanley Green, 52, of 1865 Northeast 207th Street, Dade County, Florida. Green is reported to be the president of Multiple Sports News Service in Miami.

Gerald Hay Kilgore, 30, of 7517 Zelzah Avenue, Reseda, California. Kilgore is employed as the publisher of J. K. Sports Journal at 10687 Santa Monica Boulevard, Los Angeles, California. The J. K. Sports Journal is described as a publication which provides information concerning nationwide sporting events.

Francesco Sabato De Nigris, also known as Frank Dee and Frank Di Nigris, 35, of 463 Columbia Avenue, Cliffside Park, New Jersey. De Nigris is reportedly employed as a musician at the Casino-In-The-Park, Jersey City, New Jersey.

Mr. Hoover advised that the following individuals were charged with violations of the Fraud By Wire Statutes and, if convicted, face sentences ranging up to \$1,000 fine and/or five years' imprisonment:

Virgil Salathiel, 48, a resident of 5055 Walnut Hill Lane, Dallas, Texas, and Los Angeles, California. Salathiel operates the Teco Wheel Balancing Company, 1005 Arbor Vita, Inglewood, California, which company also has facilities in Dallas, Texas.

Harold "Buz" Mahan, 47, of 9405 Sierra Mar Place, Beverly Hills, California. Mahan is single and is President of Aero Methods Engineering Corporation, 8912 West Olympic Boulevard, Los Angeles, and is also associated with Aerotic, Incorporated, Dallas, Texas.

Carl Lovelace Clement, approximately 55, of 9336 Lemona, Sepulveda, California. He is married and employed as a manager of engineers at the Escoa Corporation, 15519 South Crenshaw, Gardena, California.

Joseph Soldis, 36, of 4612 Sharynne Lane, Torrance, California. He is employed as a salesman by Escoa Corporation, 15519 South Crenshaw Boulevard, Gardena, California.

Robert Pelletier, who is also known as Arthur Blake, 41, of 904 A. Esplande, Redondo Beach, California. He is married and is self-employed as a free-lance engineer.

Gray Hoffman, 40, of 212 South Mariposa, Burbank, California. He is employed as the Manager of the Kahr Bearing Corporation, 3010 North San Fernando Road, Burbank.

Gerald Hay Kilgore who is mentioned above as also being charged with violations of the Interstate Transmission of Wagering Information Statutes.

The FBI Director advised that the following two individuals were also arrested and charged in complaints with aiding and abetting fraud by wire and, if convicted, face sentences ranging up to \$1,000 fine and/or five years' imprisonment.

Wallace David Kies, 28, of 8629 Forty-fifth Street, Riverside, California. He is married and is employed as the acting supervisor of a steam plant at the University of California in Riverside, California.

Larry L. Simms, 31, of 4455 Rising Hill Road, Altadena, California. He is married and is employed as an electronics engineer at the Jet Propulsion Laboratory in Pasadena, California.

Mr. Hoover advised that Dr. Milton M. Birnbaum, a resident of 8462 Sunset Boulevard, Los Angeles, California, with medical offices at 1237 North La Brea, Los Angeles, was also charged with violations of the Fraud By Wire Statutes. Birnbaum is scheduled to surrender to Federal officials today.

The FBI Director also stated that the following individuals were charged in complaints but have not been taken into custody as yet. They are being sought by the FBI as fugitives.

William Ray Davis, <sup>22</sup>37, of 6540 Briarhaven, Dallas, Texas. Davis is reportedly residing in London, England.

Norman Louis Rosenthal, also known as Frank "Lefty" Rosenthal, 36, of 2123 Northeast 122nd Street, North Miami, Florida. Rosenthal is reportedly a sports consultant and has been associated with the Multiple Sports News Service, 1090 Northeast 79th Street, Miami, Florida. This news service provides line information for professional and collegiate sporting contacts including baseball, basketball, football and hockey.

Eugene Anthony Nolan, 36, married, of 6159 Paris Avenue, New Orleans, Louisiana.

Alvin Kenneth Bubis, 34, of 8401 West Sunset Boulevard, Los Angeles, California. Bubis is single and has been self-employed in the music publishing field and motion picture promotions under the names of Al Bubis Productions and Bubis Enterprises.

Mr. Hoover advised that all of the individuals arrested today will be arraigned before a United States Commissioner as soon as possible.

5/25/66

PLAIN TEXT

TELETYPE

URGENT

~~TO SACS ATLANTA~~

BALTIMORE  
CHARLOTTE  
DALLAS  
LOS ANGELES  
MEMPHIS  
MIAMI  
NEWARK  
NEW ORLEANS  
NEW YORK

*2-1*  
*mfp*

FROM DIRECTOR FBI

ALVIN KENNETH BUBIS, AKA, ET AL; ITAR - GAMBLING; ITWP;

b6  
b7C

FBW - CONSPIRACY.

REBUTEL FIVE TWENTY-FOUR WHICH SET FORTH PROPOSED PRESS  
RELEASE IN INSTANT MATTER. ALL OFFICES ARE ADVISED OF THE  
FOLLOWING CHANGES TO BE MADE IN PRESS RELEASE:

2200  
MAY 25 1966  
TELETYPE UNIT  
RECEIVED

PARAGRAPH TWO, LAST LINE SHOULD READ QUOTE NORTH  
CAROLINA, TEXAS AND NEW YORK UNQUOTE. PARAGRAPH THREE  
DELETE LAST LINE QUOTE IN THE CASE OF GAMBLERS THE INSTRUMENT  
ALSO PREVENTED THE DETECTION OF INDIVIDUAL CALLS UNQUOTE.  
DESCRIPTIVE DATA CONCERNING SUBJECT [REDACTED] SHOULD READ QUOTE

*+*

- Tolson \_\_\_\_\_
- DeLoach \_\_\_\_\_
- Mohr \_\_\_\_\_
- Wick \_\_\_\_\_
- Casper \_\_\_\_\_
- Callahan \_\_\_\_\_
- Conrad \_\_\_\_\_
- Felt \_\_\_\_\_
- Gale \_\_\_\_\_
- Rosen \_\_\_\_\_
- Sullivan \_\_\_\_\_
- Tavel \_\_\_\_\_
- Trotter \_\_\_\_\_
- Tele. Room \_\_\_\_\_
- Holmes \_\_\_\_\_
- Gandy \_\_\_\_\_

TBC:DGS

(4)

57 JUN 8 1966

*82*

MAIL ROOM  TELETYPE UNIT

TELETYPE UNIT

MAY 25 1966

10:33 AM

ENCODED MESSAGE

4 JUN 2 1966

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION  
MAY 25 1966

TELETYPE

*4*  
*mfp*

TELETYPE TO SACS ATLANTA, ET AL

[REDACTED]

BAY HARBOR ISLANDS, FLORIDA. [REDACTED] IS ALLEGEDLY ONE OF THE [REDACTED] IN THE UNITED STATES. HE WAS ARRESTED IN NEW YORK CITY UNQUOTE. BUSINESS ADDRESS OF SUBJECT BOYD SHOULD BE QUOTE FOUR ONE FIVE DEADERICK STREET, NASHVILLE UNQUOTE.

b6  
b7c

DESCRIPTIVE DATA CONCERNING SUBJECT [REDACTED] SHOULD READ QUOTE [REDACTED] ALSO KNOWN AS [REDACTED] QUOTE [REDACTED] UNQUOTE

[REDACTED]

[REDACTED] NORTH MIAMI, FLORIDA [REDACTED]

[REDACTED]

[REDACTED], MIAMI FLORIDA. THIS NEWS SERVICE PROVIDE LINE INFORMATION FOR PROFESSIONAL AND COLLEGIATE SPORTS COMETS INCLUDING BASEBALL, BASKETBALL, FOOTBALL AND HOCKEY UNQUOTE. DESCRIPTIVE DATA CONCERNING SUBJECT GREEN SHOULD READ QUOTE

[REDACTED] ALSO KNOWN AS [REDACTED] [REDACTED]

[REDACTED] DAY COUNTY,

FLORIDA. [REDACTED] IS REPORTED TO BE [REDACTED]

[REDACTED] IN MIAMI UNQUOTE. RESIDENCE ADDRESS OF SUBJECT HOFFMAN SHOULD READ QUOTE TWO ONE TWO SOUTH MARIPOSA, BURBANK, CALIFORNIA UNQUOTE. FOLLOWING SUBJECT SALATHIEL INSERT THE AGE

FEDERAL BUREAU OF INVESTIGATION  
U.S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION  
MAY 25 1966

1036  
[Signature]

TELETYPE

TELETYPE TO SACS ATLANTA, ET AL

OF FORTH-EIGHT. SALATHIEL'S BUSINESS ADDRESS SHOULD READ QUOTE  
ONE ZERO ZERO FIVE ARBOR VITA, INGLEWOOD, CALIFORNIA UNQUOTE.  
LAST LINE OF DESCRIPTIVE DATA CONCERNING SUBJECT DAVIS QUOTE  
AT THE PRESENT TIME AND WILL BE TAKEN INTO CUSTODY UPON HIS RETURN  
TO THE UNITED STATES UNQUOTE SHOULD BE DELETED.

ANY ADDITIONAL CHANGES NECESSITATED AT TIME OF ARREST  
WILL BE FURNISHED TO OFFICES TELEPHONICALLY PRIOR TO ISSUANCE OF  
RELEASE.

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION  
MAY 25 1966  
TELETYPE

1036 PM  
①



FBI

Date: 6/8/66

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

Via AIRTEL \_\_\_\_\_  
(Priority)

TO: DIRECTOR, FBI <sup>166-1765</sup> (~~166-80712~~)  
FROM: SAC, DALLAS (166-248) (P)  
SUBJECT: VIRGIL HAL SALATHIEL  
FBW

OO: LOS ANGELES

Re Los Angeles tel 6/6/66.

On 6/7/66, AUSA, BARNEY H. TIMMINS, JR., was advised that a true bill had been returned by FGJ, Los Angeles, indicting subject with FBW on three counts.

TIMMINS advised on 6/2/66 SALATHIEL's attorney appeared before USC, NDT, Dallas, and waived his rights to a hearing, was placed on \$1,000 bond returnable at Los Angeles, California. TIMMINS advised that prior to making these arrangements he had contacted the USA's Office, Los Angeles re the above hearing.

REC-23

166-1765-127

- 3 - Bureau *for 17 LA, DL 6/15*
- 2 - Los Angeles (166-534)
- 3 - Dallas (2 - 166-248)
- (1 - 166-241)

15 JUN 10 1966

IDL/smg  
(8)

*Wick*  
JUN 20 1966

*[Handwritten signature]*

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

F B I

Date: 6/21/66

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

Via AIRTEL AIR MAIL  
(Priority)

TO: DIRECTOR, FBI (166-1765)  
FROM: SAC, LOS ANGELES (166-462)  
RE: [Redacted]  
ET AL  
ITWI; FBW  
OO: LOS ANGELES

*Handwritten:* Attached L.A. 5-25-66

*Handwritten:* N 2

Re report of SA [Redacted] dated 6/8/66,  
at Los Angeles.

b6  
b7c

Defendants [Redacted] KAUFMAN, LOMAN, NOLAN,  
[Redacted] all pled not guilty to charges  
on 6/20/66, in U. S. District Court, Los Angeles, Judge  
CHARLES H. CARR presiding. Court ordered that motions to  
suppress evidence, that is tapes furnished by Pacific Telephone  
& Telegraph Company, be heard on a.m. of 8/1/66, and if  
motion denied, trial will commence on the p.m. of 8/1/66.  
The Government was ordered by the court to provide defense  
counsel [Redacted] of Miami with all affidavits and  
copies of all evidence which will be utilized in trial 20  
days before trial date. Court further ordered that any  
evidence not so provided defense at this time, would not  
be admitted in his court at trial.

- ② - Bureau
  - 2 - Atlanta (166-182)(AM)
  - 2 - Baltimore (166-447) (AM)
  - 2 - Charlotte (162-185) (AM)
  - 2 - Memphis (166-329)(AM)
  - 2 - Miami (166-359)(AM)
  - 1 - New York (166-112)(info) (AM)
  - 2 - Newark (166-553)(AM)
  - 2 - New Orleans (168-87)(AM)
  - 2 - Los Angeles
- TLD/mjg  
(20)

REC 20

*Handwritten:* airtel to LA  
6-24-66  
166-1765

JUN 22 1966

*Handwritten:* C. C. Wick

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

LA 166-462

Los Angeles is preparing copies of modified tapes reflecting conversations between [redacted] and other defendants pertaining to gambling matters and will forward them, together with copies of other evidence, to the Miami Division to be delivered to Attorney COHEN. COHEN has stated to AUSA LALLY, Los Angeles that he will personally arrange for distribution to other defense attorneys as required.

THOMAS MILTON BOYD to be arraigned on 8/22/66, however, possibility exists that he may be joined in hearings to be conducted on 8/1/66.

AUSA LALLY advised that he has been unable to obtain continuance in the FBW matters pertaining to other subjects arrested in the Los Angeles area who were charged with the manufacture of or use of blue boxes. He also advised that he has dismissed the complaints against them pending disposition of the ruling involving [redacted] and the findings that the use of electronic equipment to defraud the telephone company did not fall within the FBW statute. AUSA LALLY has requested the Department's opinion in appealing this ruling. Should a favorable decision be made on the appeal, AUSA LALLY contemplates subsequent prosecution of these cases.

This list includes GRAY, HOFFMAN, [redacted]  
[redacted] JOSEPH SOLDIS, CARL CLEMENT, [redacted]  
[redacted]

The complaint against [redacted] has previously been dismissed as he was fully cooperative and is considered a Government witness.

The complaint against [redacted] <sup>EB</sup> who is currently out of the country, has not been dismissed and VIRGIL SALATHIEL is scheduled to be arraigned on one FBW charge on 6/27/66.

All property obtained from [redacted] at

LA 166-462

the time of his arrest in New York City, New York by Agents on 5/25/66, was returned to [redacted] in Los Angeles on 6/20/66, and appropriate receipt obtained.

b6  
b7c

The Bureau will be kept advised of the developments in this matter.

SPECIAL INVESTIGATIVE DIVISION  
7/8/66

In this case 20 subjects were arrested in 9 different states for using a "blue box," an electronic device for circumventing telephone toll charge equipment. Those who were gamblers were charged with violation of gambling statutes. Others were charged with Fraud by Wire violations. U.S. District Judge Hill had already dismissed Fraud by Wire indictments against two subjects, holding that this statute protects only the public, not the telephone company. Now, another subject has moved to stay prosecution until question of application of statute is resolved. The Department intends to appeal Judge Hill's ruling directly to the Supreme Court.

PJB:cad

COPY SENT TO MR. TOLSON

*js*

*D. Hill*

*V. K. ...*  
*J. H. ...*

TELETYPE UNIT  
JUL 8 1966  
ENCODED MESSAGE

- Tolson
- Mr. DeLoach
- Mr. Mohr
- Mr. Wick
- Mr. Casper
- Mr. Callahan
- Mr. Conrad
- Mr. Felt
- Mr. Gale
- Mr. Rosen
- Mr. Sullivan
- Mr. Tavel
- Mr. Trotter
- Tele. Room
- Miss Holmes
- Miss Gandy

~~CONFIDENTIAL~~ FBI WASH D C ---1---

URGENT 11:30AM 7-7-66 RGC

TO DIRECTOR (166-1765)

FROM LOS ANGELES (166-534)

*also known as*  
[redacted] AKA: VIRGIL HAL SALATHIEL;

AND OTHERS  
ET AL. ~~ITAR~~-GAMBLING. ~~ITWP~~. ~~FBW~~-CONSPIRACY.  
Interstate Transportation of Wagering Paraphernalia

REFER REPORT SPECIAL AGENT  
REREP OF SA [redacted] AT DALLAS DATED JUNE ONE  
Office of Origin  
LAST WITH [redacted]: LOS ANGELES.

ON JULY FIVE LAST SALATHIEL WAS ARRAIGNED IN LOS ANGELES BEFORE <sup>U.S. DISTRICT JUDGE</sup> ~~USDJ~~ CHARLES CARR AND TRIAL WAS SCHEDULED AUGUST ONE NEXT IN THE ~~FBW~~ <sup>FRAUD BY WIRE</sup> MATTER.

