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BONDING REQUIREMENTS OF THE LANDRUM-GRIFFIN ACT

HEARING

BEFORE THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH CONGRESS

FIRST SESSION

INVESTIGATION OF DISCRIMINATION OF BONDING REQUIREMENTS OF THE LANDRUM-GRIFFIN ACT

HEARING HELD IN WASHINGTON, D.C.,
FEBRUARY 1, 1963

Printed for the use of the Committee on Education and Labor

ADAM C. POWELL, *Chairman*

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CONTENTS

Page

Statement of—
- Hoffa, James R., general president, Teamsters International Union; accompanied by Sidney Zagri, legislative representative, Teamsters International Union 4
- Katzenbach, Nicholas deB., Deputy Attorney General, Department of Justice 53

Letters, telegrams, supplemental material, etc.:
- English, John F., general secretary-treasurer, International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America:
  - Letter to the secretary-treasurer and representatives of all local unions, dated October 5, 1959 25
  - Letter to the secretary-treasurer and representatives of all local unions, dated October 26, 1959 26
- Hoffa, James R., general president, Teamsters International Union:
  - Breakdown of bonding companies eligible to grant bonds under the Treasury Department 47
  - Comparison of the rates per $1,000 of the master plans for bonds in effect for those joint councils and local unions affiliated with the IBT, not covered under the master bond which was canceled 33
  - Labor organization bond—consolidated form, handwritten statement 15
  - Letter to Chairman Powell, asking for an investigation 3
  - List of brokers contacted for purpose of writing Teamsters bond 32
  - Statement of 5
- Hyman, Jack, chairman, executive committee, Citizens Casualty of New York, telegram to Congressman Thompson 8
- Jordan, Albert F., Superintendent of Insurance, District of Columbia, letter to Congressman Thompson 8
- Krupp, Fred M., Western States Insurance Brokers, San Francisco, Calif., letter to Mr. Sidney Zagri, dated January 24, 1963 51
- National Oxford Agency, on behalf of the International Brotherhood of Teamsters:
  - Telegrams from bonding companies not writing this type of bond:
    - Allegheny Mutual Casualty Co., Meadville, Pa 19
    - American Credit Indemnity Co., Baltimore, Md 17
    - American Fidelity Co., Granite State Insurance Co., New Hampshire Insurance Co., Manchester, N.H 21
    - American Reinsurance Co., New York, N.Y 17
    - Beneficial Fire & Casualty Insurance Co., Los Angeles, Calif 21
    - Butler, P. A., Galveston, Tex 20
    - Camden Fire Insurance Association, Camden, N.J 23
    - Commercial Standard Insurance Co., Fort Worth, Tex 17
    - Employers Casualty Co., Dallas, Tex 17
    - Employers Mutuals of Wausau, Wausau, Wis 19
    - Farmers Elevator Mutual Insurance Co., Des Moines, Iowa 18
    - Fidelity & Surety Co., San Francisco, Calif 18
    - First Insurance Co., Honolulu, Hawaii 23
    - First Insurance Co. of Hawaii, Honolulu, Hawaii 22
    - General Insurance Co., of America, Seattle, Wash 23
    - General Insurance Corp., Fort Worth, Tex 21
    - Glen Falls Insurance Co., Glen Falls, N.Y 22

Letters, telegrams, supplemental material, etc.—Continued
National Oxford Agency, etc.—Continued
Telegrams from bonding companies, etc.—Continued Page
Grain Dealers Mutual Insurance Co., Indianapolis, Ind 18
Gulf American Fire Casualty Co., Montgomery, Ala 20
Industrial Indemnity Co., San Francisco, Calif 22
Insurance Co. of North America 21
International Fidelity & Insurance Co., Jersey City, N.J 20
Liberty Mutual 22
Maine Bonding & Casualty Co.; Northern Insurance Co. of New York 19
Michigan Millers, Lansing, Mich 17
Mid-Century Insurance Co., Los Angeles, Calif 22
Milwaukee Insurance Co 22
National Casualty Co., Detroit, Mich 18
National Fire Insurance Co., Hartford, Conn 20
National Grange Mutual Insurance Co., Keene, N.H 23
National Indemnity Co., Omaha, Nebr 19
New Amsterdam Casualty Co 22
North American Reinsurance Corp., New York, N.Y 19
Ohio Casualty Insurance Co., Hamilton, Ohio 22
Pacific Indemnity Co., Los Angeles, Calif 17
Peerless Insurance Co., Keene, N.H 20
Pennsylvania Millers Mutual Insurance Co., Wilkes-Barre, Pa 17
Pennsylvania Threshermen & Farmers Insurance Co 20
Price Pacific Insurance Co., Ltd., Honolulu, Hawaii 21
Providence Washington Insurance Co., Providence, R.I 21
Provident Insurance Co. of New York, New York, N.Y 20
Reliance Insurance