THE COURT INSTRUCTED THAT AS IN THE OTHER CASES TO DATE STEMMING FROM THE INVESTIGATION OF BLUE BOX USE THE DEFENSE SHOULD BE IN POSSESSION OF ALL DOCUMENTARY EVIDENCE TWENTY DAYS PRIOR TO TRIAL DATE. REC-1

Assistant United States Attorney  
ON JULY SEVEN LAST AUSA JOHN LALLY, LOS ANGELES JUL 12 1966

ADVISED THAT SALATHIEL'S ATTORNEY HAD FILED A MOTION TO  
END PAGE ONE

MR. DELOACH FOR THE DIRECTOR

57 JUL 15 1966

RECEIVED  
JUL 15 11 AM '66  
166-1765-143

[redacted]

1 cdvd

TIME 1:00

22 JUL 68

PAGE TWO

PRECLUDE FURTHER PROSECUTIVE ACTION IN THIS MATTER UNTIL THE APPELLATE STATUS OF THE [REDACTED] MATTER WAS RESOLVED. <sup>U.S. DISTRICT JUDGE</sup> ~~USDJ~~ HILL RULED THAT USE OF THE BLUE BOX DID NOT FALL WITHIN THE INTERPRETATION OF <sup>FRAUD BY WIRE</sup> ~~FBW~~ STATUTE. THE DEPARTMENT IS CONTEMPLATING APPEALING THIS RULING TO THE SUPREME COURT.

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b7c

<sup>GE</sup> JUDGE CARR GRANTED THIS DEFENSE MOTION AND THE SALATHIEL MATTER HAS BEEN PLACED OFF CALENDAR PENDING

[REDACTED] APPEAL. <sup>AIR MAIL</sup>  
DALLAS ADVISED ~~AM~~

END

WA...JRL

FBI WASH DC

CC: MR. GALE  
CC-MR. ROSEN

UNITED STATES GOVERNMENT

# Memorandum

TO : DIRECTOR, FBI

DATE: 9/21/66

FROM : SAC, LOS ANGELES (166-516)(P\*)

SUBJECT: GRAY HOFFMAN  
FBW  
OO: LOS ANGELES

*PH*

*W*

5

On 6/15/66, U. S. District Judge, IRVING HILL, Los Angeles, California, ruled that the Fraud By Wire Statute, Title 18, Section 1343, U. S. Code was not intended to cover frauds perpetrated against the telephone company to deprive it of its revenue. In view of this, Judge HILL ordered the indictment against subject dismissed.

Assistant U. S. Attorney JOHN LALLY, Los Angeles, advised that they would seek permission from the Department of Justice to file an appeal on the above decision.

On 7/21/66, Assistant U. S. Attorney LALLY stated he had been advised by the Department of Justice that his request for appeal on the Fraud By Wire charge is now pending before the Solicitor General.

In view of Judge HILL's decision and the appeal filed by the U. S. Attorney's office, Los Angeles, this case is being placed in a pending inactive status. The Bureau will be kept advised of future developments in this matter.

② - Bureau  
2 - Los Angeles  
CHH/mjg  
(4)

REC-82

EX-102

166-1765-170

15 SEP 22 1966

54 SEP 30 1966

36

*W*  
*W*



UNITED STATES GOVERNMENT

# Memorandum

TO : DIRECTOR, FBI

DATE: 9/27/66

FROM : *[Signature]* SAC, LOS ANGELES (166-516)(P\*)

Attn: Identification  
Division

SUBJECT: GRAY-HOFFMAN  
FBW

OO: Los Angeles

Enclosed for the Identification Division is one  
disposition sheet for GRAY HOFFMAN.

(3) - Bureau (Encl.1)  
2 - Los Angeles

CHH/ph  
(5)

**ENCLOSURE**

*166-1765-*

NOT RECORDED

18 SEP 28 1966

*[Handwritten initials/signature]*

*84 handled in ident. 9-29-66 chh*

*334*

61 OCT 3 1966

UNITED STATES GOVERNMENT

# Memorandum

TO : DIRECTOR, FBI (166-1765)

DATE: 9/23/66

FROM : *WAM/* SAC, LOS ANGELES (166-534) (P\*)

SUBJECT: VIRGIL HAL SALATHIEL *NR.*  
FBW

OO: Los Angeles

Reread of SA [redacted] at Los Angeles, 6/1/66;  
report of SA [redacted] dated 6/1/66 at Dallas; Los Angeles  
teletypes to Bureau, 6/6/66, and 7/8/66.

Subject was indicted on 6/6/66 by FGJ, Los Angeles,  
on three counts Fraud By Wire. U. S. District Judge IRVING  
HILL, Los Angeles, has ruled in a similar case involving  
[redacted] that use of the "blue box" does not  
fall within the interpretations of the Fraud By Wire  
Statutes. Assistant U. S. Attorney John F. Lally, Los Angeles  
has been advised by the Department of Justice that their  
request for appeal in the FBW aspects of the [redacted]  
case is pending before the Solicitor General.

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b7c

Judge CHARLES CARR, U. S. District Court, Los Angeles,  
has granted a motion filed by subject's attorney that  
further prosecutive action be precluded in this matter  
until the appellate status of the [redacted] case is  
resolved.

Since subject's trial has been placed off the  
calendar pending settlement of the [redacted] appeal, this  
case is being placed in a pending inactive status.

2 - Bureau  
2 - Los Angeles

JRF/jt  
(4)

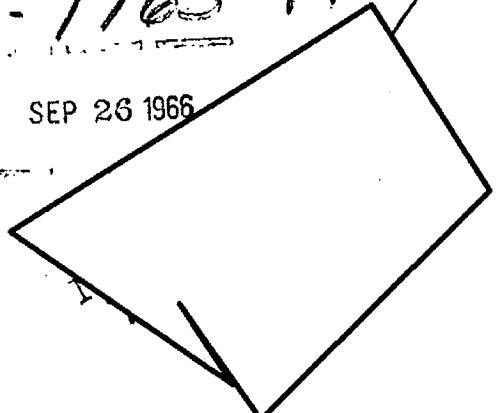
REC-13

*166-1765 192*

SEP 26 1966

EX-110

*Jed*  
590614 1966



# FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE <b>LOS ANGELES</b>	OFFICE OF ORIGIN <b>LOS ANGELES</b>	DATE <b>9/30/66</b>	INVESTIGATIVE PERIOD <b>6/1/66 - 9/22/66</b>
TITLE OF CASE  <b>JOSEPH PETER SOLDIS; CARL LOVELACE CLEMENT</b>		REPORT MADE BY <div style="border: 1px solid black; height: 15px; width: 100%;"></div>	TYPED BY <b>rgd</b>
		CHARACTER OF CASE  <b>FBW</b>	

b6  
b7c

REFERENCES: Report of SA  dated 6/1/66, at Los Angeles.  
Atlanta letter to Los Angeles dated 8/23/66.  
Boston letter to Los Angeles dated 9/16/66.

*2*  
*10*  
*06*

- P -

*10-217*

ENCLOSURES

TO BUREAU

One disposition sheet concerning JOSEPH PETER SOLDIS.  
One disposition sheet concerning CARL LOVELACE CLEMENT.

*pe*

2 DISPOSITION SHEET DETACHED AND HANDLED SEPARATELY

Case has been pending over one year  Yes  No; Pending prosecution over six months  Yes  No

APPROVED: *[Signature]* SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

COPIES MADE:  
3 - Bureau (Encls. 2)  
1 - USA, Los Angeles  
2 - Los Angeles (166-507)

<b>166-1765-175</b>	REC-58
10 OCT 1966	EX-108
<i>[Handwritten initials]</i>	

Dissemination Record of Attached Report			
Agency	CC, SAC	Criminal Division	
Request Recd.	Organized Crime	Monitoring Section	
Date Fwd.	Room 2527		
			<i>initials</i>

Notations  
*[Handwritten marks]*  
**STAT. SECT.**

*200*  
**1966**

LA 166-507

ADMINISTRATIVE

The period of this report dates from 6/1/66, because the complaint was dismissed on 6/15/66, and on 7/21/66, AUSA JOHN F. LALLY advised he desires prosecution on this case be held in abeyance pending the results of the appeal before the Supreme Court in the [REDACTED] case.

Efforts to obtain telephone information were continued after the complaints were dismissed because information concerning telephone subscribers is frequently not available following the disconnection of a telephone. Additional investigation will not be conducted before the outcome of the [REDACTED] case becomes known and the desires of the U. S. Attorney are obtained. The case will be retained in a pending status because there is an outstanding lead in the Newark Division.

b6  
b7c

LEAD

LOS ANGELES

AT LOS ANGELES, CALIFORNIA: Will follow investigation being conducted by Newark Division and when results received consider placing this case in a pending inactive status.

- B\* -  
COVER PAGE

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

Copy to: 1 - USA, Los Angeles

Report of: [REDACTED]

Office: Los Angeles, California

Date: 9/30/66

Field Office File #: 166-507

Bureau File #:

Title: JOSEPH PETER SOLDIS;  
CARL LOVELACE CLEMENT

Character: FRAUD BY WIRE

Synopsis: Identity of subscribers to telephones called from a telephone listed to Escoa Corporation at time a tone device was used on the Escoa Corporation telephone obtained. AUSA, Los Angeles, desires prosecution in this case be held in abeyance pending the results of the appeal before the Supreme Court in the [REDACTED] case. Complaints filed against SOLDIS and CLEMENT dismissed, 6/15/66. Disposition sheet submitted.

b6  
b7c

- P -

DETAILS:

On June 16, 1966, [REDACTED] Legal Department, New England Telephone and Telegraph Company, 60 Battery March Street, Boston, Massachusetts, advised IC [REDACTED] that telephone number 617-774-6550 was listed to the Village Green Motor Inn, Route 1, Danvers, Massachusetts.

On September 13, 1966, [REDACTED] Village Green Motor Inn, Route 1, Danvers, Massachusetts, furnished the following information:

LA 166-507

[redacted] Califon, New Jersey, stayed at the Village Green Motor Inn from April 11, 1966, to April 15, 1966. He was driving a Buick automobile bearing New Jersey license [redacted] and paid his bill by check. He represented the Avco Company and made several phone calls to Oldwick, New Jersey, telephone number [redacted].

b6  
b7c

As previously reported a tone device was used on telephone number 772-6163 listed to Escoa Corporation, 15519 Crenshaw Boulevard, Gardena, California, for a called to telephone number [redacted] on April 15, 1966.

LA 166-507

As previously reported a tone device was used on telephone number 772-6163 listed to Escoa Corporation for calls made to telephone number [redacted] on April 14, 1966, and [redacted] on April 18, 1966.

On July 21, 1966, Assistant U. S. Attorney JOHN R. LALLY advised he desires prosecution on this case be held in abeyance pending the results of the appeal before the Supreme Court in the [redacted] case.

The complaints filed against SOLDIS and CLEMENT were dismissed on June 15, 1966.

Disposition sheet submitted.

b6  
b7c

# FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE <b>LOS ANGELES</b>	OFFICE OF ORIGIN <b>LOS ANGELES</b>	DATE <b>11/23/66</b>	INVESTIGATIVE PERIOD <b>10/17 - 11/21/66</b>
TITLE OF CASE  <b>JOSEPH PETER SOLDIS; CARL LOVELACE CLEMENT</b>		REPORT MADE BY <div style="border: 1px solid black; height: 15px; width: 100%;"></div>	TYPED BY <b>jt</b>
		CHARACTER OF CASE  <p style="text-align: center;"><b>FBW</b></p>	

*Long*

REFERENCES: Report of SA  dated 9/30/66, at Los Angeles. Newark letter to Los Angeles, dated 10/27/66.

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- P\* -

ADMINISTRATIVE

On 7/21/66, AUSA JOHN F. LALLY advised he desires prosecution on this case be held in abeyance pending the results of the appeal before the Supreme Court in the  case. Additional investigation will not be conducted before the outcome of the  case becomes known and this case is being placed in a pending inactive status.

*8*

Case has been pending over one year  Yes  No; Pending prosecution over six months  Yes  No

APPROVED <i>[Signature]</i>	SPECIAL AGENT IN CHARGE
COPIES MADE:	
<p>3 - Bureau (166-1765)</p> <p>1 - USA, Los Angeles</p> <p>2 - Los Angeles (166-507)</p>	

DO NOT WRITE IN SPACES BELOW		
166-1765-178		REC-42
15 NOV 25 1966		
FEDERAL BUREAU OF INVESTIGATION		

Dissemination Record of Attached Report			
Agency	Crim Div Dept		
Request Recd.	12-7-66		
Date Fwd.	0-6		
How Fwd.	3 PM 1/28	5 C	DEC 8 1966
By			

Notations

*SCHMIDT*

RECEIVED



LA 166-507

LEAD

LOS ANGELES

AF LOS ANGELES, CALIFORNIA:

Will await appeal results.

- B\* -

COVER PAGE

UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, LOS ANGELES

Report of: [REDACTED]

Office: Los Angeles, California

Date: 11/23/66

Field Office File #: 166-507

Bureau File #: 166-1765

Title: JOSEPH PETER SOLDIS;  
CARL LOVELACE CLEMENTb6  
b7c

Character: FRAUD BY WIRE

Synopsis:

[REDACTED] Califon, New Jersey, advised he was contacted by telephone by the Escoa Corporation but does not know anyone personally in that firm. He never accepted any employment by Escoa.

- P\* -

DETAILS

LA 166-507

On October 17, 1966 [redacted]  
[redacted] Califon. New Jersey, furnished the following informa-  
tion to SA [redacted] and SA [redacted]

He is a [redacted] in the  
[redacted] field. He has been contacted by telephone  
on a few occasions by the Escoa Corporation, which he  
described as a firm which lines up engineers for various  
jobs on a commission basis. He knows no one personally  
in the Escoa firm. He could not recall the names of SOLDIS  
or CLEMENT. He never accepted any employment arranged by  
the Escoa Corporation and the limit of his association  
with the firm has been the contacts made with him by telephone.

[redacted] advised he was [redacted] in  
[redacted] and believes he was called by the Escoa  
Corporation while there. He could not recall the name of  
the person with whom he talked.

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FBI DALLAS

COMMUNICATIONS  
MAY 23 1966

~~WILL SENT XXX SEND MSG OVER~~

TELETYPE

- Mr. Tolson \_\_\_\_\_
- Mr. DeLoach \_\_\_\_\_
- Mr. Mohr \_\_\_\_\_
- Mr. Wick \_\_\_\_\_
- Mr. Casper \_\_\_\_\_
- Mr. Callahan \_\_\_\_\_
- Mr. Conrad \_\_\_\_\_
- Mr. Felt \_\_\_\_\_
- Mr. Gale \_\_\_\_\_
- Mr. Rosen \_\_\_\_\_
- Mr. Sullivan \_\_\_\_\_
- Mr. Tavel \_\_\_\_\_
- Mr. Trotter \_\_\_\_\_
- Tele. Room \_\_\_\_\_
- Miss Holmes \_\_\_\_\_
- Miss Gandy \_\_\_\_\_

~~THIS IS LA WHY NOT JUST BEGIN THE SECOND PAGE OVER~~

~~DID THE FIRST PAGE COME THROUGH OK YES WAS OK IN LA~~

~~OK WILL DO~~

~~I WILL SEND COMPLETE MSG SINCE CALL HAS BEEN ADJUSTED~~

FBI DALLAS

*for at*

7:44 PM CST URGENT 5/23/66 JDP

TO DIRECTOR (166-1765) AND LOS ANGELES (166-462)

FROM DALLAS (166-241)

[Redacted]

KA, ET AL; ITAR - GAMBLING; ITWP;

FBW - CONSPIRACY.

RE LOS ANGELES TEL CALL TO DALLAS THIS DATE.

[Large Redacted Area]

b6  
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[Redacted]

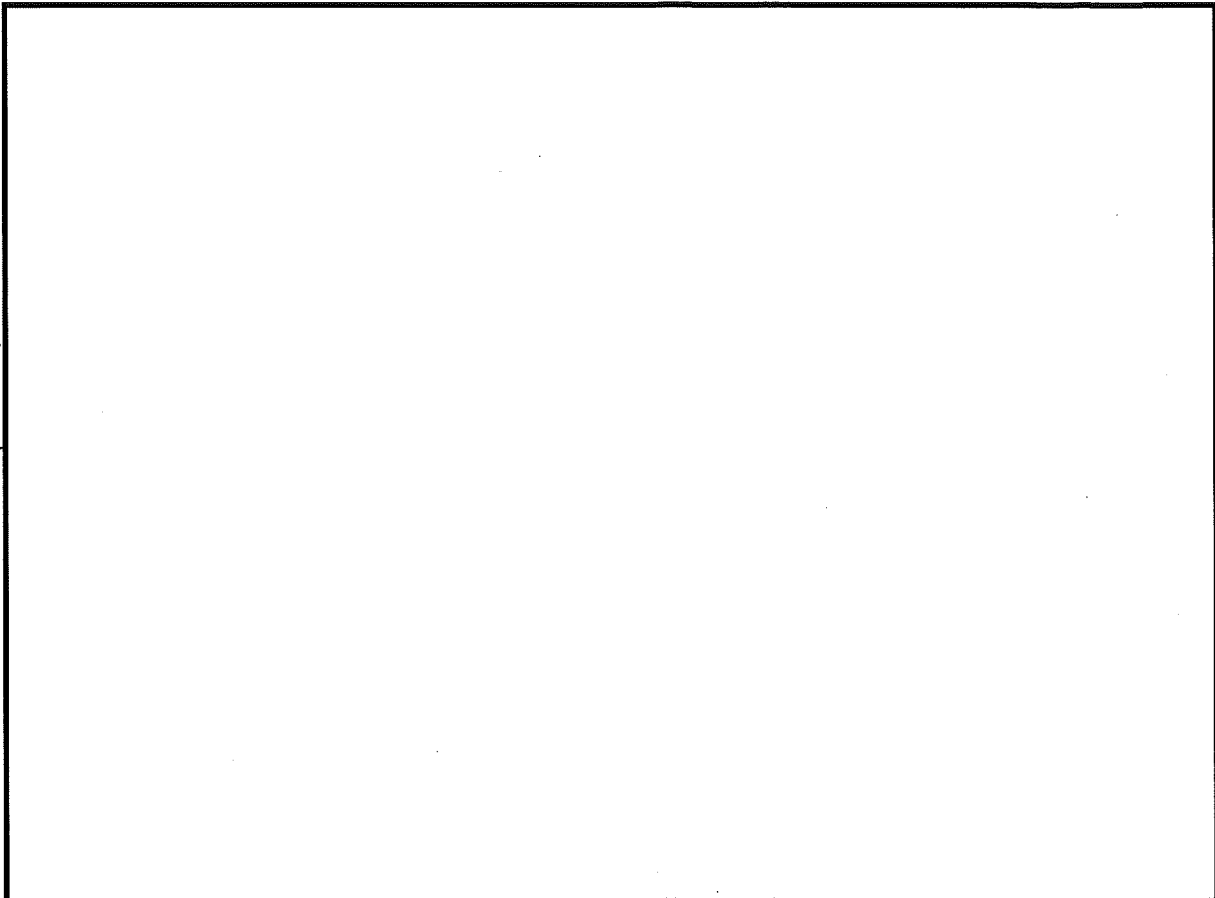
11 53 11 00

166-1765-94  
18 JUN 2 1966

END PAGE ONE

*9-18-66*

PAGE TWO



RE VIRGIL SALATHIEL, DALLAS CONTEMPLATES AFTER DISCUSSION  
THIS DATE WITH LOS ANGELES TO ARREST SALATHIEL ABOUT EIGHT AM  
MAY TWENTYFIVE NEXT. BUREAU WILL BE FURNISHED AVAILABLE BACK-  
GROUND EARLY MAY TWENTY- FOUR NEXT.

END

WA...JXM

FBI WASH DC

LA...MAK

FBI LOS ANG. CC-MR. ROSEN

TU CLR

5-24-66

PLAIN TEXT

TELETYPE

URGENT

*M 2*

*S.T.*

TO SACs ATLANTA  
BALTIMORE  
CHARLOTTE  
DALLAS  
LOS ANGELES  
MEMPHIS  
MIAMI  
NEWARK  
NEW ORLEANS

FROM DIRECTOR FBI

[Redacted]

AKA, ET AL; ITAR - GAMBLING; ITWP;

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b7c

FBW - CONSPIRACY.

THERE FOLLOWS A PROPOSED PRESS RELEASE WHICH I WILL MAKE IN WASHINGTON, D. C., IN CONNECTION WITH INSTANT MATTER. RELEASE WILL BE SUBJECT TO MINOR CHANGES NECESSITATED AT TIME OF ARRESTS. NO RELEASE IS TO BE MADE BY ANY OFFICE UNTIL SPECIFICALLY INSTRUCTED TO DO SO BY THE BUREAU. THE BUREAU (ATTENTION SPECIAL INVESTIGATIVE DIVISION) IS TO BE TELEPHONICALLY NOTIFIED UPON COMPLETION OF MAJORITY ARRESTS BY VARIOUS OFFICES. DO NOT DELAY ADVISING BUREAU OF ARRESTS IF IT APPEARS YOU MAY NOT BE ABLE TO LOCATE SOME SUBJECTS. INFO CONCERNING

*166-1765-98*

- Tolson \_\_\_\_\_
- DeLoach \_\_\_\_\_
- Mohr \_\_\_\_\_
- Wick \_\_\_\_\_
- Casper \_\_\_\_\_
- Callahan \_\_\_\_\_
- Conrad \_\_\_\_\_
- Felt \_\_\_\_\_
- Gale \_\_\_\_\_
- Rosen \_\_\_\_\_
- Sullivan \_\_\_\_\_
- Tavel \_\_\_\_\_
- Trotter \_\_\_\_\_
- Tele. Room \_\_\_\_\_
- Holmes \_\_\_\_\_
- Gandy \_\_\_\_\_

TBC:smg

*57*

MAIL ROOM  TELETYPE UNIT

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

MAY 24 1966

TELETYPE

*JUN 2 1966*

*g.*

TELETYPE TO SACS ATLANTA, ET AL

EXECUTION OF SEARCH WARRANTS MAY BE ISSUED LOCALLY BY OFFICES INVOLVED. CONFINE REMARKS TO NEWS MEDIA TO INFO IN PRESS RELEASE AND EXECUTION OF SEARCH WARRANTS. ALL OFFICES ARE TO IMMEDIATELY REVIEW PRESS RELEASE TO INSURE DESCRIPTIVE DATA REGARDING SUBJECTS IS ACCURATE. PROMPTLY ADVISE THE BUREAU TELEPHONICALLY OF ANY NECESSARY CHANGES. THE PRESS RELEASE IS AS FOLLOWS:

~~(COPY ATTACHED PRESS RELEASE)~~

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

MAY 24 1966

TELETYPE

151 LBA-X

MAY 24 1966

RELEASED

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

MAY 24 1966

TELETYPE

FBI NEWARK

FBI WASH DC

151PM URGENT 5-24-66 SXC

TO ATLANTA BALTIMORE CHARLOTTE DALLAS LOS ANGELES MEMPHIS  
MIAMI NEWARK NEW ORLEANS  
FROM DIRECTOR

[REDACTED] AKA, ET AL; ITAR - GAMBLING; ITWR;

FBW - CONSPIRACY.

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THERE FOLLOWS A PROPOSED PRESS RELEASE WHICH I WILL MAKE  
IN WASHINGTON, D. C., IN CONNECTION WITH INSTANT MATTER. RELEASE  
WILL BE SUBJECT TO MINOR CHANGES NECESSITATED AT TIME OF  
ARRESTS. NO RELEASE IS TO BE MADE BY ANY OFFICE UNTIL SPECIF-  
ICALLY INSTRUCTED TO DO SO BY THE BUREAU. THE BUREAU  
(ATTENTION SPECIAL INVESTIGATIVE DIVISION) IS TO BE TELEPHONICALLY  
NOTIFIED UPON COMPLETION OF MAJORITY ARRESTS BY VARIOUS OFFICES.  
DO NOT DELAY ADVISING BUREAU OF ARRESTS IF IT APPEARS YOU MAY  
NOT BE ABLE TO LOCATE SOME SUBJECTS. INFO CONCERNING  
EXECUTION OF SEARCH WARRANTS MAY BE ISSUED LOCALLY BY OFFICES  
INVOLVED. CONFINE REMARKS TO NEW MEDIA TO INFO IN PRESS  
RELEASE AND EXECUTION OF SEARCH WARRANTS. ALL OFFICES ARE



FBI AGENTS TODAY DEALT A CRIPPLING BLOW TO THE USERS  
OF ELECTRONIC DEVICES DESIGNED TO CIRCUMVENT TOLL CHARGES ON LONG-  
DISTANCE TELEPHONE CALLS BY THE ARREST OF 20 INDIVIDUALS IN 9 DIFFERENT  
STATES, ATTORNEY GENERAL NICHOLAS DEB. KATZENBACH ANNOUNCED.  
FBI DIRECTOR J. EDGAR HOOVER SAID THE ARRESTS  
WERE MADE ON THE BASIS OF COMPLAINTS FILED IN LOS ANGELES,  
CALIFORNIA, BY THE FBI YESTERDAY CHARGING VIOLATIONS OF FEDERAL  
STATUTES ON THE PART OF INDIVIDUALS IN FLORIDA, MARYLAND,  
GEORGIA, TENNESSEE, NEW JERSEY, CALIFORNIA, LOUISIANA,  
NORTH CAROLINA AND TEXAS.  
THE COMPLAINTS ALLEGED VIOLATIONS OF THE INTERSTATE  
TRANSMISSION OF WAGERING INFORMATION STATUTE, THE FRAUD BY  
WIRE STATUTE AND THE AIDING AND ABETTING OF FRAUD BY WIRE.  
MR. HOOVER ADVISED THAT THE ARRESTS TODAY CLIMAXED AN EXTENSIVE  
AND DETAILED INVESTIGATION BY FBI AGENTS THROUGHOUT THE UNITED

TO IMMEDIATELY REVIEW PRESS RELEASE TO INSURE DESCRIPTIVE  
DATA REGARDING SUBJECTS IS ACCURATE. PROMPTLY ADVISE THE  
BUREAU TELEPHONICALLY OF ANY NECESSARY CHANGES. THE PRESS  
RELEASE IS AS FOLLOWS:

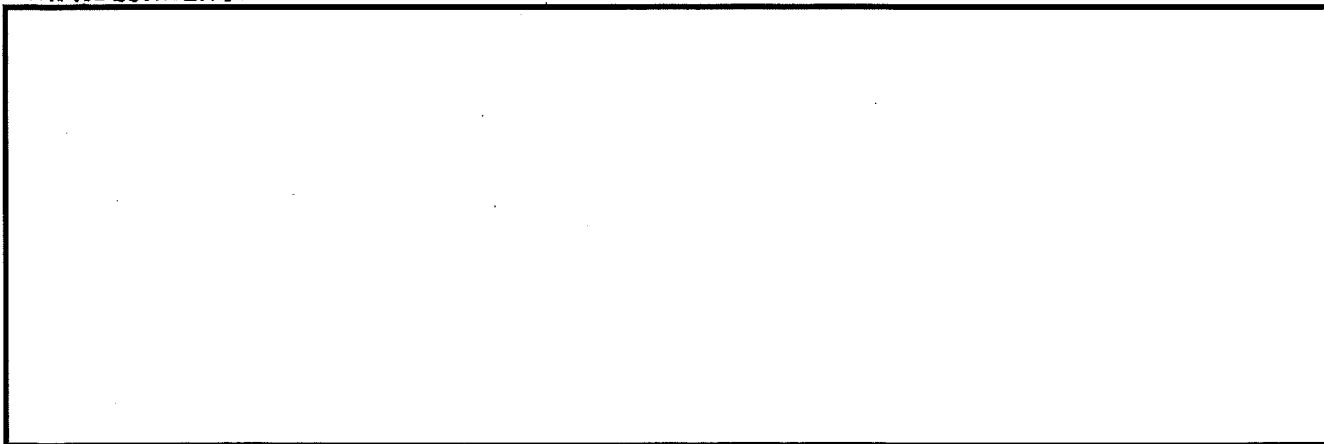
PAGE TWO

PAGE THREE

STATES. THE VIOLATIONS CHARGED THE USE OF AN ELECTRONIC DEVICE KNOWN AS A MULTIFREQUENCY SIGNAL GENERATOR OR "BLUE BOX," WHICH INSTRUMENT IS USED TO CIRCUMVENT NORMAL BILLING PROCEDURES ON LONG-DISTANCE TELEPHONE CALLS. THE INVESTIGATION DETERMINED THAT THE DEVICE WAS USED BY GAMBLERS AS WELL AS OTHER INDIVIDUALS ATTEMPTING TO CIRCUMVENT COSTS OF INTERSTATE CALLS. IN THE CASE OF GAMBLERS THE INSTRUMENT ALSO PREVENTED THE DETECTION OF INDIVIDUAL CALLS.

THE FBI DIRECTOR ADVISED THAT THE FOLLOWING INDIVIDUALS ARRESTED WERE CHARGED WITH VIOLATING THE INTERSTATE TRANSMISSION OF WAGERING INFORMATION STATUTES AND, IF CONVICTED, FACE SENTENCES RANGING UP TO \$10,000 FINE AND/OR TWO YEARS' IMPRISONMENT.

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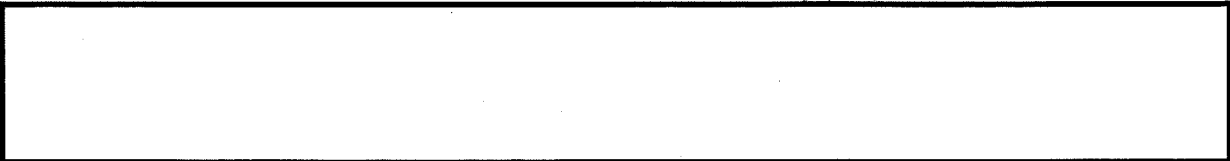
MR. HOOVER ADVISED THAT THE FOLLOWING INDIVIDUALS WERE  
CHARGED WITH VIOLATIONS OF THE FRAUD BY WIRE STATUTES AND, IF CONVICTED,  
FACE SENTENCES RANGING UP TO \$1,000 FINE AND/OR FIVE YEARS'  
IMPRISONMENT!

[Redacted]

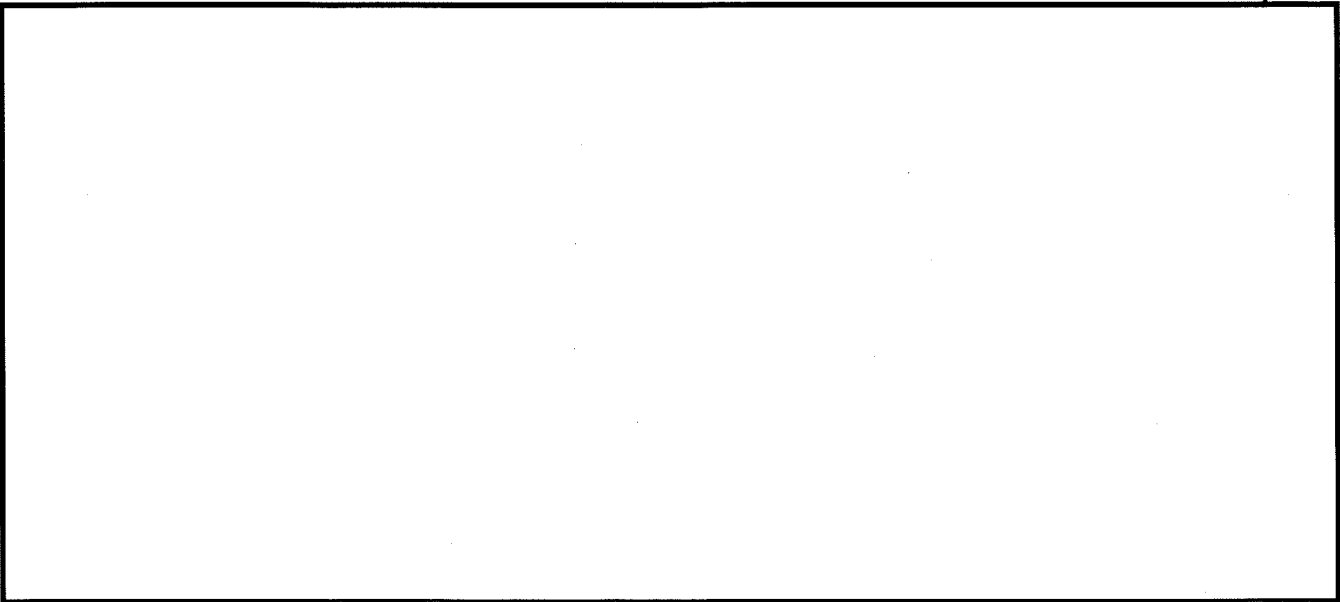
[Redacted]

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VIRGIL SALATHIEL, A RESIDENT OF 5055 WALNUT HILL LANE,  
DALLAS, TEXAS, AND LOS ANGELES, CALIFORNIA. SALATHIEL OPERATES THE  
TECO WHEEL BALANCING COMPANY, 1005 ARBOR VITAE, INGLEWOOD,  
CALIFORNIA, WHICH COMPANY ALSO HAS FACILITIES IN DALLAS, TEXAS.



GRAY HOFFMAN, 402 OF 212 SOUTH MARLPOSA, BURBANK,  
CALIFORNIA. HE IS EMPLOYED AS THE MANAGER OF THE KAHR BEARING  
CORPORATION, 3010 NORTH SAN FERNANDO ROAD, BURBANK.



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CARL LOVEACE CLEMENT, APPROXIMATELY SS, OF 9336  
LEMONA, SEPULVEDA, CALIFORNIA. HE IS MARRIED AND EMPLOYED AS A  
MANAGER OF ENGINEERS AT THE ESCOA CORPORATION, 15519 SOUTH CRENSHAW,  
GARDENA, CALIFORNIA.

THE FBI DIRECTOR ADVISED THAT THE FOLLOWING TWO

INDIVIDUALS WERE ALSO ARRESTED AND CHARGED IN COMPLAINTS WITH AIDING  
AND ABETTING FRAUD BY WIRE AND, IF CONVICTED, FACE SENTENCES RANGING  
UP TO \$1,000 FINE AND/OR FIVE YEARS' IMPRISONMENT.

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PAGE EIGHT.

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MR. HOOVER ADVISED THAT ALL OF THE INDIVIDUALS ARRESTED  
TODAY WILL BE ARRAIGNED BEFORE A UNITED STATES COMMISSIONER AS SOON  
AS POSSIBLE.

END

K NK...>> PXL

FBI NEWARK

TU CLR

# FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE <b>LOS ANGELES</b>	OFFICE OF ORIGIN <b>LOS ANGELES</b>	DATE <b>6/1/66</b>	INVESTIGATIVE PERIOD <b>4/11 - 5/25/66</b>
TITLE OF CASE <b>GRAY HOFFMAN - FUGITIVE</b>		REPORT MADE BY <div style="border: 1px solid black; width: 100px; height: 20px;"></div>	TYPED BY <b>jbt</b>
		CHARACTER OF CASE <b>FBW 6/9</b>	<b>5</b>

*cust  
LA tel 5/25*

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*87  
106-1  
Jury*

LEADS

LOS ANGELES

AT LOS ANGELES, CALIFORNIA. Will follow and report prosecution.

ADMINISTRATIVE

This case was opened in connection with case entitled Et Al - ITAR-Gambling; FBW-Conspiracy, Los Angeles file 166-462, which involved nationwide arrests and publicity. The number of copies being sent to the Bureau is in accord with requirements for 166- classification cases, rather than 87- classification, under which Fraud By Wire cases are normally carried.

Case has been: Pending over one year  Yes  No; Pending prosecution over six months  Yes  No

APPROVED *[Signature]* SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

COPIES MADE:  
3 - Bureau  
1 - USA, Los Angeles  
2 - Los Angeles (166-516)

166-1765-99  
REC-10  
102  
JUN 3 1966

Dissemination Record of Attached Report

Agency	Criminal Division
Request Recd.	Organized Crime Racketeering Section
Date Fwd.	Room 2524
How Fwd.	<i>[Signature]</i>
By	51 JUN 27 1966

Notations  
*[Signatures]*  
STAT SECT

UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, Los Angeles

Report of: SA [REDACTED] Office: Los Angeles, California  
Date: 6/1/66

Field Office File #: 166-516 Bureau File #:

Title: GRAY HOFFMAN

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Character: FRAUD BY WIRE

Synopsis:

On 4/11/66, [REDACTED] official, Los Angeles, advised that there has been wide usage of a multi-frequency signal generator throughout the United States which circumvents billing procedures and detection of long-distance telephone calls. AUSA LALLY, Los Angeles, advised it was his opinion that users of this device were in violation of Fraud By Wire statutes if interstate calls were made with the device. On [REDACTED] [REDACTED], pursuant to grand jury subpoena duces tecum, furnished the FBI with certain

[REDACTED]

On 5/24/66, AUSA LALLY authorized the filing of a complaint charging HOFFMAN with violation of Title 18, Section 1343 USC. On 5/24/66, a complaint was filed by SA [REDACTED] before USC RUSSELL R. HERMANN, Los Angeles, and a warrant was issued charging HOFFMAN with Fraud By Wire. On 5/25/66, HOFFMAN was arrested by Bureau Agents at his residence, Burbank, California, and one tone device was recovered. HOFFMAN appeared before USC HERMANN on the same date, and the hearing was continued until 6/8/66. Bond was set at \$1000, and HOFFMAN was remanded to custody of the USM in lieu of bond. FPL submitted 5/24/66.

- P -



LA 166-516

PREDICATION

On April 11, 1966, a conference was held at the office of Assistant United States Attorney JOHN LALLY, Chief, Organized Crime Unit, Los Angeles, California. In attendance were the following individuals from the [redacted]

[redacted] Los Angeles, California:

[redacted] Chief Special Agent  
[redacted]  
[redacted]

The following individuals were present from

[redacted] Chief Special Agent  
[redacted] Special Agent

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The following individuals were present from the Federal Bureau of Investigation:

[redacted] Assistant Special Agent in Charge  
[redacted] Special Agent  
[redacted] Special Agent

Representatives of the [redacted] advised that telephone companies throughout the United States have been aware of the wide usage of a multi-frequency signal generator called a "blue box" which circumvents billing procedures as well as detection of long-distance telephone calls. These representatives advised that their company's Legal Department has stated that the company has a right to monitor subscribers' telephone lines to determine the existence of any fraud against the company; further, according to the Legal Department, the company has a responsibility to disseminate to the appropriate investigative agency any violation of federal law which might be evidenced through such monitoring.

[redacted] officials advised that the "blue box" are and have been used in the greater Los Angeles area.

LA 166-516

Assistant United States Attorney JOHN LALLY stated that it was his opinion that users of the "blue box" were in violation of Fraud by Wire statutes if the calls were made interstate utilizing the device. In addition, he advised that users of this device could also be prosecuted for violation of federal gambling statutes if the "blue box" were utilized in interstate calls in furtherance of gambling operations.

Assistant U. S. Attorney LALLY advised that if the telephone company, acting on their own initiative and not at the request of the FBI, monitored individuals using this device, any tapes made during the monitoring would be admissible evidence.

Officials of the [redacted] present at this conference advised that they were in accord with Assistant United States Attorney LALLY's opinion and agreed to furnish the [redacted]

[redacted] be furnished the government through the issuance of a subpoena duces tecum.

TECHNICAL DESCRIPTION OF THE  
MULTI-FREQUENCY TONE GENERATOR  
ALSO KNOWN AS THE "BLUE BOX"

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The following information concerning the operation of the "blue box" was provided by [redacted]

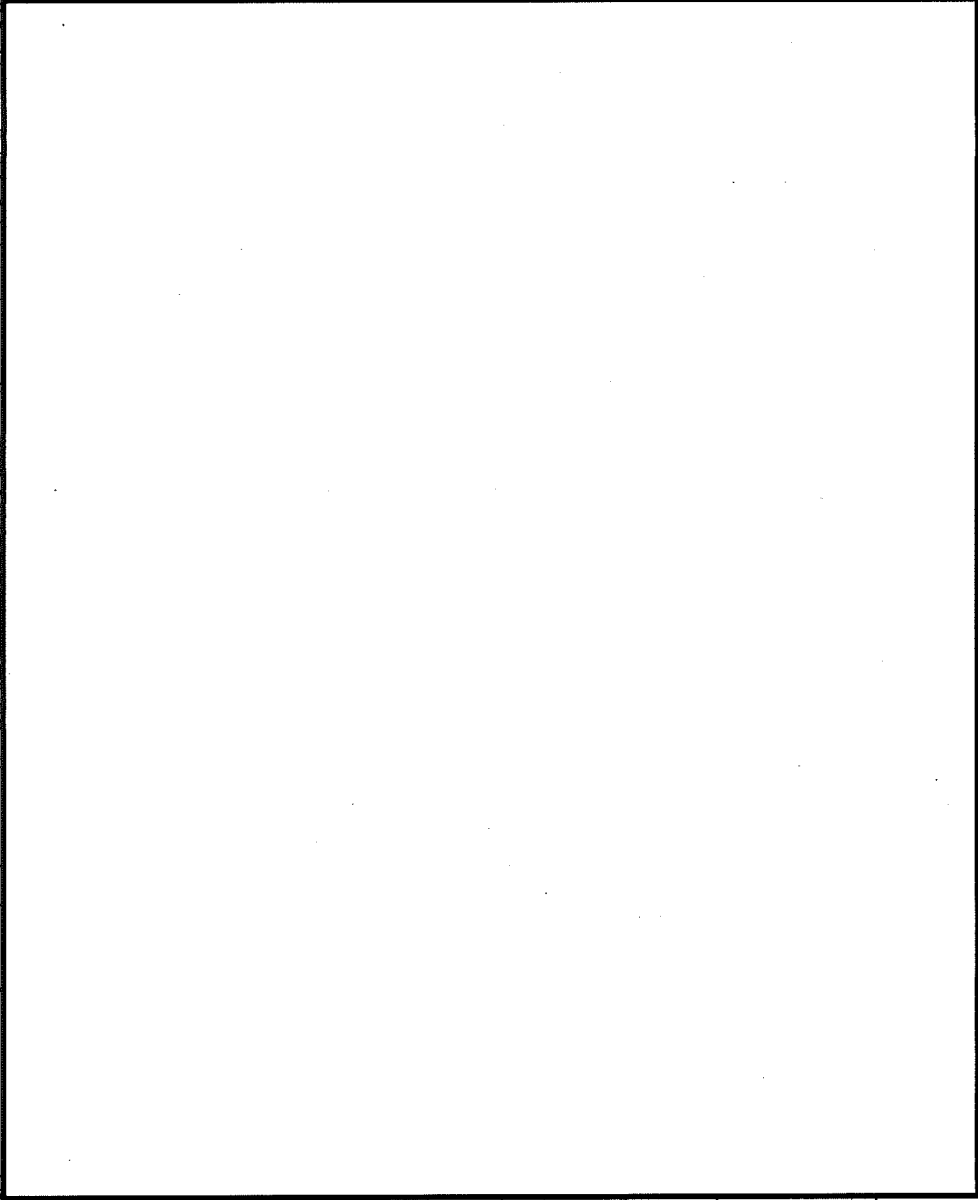
[redacted] Los Angeles, California, on May 3, 1966.

The function of the "blue box" is to simulate pulses used by telephone operators and automatic dialing equipment to make long-distance telephone calls. By using the "blue box" a subscriber is able to make direct distant dial toll calls without activating telephone company billing equipment.

[redacted]

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LA 166-516



There are variations to the method of completing the calls through the utilization of the "blue box", but the general procedure is as described above.

LA 166-516

On May 24, 1966, Assistant U. S. Attorney JOHN LALLEY, Southern District of California, Los Angeles, California, advised SA [redacted] that following a review of transcripts of recordings made from telephone no. 848-2327, it appeared that GRAY HOFFMAN was in violation of Title 18, Section 1343, U. S. Code. LALLEY therefore authorized the filing of a complaint charging HOFFMAN with the above violation.

On May 24, 1966, an authorized complaint was filed by SA [redacted] before U. S. Commissioner RUSSELL R. HERMANN, Southern District of California, Los Angeles, California, and a warrant was issued charging GRAY HOFFMAN with violation of Title 18, U. S. Code, Section 1343, in that on or about April 28, 1966, at Los Angeles, California, he did knowingly employ an electronic device known as a multi-frequency signal generator in making interstate telephone calls to circumvent the normal billing procedures of [redacted] thus perpetrating a fraud by the use of an interstate wire facility. The above complaint was based on an affidavit of [redacted] Chief Special Agent, Pacific Telephone Company, Los Angeles, California, which stated in part, as follows:

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The Telephone Company accounting records for March, 1966, disclose that GRAY HOFFMAN of 212 South Mariposa, Burbank, California, whose telephone number is 848-2327, was making an inordinate number of calls of unusual duration for the Los Angeles area to information operators in different parts of the United States. Such evidence indicated to [redacted] that someone at the above telephone number was using such a device.

LA 166-516

As a result of the information reflected in said records, [REDACTED]

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On May 18, 1966, after [REDACTED] had consulted with the United States Attorney's office concerning such use of said [REDACTED] a Special Agent of the [REDACTED] pursuant to a subpoena duces tecum, [REDACTED] to the Grand Jury for the Southern District of California.

A review of the above-mentioned accounting record known as a [REDACTED] for numbers 842-3212 and 848-2327, both listed to GRAY HOFFMAN, 212 South Mariposa Street, Burbank, California, indicated the following information:

[REDACTED]

## FEDERAL BUREAU OF INVESTIGATION

Date June 1, 1966

GRAY HOFFMAN, 212 South Mariposa Street, Burbank, California, was arrested at his residence by SA [redacted] and SA [redacted]. S [redacted] and SA [redacted] were also present at the time of arrest as they were endeavoring to locate [redacted] for interview.

HOFFMAN was advised by SA [redacted] of the charges against him and was told he did not have to make any statement. He was advised further that any statement he did make could be used against him in a court of law and that he could consult with an attorney of his own choice or anyone else before making any statement at all. HOFFMAN was also advised that if he could not afford an attorney the court would obtain one for him. b6 b7C

HOFFMAN was interviewed at his residence following his arrest and while being transported to the U. S. Commissioner's office, Los Angeles, California, at which time he furnished the following information:

HOFFMAN said he is presently employed as a production control manager at Kahr Bearing Corporation, 3010 North San Fernando Boulevard, Burbank, California, and has been so employed for about three and one-half years. He advised further that as a hobby he constructs various electronic devices which he uses around his home.

HOFFMAN stated that about one and one-half years ago he began working on an electronic device known as a frequency generator, but it was not perfected for use until about the latter part of 1965. He said this device is composed of two separate units which he refers to as a keying unit and a frequency generator. HOFFMAN displayed the above two units to the agents present and thereafter removed the device from his telephone. He said he devised the unit himself and it is the only one he made. HOFFMAN voluntarily gave possession of the above device to SA [redacted] and SA [redacted] and thereafter signed a receipt for the items.

- 9 -

On 5/25/66 at Los Angeles, California File # Los Angeles 166-516  
 by SAs [redacted] and [redacted] st [redacted] Date dictated 5/26/66

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

2  
LA 166-516

HOFFMAN advised further that he used the device to make long-distance telephone calls but they were calls of a personal nature and did not involve any gambling activities.

HOFFMAN stated that [redacted] formerly resided at his residence until about [redacted] Texas. He said that he did not believe [redacted] was involved in the use of the above device while residing at his residence.

The following description was obtained from interview and observation:

Race	White
Sex	Male
Born	September 23, 1920, San Francisco, California
Height	6'
Weight	168 pounds
Hair	Black - crewcut
Eyes	Brown - wears glasses
Scars	None
Marital Status	Single
Social Security No.	556-24-7693
Arrest Record	None admitted
Father	HARRY C. HOFFMAN, deceased
Mother	LILLIAN HOFFMAN, deceased

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LA 166-516

On May 25, 1966, GRAY HOFFMAN, 212 South Mariposa Street, Burbank, California, appeared before U. S. Commissioner, RUSSELL R. HERMANN, Southern District of California, Los Angeles, California. HOFFMAN was advised that he was charged with violation of Title 18, U. S. Code, Section 1343. HOFFMAN requested time to secure an attorney and U. S. Commissioner HERMANN continued the hearing until June 8, 1966, at 10:00 A.M. Bond was set at \$1000 and HOFFMAN was remanded to the custody of the U. S. Marshal in lieu of bond.

On May 24, 1966, a Fugitive Form Letter was submitted to the Bureau.



FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

MAY 24 1966

TELETYPE

Mr. Tolson	_____
Mr. DeLoach	_____
Mr. Mohr	_____
Mr. Wick	_____
Mr. Casper	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. Felt	_____
Mr. Gale	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

FBI LOS ANG.

FBI WASH DC

9-23 PM PDST U R G E N T 5-23-66 MAX

TO: DIRECTOR (166-1765) ( ATTN. CRIME RECORDS )  
 ATLANTA, BALTIMORE, CHARLOTTE, DALLAS, MEMPHIS,  
 MIAMI, NEWARK, AND NEW ORLEANS  
 FROM: LOS ANGELES (166-462)

[REDACTED]

AKA. ET AL. ITWI; FBW- CONSPIRACY. OO: LA.

RE LOS ANGELES TEL MAY TWENTY LAST.

ADDITIONAL [REDACTED]

[REDACTED] LAST AND REVIEWED OVER WEEKEND LAST. BASED ON  
 THIS REVIEW AUSA JOHN LALLY WILL AUTHORIZE ITWI COMPLAINT  
 AND WARRANT MAY TWENTY FOUR NEXT TO BE EXECUTED MAY TWENTY  
 FIVE NEXT FOR HENRY E. LOMAN, GREENSBORO, NORTH CAROLINA.

ADDITIONALLY [REDACTED] DALLAS, TEXAS FOR FBW AND

[REDACTED] OF MIAMI, FLORIDA, FOR ITWI.

AUSA LALLY WILL PROVIDE PROBABLE CAUSE FOR SEARCH RESIDENCE

OF [REDACTED] BUT NOT [REDACTED] AUTOMOBILE NOR [REDACTED]

IN ADDITION, INFORMATION RECEIVED FROM DALLAS THIS

END PAGE ONE

51 JUN 8 1966

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REC-46 106-1765-103

15 JUN 3 1966

*[Handwritten signatures and initials]*

PAGE TWO

DATE TO EFFECT VIRGIL SALATHIEL TO BE ARRESTED FOR FBW  
CURRENTLY RESIDING DALLAS, TEXAS.

CHARLOTTE AND DALLAS SUTEL THUMBNAI LS FOR LOMAN

[REDACTED] TO BUREAU ATTENTION CRIME RECORDS.

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IN RECAP FOLLOWING TO BE ARRESTED FOR ITWI:

[REDACTED] HERBERT KAUFMAN; [REDACTED]

[REDACTED] EUGENE ANTHONY NOLAN; THOMAS MILTON BOYD; [REDACTED]

[REDACTED]

THE FOLLOWING FOR ITWI AND FBW; [REDACTED]

[REDACTED]

THE FOLLOWING FOR FBW EXCLUSIVELY: [REDACTED]

[REDACTED] GREY HOFFMAN; [REDACTED] CARL

LOVELACE CLEMENT; [REDACTED]

AND VIRGIL SALATHIEL.

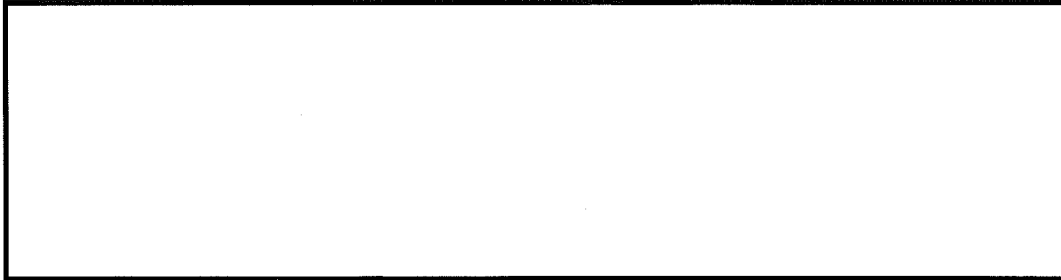
[REDACTED] WILL BE ARRESTED FOR AIDING  
AND ABETTING FBW.

FOR THE INFO OF ALL OFFICES, THE BUREAU DESIRES  
THAT FOLLOWING EACH ARREST ON MAY TWENTY FIVE NEXT THE  
BUREAU BE NOTIFIED TELEPHONICALLY AT CRIME RECORDS.

ALL OFFICES WILL MAKE ARRESTS AT SEVEN A.M. PACIFIC  
DAYLIGHT TIME MAY TWENTY FIVE NEXT.

END PAGE TWO

PAGE FOUR



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FOLLOWING IS THE GENERAL LANGUAGE BEING USED IN  
FBW COMPLAINTS:

BLANK DID KNOWINGLY EMPLOY AN ELECTRONIC DEVICE  
KNOWN AS A MULTI-FREQUENCY SIGNAL GENERATOR IN MAKING  
INTERSTATE TELEPHONE CALLS TO CIRCUMVENT THE NORMAL BILLING  
PROCEDURES OF [REDACTED]  
THUS PERPETRATING A FRAUD BY THE USE OF AN INTERSTATE WIRE  
FACILITY.

THE GENERAL LANGUAGE FOR THE AIDING AND ABETTING COMPLAINTS:

BLANK DID AID AND ABET IN THE PRODUCTION OF AN  
ELECTRONIC DEVICE KNOWN AS A MULTI-FREQUENCY SIGNAL GENERATOR  
EMPLOYED IN MAKING INTERSTATE TELEPHONE CALLS TO CIRCUMVENT  
THE NORMAL BILLING PROCEDURES OF THE PACIFIC TELEPHONE  
AND TELEGRAPH COMPANY PAREN AND OR GENERAL TELEPHONE COMPANY  
ENPAREN PLUS PERPETRATING A FRAUD BY USE OF AN INTERSTATE  
WIRE FACILITY.  
END PAGE FOUR

# FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE <b>LOS ANGELES</b>	OFFICE OF ORIGIN <b>LOS ANGELES</b>	DATE <b>6/1/66</b>	INVESTIGATIVE PERIOD <b>4/11/66-5/31/66</b>
TITLE OF CASE <b>cus per LA tel 5-25-66 JOSEPH PETER SOLDIS-FUGITIVE; CARL LOVELACE CLEMENT- FUGITIVE cus per LA tel 5-25-66</b>		REPORT MADE BY <div style="border: 1px solid black; width: 100px; height: 20px;"></div>	TYPED BY <b>ajs</b>
		CHARACTER OF CASE  <b>FBW 6-8-66</b>	

*87  
166-  
2 pgs.*

*K 10  
2* b6 b7C

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### ADMINISTRATIVE

This case was opened in connection with case entitled,  **AI-ITAR-GAMBLING; FBW-CONSPIRACY,** Los Angeles file 166-462, which involved nationwide arrests and publicity. The number of copies being sent to the Bureau are in accord with requirements for 166 classification cases rather than 87 classification under which FBW cases are normally carried.

### LEADS

#### ATLANTA

**AT ATLANTA, GEORGIA:** Will identify subscribers to telephone number 404-252-2873 called from Escoa Corporation on April 14, 1966 and telephone number 404-428-9431 called

*d*

Case has been: Pending over one year  Yes  No; Pending prosecution over six months  Yes  No

APPROVED <i>[Signature]</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN SPACES BELOW	
COPIES MADE: ③ - Bureau 1 - USA, Los Angeles 2 - Atlanta 2 - Boston 2 - Los Angeles (166-507)		<b>166-1765-104</b>	<b>REC-38</b>
Dissemination Record of Attached Report		Notations <b>FUG. SUP.</b> <b>STAT. SECT.</b> <i>[Handwritten notes]</i>	
Agency	Request Recd.	Date Fwd.	How Fwd.
	<b>CC: AAG, Criminal Division, Organized Crime &amp; Racketeering Section</b>		
By	<b>57 JUN 28 1966</b>		

LA 166-507

from Escoa on April 13, 1966 and interview for all details regarding calls. In event subscriber was not recipient of calls; attempt to locate and interview person accepting the call and attempt to obtain all details relating thereto.

BOSTON

AT BOSTON, MASSACHUSETTS: Will identify subscriber to telephone number 617-774-6550, called from the Escoa Corporation on April 15, 1966 and interview for all details regarding call. In event subscriber was not the recipient of the call attempt to locate and interview person accepting the call and attempt to obtain all details relating thereto.

LOS ANGELES

AT LOS ANGELES, CALIFORNIA: (1) Will attempt to locate and interview AL TOTTEN.

(2) Will follow and report on prosecution.

-B\*-

COVER PAGE

UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1. - USA, Los Angeles

Report of: [REDACTED]

Office: Los Angeles, California

Date: 6/1/66

Field Office File #: 166-507

Bureau File #:

Title: JOSEPH PETER SOLDIS;  
CARL LOVELACE CLEMENT

Character: FRAUD BY WIRE

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Synopsis:

On April 11, 1966, an official of [REDACTED] Los Angeles, California, advised that there has been wide usage of multi-frequency signal generators throughout the United States which circumvents billing procedures and detection of long distance telephone calls. Assistant United States Attorney JOHN LALLY, Los Angeles, advised it was his opinion that users of these devices were in violation of the Fraud By Wire statutes if interstate calls were made with the device. On 4/26/66, [REDACTED] pursuant to grand jury subpoena duces tecum returned certain [REDACTED]

[REDACTED] Assistant United States Attorney LALLY authorized the filing of a complaint charging HOFFMAN with violation of Title 18, Section 1343, U. S. Code. On 5/24/66 a complaint was filed by SA [REDACTED] before United States Commissioner RUSSELL R. HERMANN, Los Angeles and a warrant was issued charging SOLDIS and CLEMENT with Fraud by Wire. On 5/25/66 SOLDIS and CLEMENT were arrested by Special Agents of the Federal Bureau of Investigation at their residences. SOLDIS furnished no information concerning the multi-frequency signal generators. CLEMENT admitted knowledge of them and voluntarily took the arresting agents to the office of the Escoa Corporation but when he checked his desk where he generally kept the device

LA 166-507

he learned it was missing. SOLDIS and CLEMENT appeared before United States Commissioner HERMANN on May 25, 1966. The hearing for SOLDIS was continued until June 1, 1966 and the hearing for CLEMENT was continued until June 8, 1966. Bond was set at \$1,000 for SOLDIS and CLEMENT and both were remanded to custody of United States Marshal in lieu of bond. On 5/24/66 fugitive form letters regarding SOLDIS and CLEMENT submitted.

-p-

DETAILS

LA 166-462

[redacted] officials advised that "blue boxes" are, and have been, used in the greater Los Angeles area.

Assistant U. S. Attorney JOHN F. LALLY stated that it was his opinion that users of the "blue box" were in violation of Fraud By Wire statutes if the calls were made interstate utilizing the device. In addition, he advised that the users of this device could also be prosecuted for violation of Federal gambling statutes if the "blue boxes" were utilized in interstate calls in furtherance of gambling operations.

Assistant U. S. Attorney LALLY advised that if the telephone company, acting on their own initiative and not at the request of the FBI, monitored individuals using this device, any tapes made during the monitoring would be admissible evidence.

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Officials of [redacted] present at this conference advised that they were in accord with Assistant U. S. Attorney LALLY's opinion and agreed to furnish the [redacted]

[redacted]

[redacted] of a subpoena duces tecum.



LA 166-507

Records, [redacted]  
Los Angeles, California, reveal that account known as [redacted] print of calls to distant information operators indicated that over 2000 such calls were made from telephones 772-6161, 772-6162, 772-6163, 644-1171, listed to Escoa Corporation, 15519 Crenshaw Boulevard, Gardena, California during the period September, 1965 to February, 1966. These calls ranged in duration from one minute to 177 minutes.

On May 24, 1966, Assistant United States Attorney JOHN LALLY, Southern District of California, Los Angeles, California, advised SA [redacted] that following a review of transcripts of recordings made from telephone number 772-6163 it appeared that JOE SOLDIS and CARL CLEMENT were in violation of Section 1343, Title 18, U. S. Code. LALLY therefore authorized the filing of a complaint charging SOLDIS and CLEMENT with the above violation.

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The authorized complaint was filed on May 24, 1966 by SA [redacted] before United States Commissioner RUSSELL R. HERMANN charging CARL CLEMENT with violation of Section 1343, Title 18, U. S. Code in that on or about April 14, 1966, at Los Angeles, California, Southern District of California did knowingly employ an electronic device known as a multi-frequency signal generator in making interstate telephone calls to circumvent the normal billing procedures of the Pacific Telephone Company, thus perpetrating a fraud by the use of an interstate wire facility.

This complaint was based on an affidavit of

[redacted]  
[redacted] Los Angeles, California, subscribed and sworn to on May 24, 1966, which stated in part the following:

[redacted]

LA 166-507

"That the Telephone Company accounting records for March, 1966, disclosed that CARL CLEMENT, located at Escoa Corporation, 15519 Crenshaw Boulevard, Gardena, California, whose telephone number is 772-6163 was making an inordinate number of calls of an unusual duration from the Los Angeles area to information operators in different parts of the United States. Such evidence indicated to affiant that someone at the above telephone number and above premises was using such a device;

"That as a result of said records, the Telephone Company attached automatic monitoring equipment to said telephone number 772-6163, and beginning April 12, 1966 to April 16, 1966, a recording was made of calls placed on said telephone line which shows that a device was being used in placing long distance calls outside the State of California;

"That on April 25, 1966, after affiant had consulted with the United States Attorney's Office concerning such use of said [redacted] a Special Agent of [redacted] pursuant to subpoena duces tecum, [redacted] to the Grand Jury for the Southern District of California."

The authorized complaint was filed by SA [redacted] on May 24, 1966, before United States Commissioner RUSSELL R. HERMANN, charging JOE SOLDIS with violation of Section 1343, Title 18, U. S. Code, in that on or about October 20, 1965 to November 23, 1965, at Los Angeles, California, Southern District of California did knowingly employ an electronic device known as a multi-frequency signal generator in making interstate telephone calls to circumvent the normal billing procedures of the Pacific Telephone Company, thus perpetrating a fraud by the use of an interstate wire facility.

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This complaint was based on an affidavit of [redacted]

[redacted] Los Angeles, California, sworn and subscribed to on May 24, 1966, which states in part the following:

[redacted]

## FEDERAL BUREAU OF INVESTIGATION

5/31/66

1

Date \_\_\_\_\_

Mr. CARL LOVELACE CLEMENT was placed under arrest by SA's [redacted] at his residence, 9336 Lemona Avenue, Sepulveda, California, on May 25, 1966. He was advised by SA [redacted] that he did not have to make any statement, that any statement he did make could be used against him in a court of law and that he had a right to consult an attorney or anyone else prior to making any statements. He was advised that if he could not afford to hire an attorney, one would be appointed for him by the court.

At the time of arrest at 7:13 a.m., Mr. CLEMENT was in the bathroom of his residence shaving. He was permitted to finish shaving and dress and during this time he was advised by SA [redacted] of the charges which had been filed against him and that a search was about to be made by the arresting Agents of his bedroom, in which his telephone was located, for the purpose of locating an electronic device used to make long distance telephone calls circumventing telephone company company billing equipment. Mr. CLEMENT denied knowledge of any such instrument and SA [redacted] showed him photographs of a similar device and he then acknowledged that he had a device which resembled a cigar box similar to the one shown in the photographs, but which more resembled a cigar box. He stated that this device was at that moment locked in his desk drawer at his office at 15519 South Crenshaw in Gardena. Mr. CLEMENT agreed to furnish this device to the arresting Agents if he was permitted to stop by his office. He referred to this box as "an amazing device" but said that he did not quite understand how it worked. He said his box was available to other persons in his office but he would not specify who else may have used it. He avoided making any direct admission that he himself had used this box on long distance calls, stating that the device did not belong to him. CLEMENT inquired if anyone else from his office was being arrested at this time but he was not given any direct answer.

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While continuing to dress, CLEMENT inquired as to

On 5/25/66 at Los Angeles, California File # Los Angeles 166-506  
by SA' [redacted] and em Date dictated 5/25/66

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LA 166-506

the possibility of making a bond and was permitted to use the telephone in his bedroom on two occasions, but he apparently was not able to complete either call. No search of CLEMENT's residence was made.

At 7:48 a.m. CLEMENT was fully dressed and was placed in an FBI automobile and driven to his office. During this trip he was permitted to read the complaint which had been filed against him.

CLEMENT stated that if he had used such a device, it would not have been with any intent to defraud anyone. He said if he had used such a device, it would have been during his "idle time" and if he had to pay for such calls he would not have made them as he could not afford it. He said it seemed to him that if using the device was a violation of any law that arrests would have been made sooner than now.

CLEMENT indicated that he was not certain if he should be furnishing information about this matter, at which time he was then asked to furnish background information and descriptive data regarding himself. After that, CLEMENT asked if the Agents were familiar with [redacted]. He stated that [redacted]

[redacted] He said [redacted] explained to him that the device operates on a "free line" through which telephone operators all over the country talk with each other and no charges are made for any calls made on this line. Therefore, CLEMENT did not think that use of such a line would constitute any fraud. He said [redacted] left the box in his office and it was his understanding that [redacted] was to return to be paid, however he has never returned.

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Upon arriving at 15519 South Crenshaw in Gardena, CLEMENT led the Agents to Room 201 at that address, which is the office of ESCOA Corporation, and entered. CLEMENT spoke briefly with the girl in the outer office and entered the rear office containing two desks and other office furniture. CLEMENT produced a key and opened the center desk drawer of his desk and exclaimed, "It's gone! It was right here last night when I left." CLEMENT stated that his boss, JOE SOLDIS,

LA 166-506

is the only other person who has a key to CLEMENT's desk and indicated that SOLDIS obviously took the device out of his drawer. CLEMENT found a key on his desk top, which he said was a strange key but assumed it may be the key to the desk used by SOLDIS in the same room and offered to open that desk, but this offer was declined by the Agents. CLEMENT looked into the other drawers of his own desk to satisfy himself that the device was not in his desk. At that time, the telephone on CLEMENT's desk rang and he answered it, indicating the caller was his boss, JOE SOLDIS. He told SOLDIS that FBI Agents were with him and asked SOLDIS what happened to the box. CLEMENT shrugged his shoulders, said a few more words and hung up. He told the Agents that in response to his question of what happened to the box, SOLDIS replied, "What box, I don't know anything about any box." No search was made of CLEMENT's desk or office by the arresting Agents.

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CLEMENT was then taken by the Agents by automobile to the FBI office at 1340 West Sixth Street, Los Angeles, where he was fingerprinted and photographed, after which he was transported to the office of the U.S. Commissioner in the Federal Building. After the U.S. Commissioner remanded CLEMENT to the custody of the U.S. Marshal in lieu of \$1,000 bond, CLEMENT was taken to the office of the U.S. Marshal in the Federal Building where he was booked/in as a prisoner. Afterward, CLEMENT was contacted by [REDACTED] 18750 Ventura Boulevard.

CLEMENT then stated that he did not desire to furnish any further information regarding this matter until after he could consult with his attorney.

The following description and background information was obtained:

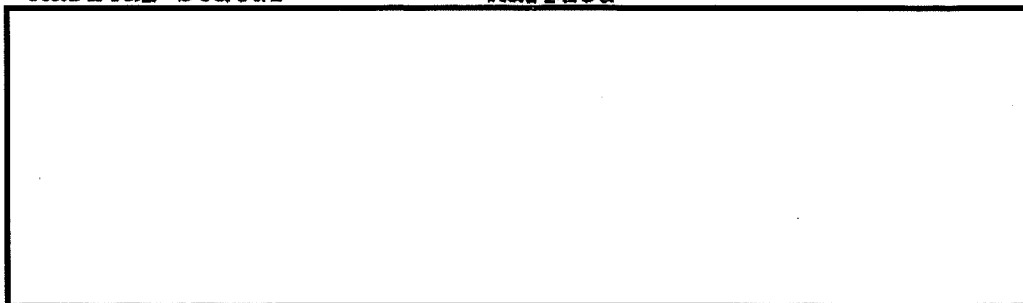
Name	CARL LOVELACE CLEMENT
Race	White
Sex	Male
Height	5'6"
Weight	155
Build	Medium

4

LA 166-506

Eyes	Blue-gray
Hair	Bald (wears dark brown toupee)
Age	52
Date of Birth	November 24, 1913
Place of Birth	Paris, Tennessee
Peculiarities	Mole on right cheek
Marital Status	Married

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Father	WILLIAM EARNEST CLEMENT 1206 D Northwest, Childress, Texas
Mother	EVA PAMELA CLEMENT Same address as father



Santa Monica, California;

Residence	Dinuba, California 9336 Lemona Avenue Sepulveda, California Telephone 894-6038
Employment	Engineering Manager, ESCOA Corporation, 11519 South Crenshaw Boulevard, Gardena, California Telephone 772-6161
Military Service	U.S. Army, 1934-1937 Army Serial No. 6255185
Education	Mechanical Engineering Degree, from Sequoia University, Los Angeles, California

LA 166-506

On May 27, 1966, CARL LOVEFACE CLEMENT was taken before United States Commissioner RUSSELL R. HERMANN, at which time CLEMENT requested two weeks delay in which time to obtain an attorney. Mr. HERMANN continued the hearing to 10:00 AM June 8, 1966 for CLEMENT to obtain counsel and to set a preliminary hearing if such is desired. Mr. HERMANN set bond at \$1,000.00 and remanded CLEMENT to the custody of the United States Marshal in lieu of bond.

## FEDERAL BUREAU OF INVESTIGATION

1Date 5/17/66

[redacted] employed by the firm Krout & Schneider, Los Angeles, advised as follows:

During [redacted] was assigned to work undercover for the purpose of developing information concerning a multi frequency tone generator to circumvent normal billing for telephone toll calls.

In this capacity, he met CARL CLEMENT through a mutual acquaintance [redacted] CLEMENT claimed he knew of plans for such a device and that it would work effectively. CLEMENT procured a multi frequency tone generator which [redacted] learned was built by [redacted] passed through the possession of [redacted] and then to CLEMENT.

On [redacted] CARL CLEMENT sold this device to [redacted] The transaction took place at [redacted] Los Angeles.

[redacted] paid CLEMENT with a check for [redacted]

[redacted] asked CLEMENT [redacted] the tone device and returned the tone device to CLEMENT to have the adjustment made.

CLEMENT went directly to the Crocker-Citizens National Bank at 9354 Wilshire Boulevard and cashed the check.

[redacted] CLEMENT cashed the check.

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On 5/9/66 at Los Angeles, California File # Los Angeles 166-505  
by SA [redacted] & SA [redacted] Jg Date dictated 5/12/66

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.



# FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE <b>LOS ANGELES</b>	OFFICE OF ORIGIN <b>LOS ANGELES</b>	DATE <b>6/1/66</b>	INVESTIGATIVE PERIOD <b>4/11/66 - 5/24/66</b>
TITLE OF CASE <b>VIRGIL SALATHIEL - FUGITIVE</b>		REPORT MADE BY <div style="border: 1px solid black; width: 150px; height: 15px;"></div>	TYPED BY <b>llm</b>
		CHARACTER OF CASE  <b>FBW</b>	

*Handwritten:*  
 Pursued  
 1/6 5.25.66

*Handwritten:*  
 FR 2/6/66

**REFERENCES:**

Los Angeles teletype to Dallas dated 5/20/66.  
 Dallas teletype to Los Angeles dated 5/23/66.  
 Los Angeles letter to the Bureau dated 5/24/66.  
 Dallas teletype to Los Angeles dated 5/31/66 captioned, "ET AL ITWI; FBW."

*Handwritten:*  
 166-1765-49  
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**ADMINISTRATIVE**

This case was opened in connection with case entitled,  AL ITAR - GAMBLING; FBW - CONSPIRACY," LA file 166-462, which involved nation wide arrests and publicity.

Case has been pending over one year  Yes  No; Pending prosecution over six months  Yes  No

APPROVED <i>[Signature]</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN SPACES BELOW	
COPIES MADE:  (3 - Bureau 1 - USA, Los Angeles 3 - Dallas (166-248)(AM) (1 - USA, Dallas) 1 - Oklahoma City (87-12262)(Info) 2 - Los Angeles (166-534)		166-1765-106  JUN 3 1966  FUGITIVE  STA WINNIE BANNON STAT SECT.	REC 36
Dissemination Record of Attached Report		Notations	
Agency	Request Recd.	Date Fwd.	How Fwd.
	CC, AAG, Criminal Division, Organized Crime & Racketeering Section Room 2529		
By			

LA 166-534

The number of copies being sent to the Bureau are in accordance with requirements of 166 classification rather than ITSP classification.

Information copy being furnished Oklahoma City Division in view of similar investigation concerning subject.

Credit information referred to in details of report concerning SALATHIEL was furnished by Dun and Bradstreet, Dallas, Texas.

LEADS

DALLAS

AT DALLAS, TEXAS: Will follow and report removal hearing for subject.

LOS ANGELES

AT LOS ANGELES, CALIFORNIA: Will present facts of this case to Federal Grand Jury, Los Angeles.

- B\* -  
COVER PAGE

UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATIONb6  
b7C  
b7DCopy to: 1 - USA, Los Angeles  
1 - USA, Dallas

Report of: [REDACTED]

Office: Los Angeles, California

Date: 6/1/66

Field Office File #: 166-534

Bureau File #:

Title: VIRGIL SALATHIEL

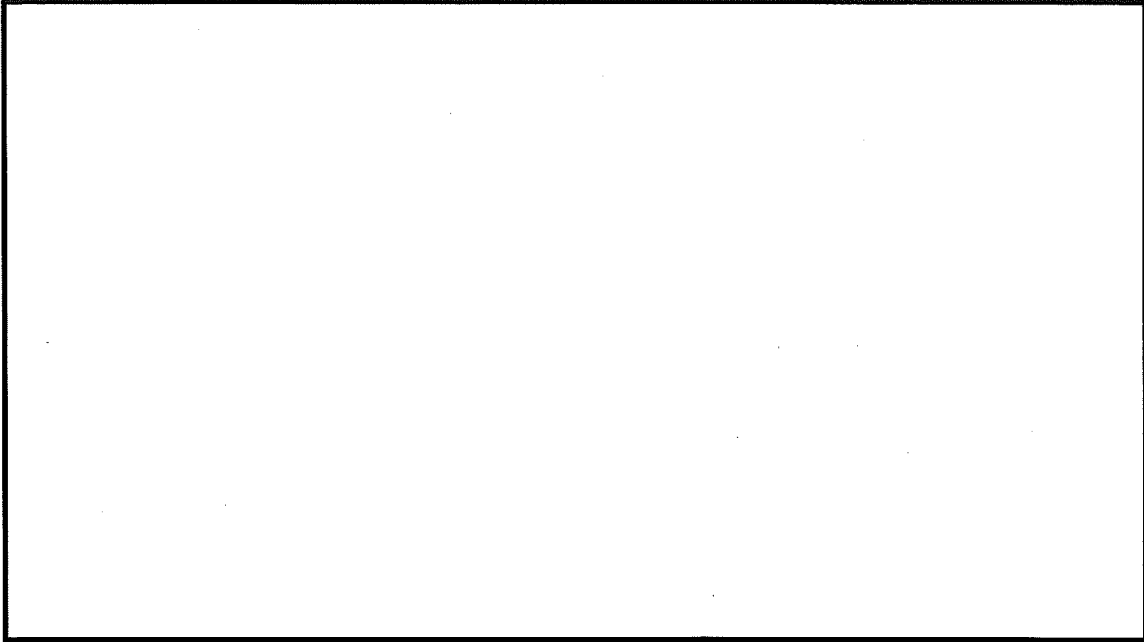
Character: FRAUD BY WIRE

Synopsis: AUSA, Los Angeles, on 4/11/66 furnished opinion that use of "blue box" for long distance telephone calls was violation of Fraud by Wire Statutes, and use of "blue box" in interstate calls in furtherance of gambling operations was violation of Federal Gambling Statutes. SALATHIEL, Owner, Teco Wheel Balancers, Inglewood, California, telephone number 674-2555 and 678-8018. Chief Special Agent, [REDACTED] Los Angeles, provided affidavit on 5/24/66 stating that SALATHIEL made an inordinate number of lengthy calls to Universal Information Number during December, 1965, and automatic monitoring equipment attached to telephone number 674-2555 for period of 1/14/66 to 2/5/66. Telephone Company recordings reflected long distance calls by SALATHIEL through use of "blue box" during this period. AUSA, Los Angeles, authorized prosecution of SALATHIEL on 5/24/66 charging violation of Title 18, USC, Section 1343, and complaint was filed on 5/24/66 before USC, Los Angeles. Fugitive form letter submitted.

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DETAILS:

LA 166-534



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There are variations to the method of completing the calls through the utilization of the "blue box," but the general procedure is as described above.

On May 18, 1966, the Dallas Division furnished the following information concerning VIRGIL SALATHIEL:

Dallas telephone number 214-~~7~~48-7231 (Riverside 8-7231) is listed in the May, 1966, Dallas Telephone Directory for Teco Wheel Balancers located at 1312 Slocum Street, Dallas, Texas. The Dallas Criss Cross of telephone numbers reflects Riverside 8-7231 is also listed for Todd Industries, Inc., 1312 Slocum Street, Dallas, Texas.

Telephone number 816-921-4832 is a telephone number in one of the following State of Missouri cities based upon the area code number 816: Sedalia, St. Joseph, Kansas City, Independence, Booneville, Moberly.

LA 166-534

Files of a credit reporting agency in Dallas, Texas, reflect VIRGIL SALATHIEL is president of Todd Industries that [REDACTED]

[REDACTED] the corporation. Directors of Todd Industries, Inc. were reflected as [REDACTED]

[REDACTED] This corporation was chartered in the State of Oklahoma on July 1, 1961.

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Teco Wheel Balancing has a branch office at 1005 West Arbor Vita Street, Inglewood, California, and is the manufacturer of wheel balancing devices. The Inglewood plant is [REDACTED]

SALATHIEL has been engaged in several previous business ventures and has filed petitions for voluntary bankruptcy. On several occasions in Oklahoma, doing business as (1) Jobbers Crankshaft Service, December, 1951; (2) Jobbers Service and Supply, Inc., November, 1958; (3) Silver Streak Manufacturing Company, trading individually as VIRGIL SALATHIEL, May, 1958.

On May 18, 1966 [REDACTED] Identification Division, Dallas Police Department, and [REDACTED] Dallas County Sheriff's Office, each stated files of their respective departments contained no arrest record identifiable with VIRGIL SALATHIEL.

The May, 1966, Dallas Telephone Directory reflects VIRGIL SALATHIEL resides at 5055 Walnut Hill Lane, Dallas, telephone number EMerson 8-4397.

The files of a Dallas credit reporting agency reflect SALATHIEL is a white male, born in 1918 in the State of Oklahoma. No photograph of SALATHIEL has been located through usual sources of information.

LA 166-534

On May 24, 1966, Special Agent [redacted] presented the facts of this case to Assistant U.S. Attorney JOHN F. LALLY, Los Angeles, California, and LALLY authorized prosecution of VIRGIL SALATHIEL charging that SALATHIEL on or about January 14, 1966, did knowingly employ an electronic device known as a multi-frequency signal generator in making interstate telephone calls to circumvent the normal billing procedures of the Pacific Telephone Company, thus perpetrating a fraud by the use of an interstate wire facility.

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Special Agent [redacted] on May 14, 1966, filed a complaint before U.S. Commissioner RUSSELL B. HERMANN, Los Angeles, California, charging VIRGIL SALATHIEL with violation of Title 18, U.S. Code Section 1343 based on the foregoing affidavit of [redacted] Pacific Telephone Company, Los Angeles, California, and a warrant was issued.

Fugitive form letter submitted on May 24, 1966.

LA 166-505

On April 28, 1966, Officials of [redacted]  
[redacted] Los Angeles made available a report  
written by [redacted]  
[redacted] Los Angeles, and a section of this  
report is set forth below:

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[redacted] first came to our attention on [redacted] when he was introduced to [redacted] who at this time was conducting an undercover investigation on Carl L. Clement. [redacted] in company with Carl Clement, met [redacted] and Mr. Clement demonstrated the device several times and made one complete call [redacted] Mr. Clement and the [redacted] left the location. (See [redacted] Report under Hilton, dated October 1, 1964, Pages 49 through - 52)

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From this time until approximately [redacted] no additional investigation was conducted concerning Mr. [redacted]



LA 166-505

On May 4, 1966, a copy of a report to the office  
of Chief Special Agent, Los Angeles area. [redacted]  
[redacted] case number [redacted] was  
made available from which the following information was  
obtained:

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FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

MAY 24 1966

TELETYPE

N\FBI WASH DC

Mr. Tolson	
Mr. DeLoach	
Mr. Mohr	
Mr. Wick	
Mr. Casper	
Mr. Callahan	
Mr. Conrad	
Mr. Felt	
Mr. Gale	
Mr. Rosen	
Mr. Sullivan	
Mr. Tavel	
Mr. Trotter	
Tele. Room	
Miss Holmes	
Miss Gandy	

FBI DALLAS

3:10 PM CST URGENT 5-24-66 NEE

TO DIRECTOR (166-1765) (ATTN. CRIME RECORDS) AND LOS ANGELES (166-462)  
FROM DALLAS (166-241) 2P

[REDACTED] AKA., ET AL. ITWI; FBW- CONSPIRACY. OO: LA  
RE LA TEL TO BUREAU MAY TWENTYTHREE LAST, DALLAS TEL TO BUREAU AND  
LA SAME DATE.

RE VIRGIL H. SALATHIEL.

SALATHIEL RESIDES FIVE ZERO FIVE FIVE WALNUT HILL LANE, DALLAS,  
TEXAS. [REDACTED] DISCLOSE FOLLOWING PERSONAL HISTORY;

SALATHIEL IS PRESIDENT OF TODD ENGINEERING, INC., WHICH FIRM  
ALSO OPERATES UNDER TRADE STYLE OF TECO WHEEL BALANCERS, BOTH LOCATED  
ONE THREE ONE TWO SLOCUM, DALLAS [REDACTED]

[REDACTED] TODD FIRM, WHICH WAS CHARTERED IN OKLAHOMA ON JULY  
ONE, SIXTYONE, WITH AUTHORIZED CAPITAL OF THREE HUNDRED THOUSAND DOLLARS  
TODD FIRM ENGAGES IN MANUFACTURE OF WHEEL BALANCING DEVICES AND HAS  
BRANCH OPERATION AT ONE ZERO ZERO FIVE WEST ARBOR VITA, INGLEWOOD,  
CALIF. [REDACTED] SALATHIEL IN PAST IN

OKLAHOMA HAS ENGAGED IN SEVERAL BUSINESS VENTURES AND HAS FILED

END PAGE ONE

51 JUN 8 1966

REC-52 166-1765-111  
JUN 3 1966  
[Handwritten signatures and initials]

PAGE TWO

PETITIONS FOR VOLUNTARY BANKRUPTCY. THESE FIRMS INVOLVED THE JOBBERS CRANKSHAFT SERVICE, DECEMBER FIFTYONE; JOBBERS SERVICE AND SUPPLY, INC., NOVEMBER, FIFTYEIGHT; SILVER STREAK MANUFACTURING COMPANY, MAY, FIFTYEIGHT. SALATHIEL HAS REPORTED THAT HE OWNS FIFTYONE PERCENT OF STOCK SHARES IN SAFETY BALANCERS INC., DALLAS, CHARTERED UNDER TEXAS LAWS AUGUST FIFTEEN, NINETEEN SIXTYTHREE, WHICH FIRM WHOLESALAS AUTOMATIC WHEEL BALANCERS MANUFACTURED BY OTHERS, SALATHIEL INDICATING HE IS NOT AN OFFICER OR DIRECTOR THIS CORP.

b6  
b7c

CREDIT BUREAU SERVICES, DALLAS, RECORDS SHOW SALATHIEL BORN APRIL EIGHTEEN, NINETEEN EIGHTEEN, OKLAHOMA, CITY, OKLA., AND IS  HE IS WHITE, MALE, FIVE FEET, ELEVEN INCHES TALL, TWO HUNDRED POUNDS, ROUND FACE, HORN RIMMED GLASSES, BROWN - GREY WAVY HAIR, BUSINESS MAN APPEARANCE. PHOTO NOT AVAILABLE.

FOR INFO BUREAU, SALATHIEL WAS INVOLVED IN OKLAHOMA CITY CASE CAPTIONED THOMAS E. MC CAY, ETAL, FBW, BUFILE EIGHT SEVEN DASH EIGHT SIX SEVEN ONE TWO INVOLVING USE OF BLACK BOX AND SALATHIEL SUSPECTED OF BEING IN POSSESSION OF BLACK BOX, HOWEVER, USA, OKLAHOMA, DID NOT MAKE SALATHIEL A SUBJECT IN DRAWING UP INDICIMENTS.

DALLAS PLANS TO ARREST SALATHIEL APPROXIMATELY EIGHT AM MAY TWENTYFIVE NEXT, CST, AND BUREAU AND LA WILL BE ADVISED WHEN ACCOMPLISHED.

LA TO BE ADVISED.

WA.

FBI WASH DC

CLR. X

*cc - Messrs. Glabe + Rosen*

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

MAY 25 1966

TELETYPE

Mr. Tolson	_____
Mr. DeLoach	_____
Mr. Mohr	_____
Mr. Casper	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. Felt	_____
Mr. Gale	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

FBI LOS ANG.

11-04 PM URGENT 5-24-66 KH

TO DIRECTOR 166-1765 ATT: SPECIAL INVESTIGATIVE DIVISION

9 ATLANTA 10 BALTIMORE 9 CHARLOTTE 8 DALLAS HOUSTON  
8 MEMPHIS 9 MIAMI 10 NEWARK 10 NEW YORK 8 NEW ORLEANS

FROM 7 LOS ANGELES 166-462

b6  
b7c

CHANGED, [REDACTED] AKA - FUGITIVE [REDACTED]

[REDACTED]

[REDACTED]

166-1765-114

15 JUN 3 1966

FUGITIVE. FBW.

END PAGE ONE

59 JUN 9 1966  
14

9-107  
[REDACTED]

165-424  
COPY FILED IN

Handwritten notes and initials on the left margin, including "R" and "S".

Handwritten initials "JL" next to the teletype text.

PAGE TWO

[REDACTED] - FUGITIVE. FBW.

[REDACTED] FUGITIVE; CARL LOVELACE CLEMENT -

FUGITIVE. FBW.

GRAY HOFFMAN - FUGITIVE. FBW.

VIRGIL SALATHIEL - FUGITIVE. FBW.

[REDACTED] FUGITIVE. FBW.

OO: LOS ANGELES

TITLE CHANGED TO REFLECT NAMES OF ALL SUBJECTS AGAINST  
WHOM PROCESS OBTAINED.

RE LOS ANGELES TEL MAY TWENTY THREE LAST.

b6  
b7c

AUTHORIZED COMPLAINTS FILED AND WARRANTS ISSUED  
MAY TWENTY FOUR INSTANT ON ALL SUBJECTS BEFORE USC RUSSELL  
R. HERMANN, LOS ANGELES, CHARGING ITWI; FBW; AND AIDING  
AND ABETTING FBW AS INDICATED.

RECOMMENDED BOND ALL RETURNABLE LOS ANGELES  
FIVE THOUSAND DOLLARS.

COMPLAINTS FILED BY S [REDACTED]

LEE BECKLEY CHARGING ITWI; EUGENE ANTHONY NOYAN ITWI.

[REDACTED]

END PAGE TWO

PAGE THREE

COMPLAINTS FILED BY SA [REDACTED]

[REDACTED]; GRAY  
HOFFMAN, FBW; CARL CLEMENT, FBW; JOE SOLDIS, [REDACTED]

[REDACTED]  
[REDACTED] VIRGIL SALATHIEL, FBW; [REDACTED]

COMPLAINTS FILED BY SA [REDACTED]

[REDACTED], ITWI AND FBW; [REDACTED] ITWI; THOMAS  
MILTON BOYD, ITWI AND [REDACTED] ITWI.

ALL OFFICES ARREST IN ACCORDANCE WITH  
PLAN FOR ARREST AT SEVEN AM PACIFIC DAYLIGHT SAVINGS TIME  
ON MAY TWENTY FIVE NEXT. ALL OFFICES REMINDED THAT  
PRESS RELEASE BEING MADE BY BUREAU AND ARE INSTRUCTED TO  
TELEPHONICALLY CONTACT BUREAU WHEN ARREST MADE.

FOR INFO NEW YORK IF BECKLEY LOCATED YOUR  
TERRITORY APPREHEND AND CALL BUREAU FOR LANGUAGE PRESS  
RELEASE AND AUTHORITY TO RELEASE.

HOUSTON HANDLE ARREST OF NOLAN AS SET FORTH IN  
INSTRUCTIONS BY NEW ORLEANS.

END PAGE THREE

b6  
b7c

PAGE FOUR

SEARCH WARRANTS OBTAINED AT LOS ANGELES FOR  
SEARCH OF J. K. SPORTS SERVICE FOR GAMBLING PARAPHERNALIA  
AND BLUE BOX; FOR RESIDENCE OF  FOR BLUE BOX AND<sup>b6</sup>  
FOR RESIDENCE OF GRAY HOFFMAN FOR BLUE BOX.<sup>b7c</sup>

WARRANTS WILL BE EXECUTED AT TIME OF ARREST.

OTHERS ADVISED

END

WA...ARK

FBI WASH DC

BA...TEC

FBI BALTO

CE...JLM

FBI CHARLT

MXXXNK...EJJ

FBI NEWARK

NY...JAA

FBI NEW YORK

TU CLR

*26. Mr. [unclear] to Mr. [unclear]*

166-1765-114X, 114X1, 114X2

**CHANGED TO**

165-42-126X1, 126X2, 126

AUG 5 1971

BC. / Mond.



FEDERAL BUREAU OF INVESTIGATION

7-651

REPORTING OFFICE DALLAS	OFFICE OF ORIGIN LOS ANGELES	DATE 6/1/66	INVESTIGATIVE PERIOD 5/23 - 25/66
TITLE OF CASE		REPORT MADE BY	REPORT MADE BY

CHARACTER OF CASE	REPORT MADE BY
IRAR - GAMBLING; ITWP; FBW - CONSPIRACY	jp

Title is marked changed to include the full name of subject SALATHIEL.

REFERENCES: Bureau teletypes to Dallas dated 5/24/66 and 5/25/66. Los Angeles teletypes to Bureau dated 5/23/66 and 5/24/66. Dallas teletypes to Bureau and Los Angeles dated 5/23/66, 5/24/66, and 5/25/66.

LEADS: DALLAS

AT DALLAS, TEXAS

Will follow and furnish the Bureau and the Los Angeles Division the results of the prosecutive action taken against VIRGIL SALATHIEL in the NDT, Dallas, Texas.

COVER PAGE

Case has been: Pending over one year  Yes  No; Pending prosecution over six months  Yes  No

APPROVED	SPECIAL AGENT IN CHARGE
<i>[Signature]</i>	

COPIES MADE:

- 3 - Bureau (166-1765)
- 3 - Los Angeles (166-462)
- 3 - Los Angeles (166-462)
- 1 - USA, Los Angeles
- 2 - Dallas (2 - 166-241)
- 1 - Dallas (1 - 166-248) SPECIAL AGENT IN CHARGE

REC-49  
EX-108

Agency	Request Recd.	Date Fwd.	How Fwd.	By
CC, VAC Original Division, Organized Crime Section	Request Recd.	6/2/66	Room	5 2 SEP 8 1966

*[Handwritten notes and stamps]*

STAY  
NIXON  
FUG SUPPL

UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, Los Angeles, California

Report of: [Redacted]  
Date: 6/1/66

Office: Dallas

Field Office File #: 166-241

Bureau File #: 166-1765

Title: [Redacted]  
VIRGIL HAL SALATHIEL;  
ET AL

Character: INTERSTATE TRANSPORTATION IN AID OF RACKETEERING -  
GAMBLING; INTERSTATE TRANSPORTATION OF WAGERING  
PARAPHERNALIA; FRAUD BY WIRE - CONSPIRACY

b6  
b7c

Synopsis: VIRGIL HAL SALATHIEL, white male, born 5/28/18...  
Oklahoma City, Oklahoma, arrested by Bureau Agents at his  
residence 5055 Walnut Hill Lane, Dallas, Texas, on 5/25/66.  
SALATHIEL denied the charges filed against him after admitting  
identity SALATHIEL taken immediately to Dallas County Jail.  
SALATHIEL arraigned before USC, Dallas, 5/25/66, and attorneys  
requested full hearing. USC set hearing date 6/3/66 and  
released SALATHIEL on \$1,500 cash temporary bond.

SEP 7 1966  
FBI - LOS ANGELES  
VOUCHER - S. J. [unclear]

- P -

DETAILS:

The following investigation was predicated when  
the Los Angeles Office of the Federal Bureau of Investigation  
advised that a complaint was filed against VIRGIL SALATHIEL  
by SA [Redacted] before U. S. Commissioner RUSSELL  
HERMAN, Southern District of California, Los Angeles, California,  
charging SALATHIEL with violation of Title 18, Section  
1343 (FBW), in that SALATHIEL did knowingly employ an electronic  
device known as a multi-frequency signal generator in making  
interstate telephone calls to circumvent the normal billing  
procedures of the Pacific Telephone and Telegraph Company,  
thus perpetrating a fraud by the use of an interstate wire  
facility.

## FEDERAL BUREAU OF INVESTIGATION

Date 5/31/66

1

On May 24, 1966, SAs [redacted] made a physical observation of the residence of VIRGIL SALATHIEL, which is located at 5055 Walnut Hill Lane, Dallas, Texas.

At 7:50 AM it was noted that two automobiles, a 1965 white Ford Mustang, bearing 1966 Texas License Plates KYG 229; and a 1965 black over brown Cadillac, bearing 1966 Texas License Plates KPH 148, were parked at his residence.

It was ascertained from the License Bureau Division, Dallas County Clerk's Office, that 1966 Texas License Plate Number KYG 229 is listed to VIRGIL HAL SALATHIEL, 5055 Walnut Hill Lane, Dallas, Texas. The 1966 Texas License Plate Number KPH 148 is listed to a 1965 Cadillac owned by the P. K. Leasing Company, 5523 Dyer Street, Dallas, Texas.

b6  
b7c

At 8:13 AM, a white male, later identified as VIRGIL HAL SALATHIEL, was observed to enter the Cadillac bearing 1966 Texas License KPH 148 and proceed west on Walnut Hill Lane after exiting the driveway at his residence.

2

On 5/24/66 at Dallas, Texas File# DL 166-241

by SAs [redacted] ip dictated 5/25/66

## FEDERAL BUREAU OF INVESTIGATION

1

Date 5/31/66

On May 25, 1966, at 7:55 AM, VIRGIL HAL SALATHIEL was arrested by SAs [redacted] at his residence, 5055 Walnut Hill Lane.

SA [redacted] advised SALATHIEL of the charges filed against him in Los Angeles, California.

He was immediately advised by SA [redacted] that he did not have to make a statement, that any statement he did make could be used against him in a court of law; that he had the right to consult an attorney prior to making a statement; and that in the event he could not afford an attorney, the government would appoint him an attorney to represent him. He was also advised that no threats, promises or rewards would be offered him to make a statement. SALATHIEL stated he did not understand why charges were filed against him as he has never attempted to defraud any telephone company in any manner.

b6  
b7c

SALATHIEL finished dressing and stated that he did not want to make any further statement until consulting with his attorney.

At 8:08 AM, SALATHIEL contacted [redacted] by telephone from his residence and informed him of the charges filed against him in Los Angeles, California. SALATHIEL made no further comments concerning his arrest after conversing with his attorney.

A search of the bedroom and bathroom was made by SAs [redacted] at the time of SALATHIEL's arrest. No material of an evidentiary value relating to the charges filed against SALATHIEL was found. It is noted that SALATHIEL was arrested in the bedroom of his residence.

The following physical description of VIRGIL HAL SALATHIEL was obtained through interview and observation:

Race	White
Sex	Male

3

On 5/25/66 at Dallas, Texas File# DL 166-241

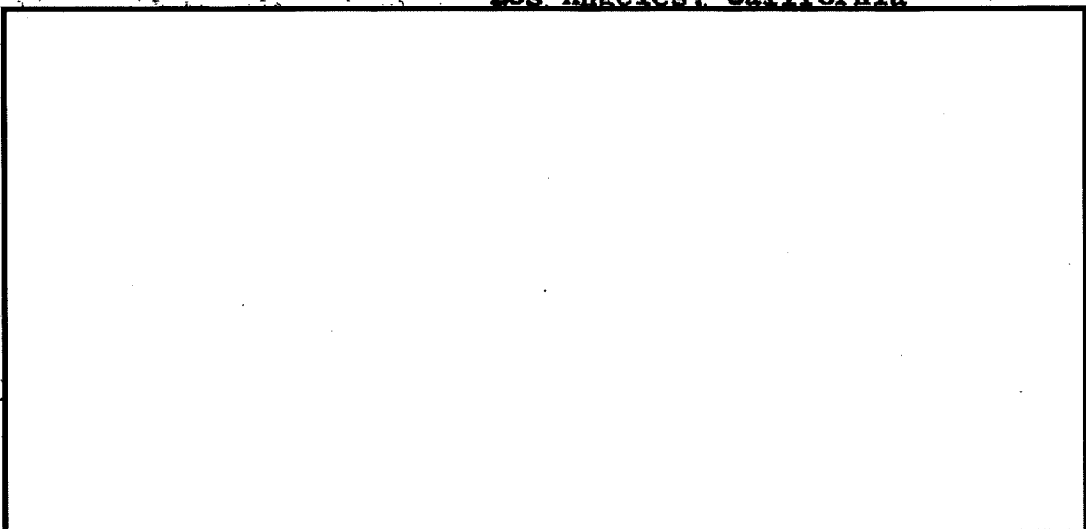
by SAs [redacted] /jp Date dictated 5/25/66

DL 166-241

2

Address	5055 Walnut Hill Lane, Dallas, Texas
Date of Birth	April 28, 1918
Place of Birth	Oklahoma City, Oklahoma
Height	5' 9 1/2"
Weight	198 pounds
Build	Heavy
Eyes	Brown
Hair	Gray
Complexion	Ruddy
Characteristics	Wears hornrimmed glasses; has round face
Education	High school, Oklahoma City, Oklahoma
Military Service	U. S. Air Force, 1943 - 1945, Honorable Discharge
Employment	President, Teco Wheel Balancing Company, Dallas, Texas; and Los Angeles, California

b6  
b7c



DL 166-241

SAs [REDACTED]  
were at the residence of SALATHIEL at the time of his  
arrest but did not enter the house or participate in  
the interview.

b6  
b7c

On May 25, 1966, VIRGIL HAL SALATHIEL appeared  
before U. S. Commissioner WILLIAM MADDEN HILL, Northern  
District of Texas, Dallas, and was represented by Dallas

[REDACTED] The attorneys  
requested a full hearing concerning the charges against  
SALATHIEL. MR. HILL set the hearing date for June 3, 1966,  
and set a \$1,500 cash temporary bond on SALATHIEL. The  
attorneys posted the bond and SALATHIEL was released.

MEMORANDUM FOR IDENTIFICATION DIVISION

P JUN 3 1966

*W*

Date: 6-2-66

Bufile 166-1765	Name of Subject Virgil Salathiel	Fugitive Index # 114935
FBI #	Serial #	Other Identifying #
		Subject Located

Prosecution dismissed

City Dallas, Texas Reason and/or by whom: \_\_\_\_\_

Date 5-25-66 ? \_\_\_\_\_

*Cont'd*  
*Cont'd*  
*4-13-66*

Action to be taken

Cancel fugitive stops for Index  Gen'l Fug  SS  Deserter

Cancel want in LEB \_\_\_\_\_  
Add additional aliases \_\_\_\_\_  
I. O. # \_\_\_\_\_  
Date of Fug Card 5-31-66

Ident Memo Received  Yes  No

Description \_\_\_\_\_

per DL teletype 5-25-66  
ML

*Handwritten notes:*  
166-1765  
6-1-66  
6-2-66  
6-3-66  
6-4-66  
6-5-66  
6-6-66  
6-7-66  
6-8-66  
6-9-66  
6-10-66  
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6-20-66  
6-21-66  
6-22-66  
6-23-66  
6-24-66  
6-25-66  
6-26-66  
6-27-66  
6-28-66  
6-29-66  
6-30-66

Remarks

NOT RECORDED

19 JUN 21 1966

5<sup>th</sup> JUN 21 1966

MEMORANDUM FOR IDENTIFICATION DIVISION

P JUN 3 1966

Bufile		Date	
166-1765		6-2-66	
Name of Subject		Fugitive Index #	
Carl Lovelace Clement		114955	
FBI #	Serial #	Other Identifying #	Subject Located
		USA 6255185	

Prosecution dismissed

Reason and/or by whom:

City Los Angeles, Calif

Date 5-25-66 Burglary

Action to be taken

Cancel fugitive stops for Index

Gen'l Fug

SS

Deserter

Ident Memo Received  Yes  No

Description

Cancel want in LEB

Add additional aliases

I. O. # \_\_\_\_\_

Date of Fug Card 4-1-66

part A tel 5-25-66

and

*[Handwritten notes and signatures in right margin]*

Remarks

166-1765

**NOT RECORDED**

19 JUN 22 1966

**56 JUN 23 1966**

*[Handwritten initials and signatures]*



FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE

P JUN 3 1966

W

Bu file # <i>166-1765</i>	Name of Subject <i>Gray Hoffmann</i>	Date <i>6-2-66</i>
FBI #	Serial #	Fugitive Index # <i>114940</i>
	Other Identifying #	Subject Located <i>✓</i>

Prosecution dismissed

Reason and/or by whom:  
 City *Los Angeles, Calif* Reason *Burglary*  
 Date *5-25-66*

*Handwritten notes:*  
 100 + 100  
 2000  
 4050  
 2000  
 6-17-66  
 368

Action to be taken

Cancel fugitive stops for index

Gen'l Fug

SS

Deserter

Ident Memo Received  Yes  No

Description

Cancel want in LEB

Add additional aliases

I. O. # \_\_\_\_\_

Date of Fug Card *6-1-66*

*per LA tel 5-25-66*

*Handwritten notes:*  
 May be needed  
 W. J. [unclear]  
 12/27/66  
 3000  
 6-2-66

*166-1765-*

NOT RECORDED

Remarks

16 JUN 29 1966

*44*  
51 JUN 30 1966

*Handwritten signature/initials*

NA  
6/3/66  
CWD

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

JUN 2 1966

TELETYPE

REC'D  
ADM INTELL DIV.

JUN 3 6 01

Mr. Tolson	_____
Mr. DeLoach	_____
Mr. Mohr	_____
Mr. Wick	_____
Mr. Casper	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. Felt	_____
Mr. Gale	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

FBI LOS ANG.

8:01 PM PDST URGENT 6/2/66 VLB

TO DIRECTOR \166-1765\, ATLANTA \166-182\, BALTIMORE \166-187\,  
CHARLOTTE \162-185\, DALLAS, MEMPHIS \166-329\, MIAMI  
\166-359\, NEWARK \166-553\, NEW ORLEANS \168-87\,  
NEW YORK

/NEW YORK VIA WASH DC/

FROM LOS ANGELES \166-462\ 2 PAGES/

[Redacted]

AKA - FUGITIVE. ET AL. ITWI. FBW -  
CONSPIRACY. OO\ LOS ANGELES.

9- [Redacted] b6 b7C

RE LOS ANGELES TEL TO BUREAU MAY TWENTY-FIVE LAST.  
FOR INFO BUREAU AND ALL OFFICES FACTS THIS MATTER PRESENTED  
FGJ, LOS ANGELES THIS DATE AND THE FOLLOWING INDICTMENTS RETURNED.

\ONE\ FIVE COUNT INDICTMENT CHARGING [Redacted] AND KAUFMAN  
WITH VIOLATION SECTIONS ONE ZERO EIGHT FOUR AND TWO, TITLE EIGHTEEN,  
USC.

\TWO\ TWO COUNT INDICTMENT SECTIONS ONE ZERO EIGHT FOUR AND  
TWO AGAINST [Redacted] EC-49 166-1765-119

\THREE\ ONE COUNT INDICTMENT SECTIONS ONE ZERO EIGHT FOUR AND  
TWO AGAINST [Redacted] EY 100 JUN 8 1966

\FOUR\ FIVE COUNT INDICTMENT SECTIONS ONE ZERO EIGHT FOUR AND  
TWO AGAINST NOLAN, [Redacted]

\FIVE\ SIX COUNT INDICTMENT CHARGING ONLY ONE ZERO EIGHT FOUR  
AGAINST BOYD AND [Redacted] NOT INCLUDED THIS INDICTMENT.

END PAGE ONE

RELAYED TO NY

PAGE TWO

LA 166-462

~~SIX~~ SIX COUNT INDICTMENT CHARGING ONE ZERO EIGHT FOUR AND  
TWO ON [REDACTED]

FOR CLARIFICATION ABOVE FACTS RELATE TO SIX SEPARATE INDICTMENTS  
AS OVER-ALL CONSPIRACY CASE NOT EXISTENT IN OPINION AUSA LALLY.

FOR INFO BUREAU THE FBW COUNTS AGAINST [REDACTED] AND VIRGIL  
SALATHIEL TO BE PRESENTED FGJ LOS ANGELES JUNE SIX NEXT.

AS BUREAU AWARE FACTS RE [REDACTED] AND OTHERS TO  
BE PRESENTED FGJ MONDAY AND TUESDAY JUNE SIX AND SEVEN NEXT.

FACTS RE FBW SUBJECTS ARRESTED LOS ANGELES TO BE PRESENTED FGJ,  
LOS ANGELES JUNE EIGHT NEXT.

FOR INFO ALL OFFICES GENERAL LANGUAGE OF COMPLAINTS CHARGED ALL  
WITH ON OR ABOUT DECEMBER TWENTY LAST BEING ENGAGED IN THE BUSINESS  
OF BETTING AND WAGERING, KNOWINGLY USED OR RECEIVED A WIRE COMMUNICAT-  
ION FACILITY TO TRANSMIT IN INTERSTATE COMMERCE BETWEEN SOUTHERN  
DISTRICT OF CALIFORNIA \AND YOUR RESPECTIVE AREA\ INFORMATION ASSIST-  
ING IN THE PLACING OF BETS AND WAGERS.

ALL RECEIVING OFFICES NOTIFY RESPECTIVE U. S. COMMISSIONER\S THAT  
INDICTMENTS RETURNED THIS DATE.

INVESTIGATION CONTINUING.

OTHER OFFICES HAVE BEEN ADVISED.

END

WA---HFL FOR RELAY

FBI WASH DC --

cc - Mr Rosen

b6  
b7c

FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE  
COMMUNICATIONS SECTION

JUN 6 1966

TELETYPE

Mr. Tolson	_____
Mr. DeLoach	_____
Mr. Mohr	_____
Mr. Wick	_____
Mr. Casper	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. Felt	_____
Mr. Gale	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

FBI WASH DC

FBI LOS ANG.

8:42 PM PDST DEFERRED 6/6/66 VLB  
 TO: DIRECTOR (166-80712) AND DALLAS (166-248)  
 FROM: LOS ANGELES (166-534) 11 P/

VIRGIL HAL SALATHIEL, FBW. OO: LOS ANGELES.

RE LOS ANGELES REPORT JUNE ONE LAST AND DALLAS REPORT JUNE ONE LAST.

FEDERAL GRAND JURY, LOS ANGELES, RETURNED TRUE BILL THIS DATE INDICTING SUBJECT WITH FRAUD BY WIRE, VIOLATION OF TITLE EIGHTEEN, U. S. CODE, SECTION ONE THREE FOUR THREE, THREE COUNTS. DALLAS WILL ADVISE USC, DALLAS OF INDICTMENT. COPIES OF INDICTMENT BEING FORWARDED USM, DALLAS.

DALLAS WILL REPORT RESULTS OF SUBJECT'S REMOVAL HEARING.

DALLAS TO BE ADVISED.

END

WA--- ACK FOR 2 PLS --- REC-42

FBI WASH DC

OK FOR 2 TU CLRX

EX-117  
 166-1765-122  
 JUN 8 1966  
 9-PPM

50 JUN 6 1966

Copy to

b6  
b7c

# FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE: LOS ANGELES      OFFICE OF ORIGIN: LOS ANGELES      DATE: 6/8/66      INVESTIGATIVE PERIOD: 3/23 - 6/2/66

TITLE OF CASE: "CHANGED"      REPORT MADE BY: [Redacted]      TYPED BY: m.jg

[Redacted]      CHARACTER OF CASE: *116 (6-2)*  
 [Redacted]      ITWI; FBW

[Redacted] FUGITIVE; "  
 THOMAS MILTON BOYD *cu su 113 (6-2)*

[Redacted] - FUGITIVE; "  
 HERBERT KAUFMAN *custody LA tel 5-25*

[Redacted] FUGITIVE; "  
 [Redacted] *cu su 70 (5-25)*

[Redacted] FUGITIVE; "  
 EUGENE ANTHONY NOLAN *cu su 85 (5-28)*

[Redacted] FUGITIVE; "  
 JOHN OWEN TYLER *cu su 87 (6-1)*

APPROVED: [Signature]      SPECIAL AGENT IN CHARGE

COPIES MADE: [Signature]      (CONTINUED ON COVER PAGE B)

*Bureau (166-1765)*

DO NOT WRITE IN SPACES BELOW  
 166-1765-123      MCT-1

JUN 10 1966      REC-32

Dissemination Record of Attached Report			
Agency	CC, AAS	Criminal Division	
Request Recd.	Organized Crime	Bookkeeping Section	
Date Fwd.	Room		
How Fwd.			
By	79 JUN 29 1966		

Notations: *6/5/66*  
 REG. SEC.  
 STAT. SECT.  
 ST-119

LA 166-462

Title is marked "Changed" to reflect the identity of the defendants as set out in indictments.

REFERENCES: Los Angeles teletypes to Bureau dated 3/23/66; 5/24/66 and 5/25/66.

-P-

ADMINISTRATIVE:

This report is being submitted reflecting investigation and prosecutive progress concerning all individuals who were initially involved with [REDACTED]

The Los Angeles Division is opening separate cases on the defendants as set out in the title of this report and in the future reports and communications will be in those pertinent files.

The identity of Special Agents of the Los Angeles Division who were complainants before the U. S. Commissioner, Los Angeles on 5/24/66, are identified as follows:

Complaints filed by SA [REDACTED] [REDACTED] charging ITWI and EUGENE ANTHONY NOLAN charging ITWI.

Complaints filed by SA [REDACTED] for HERBERT KAUFMAN, ITWI; [REDACTED] ITWI; [REDACTED] FBW and [REDACTED] Aiding and Abetting FBW.

Complaints filed by SA [REDACTED] for [REDACTED], ITWI and FBW; [REDACTED] ITWI; THOMAS MILTON BOYD, ITWI and [REDACTED] ITWI.

It should be noted that 11 other individuals were arrested on 5/25/66, all of whom had been involved in the use of the "blue box" and consequent FBW charges ensued.

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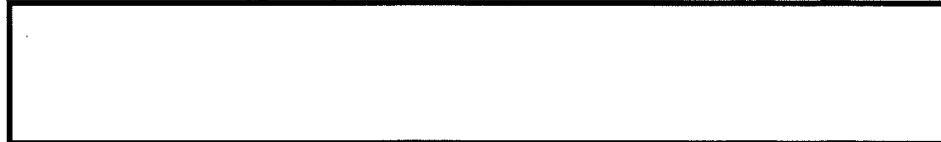
The following are included in this group:



GRAY HOFFMAN  
JOSEPH SOLDIS  
CARL LOVELACE CLEMENT



VIRGIL SALATHIEL (who was arrested in Dallas, Texas)



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LEAD

LOS ANGELES OFFICE

AT LOS ANGELES, CALIFORNIA. Will follow and report  
prosecutive action.

-D\*-  
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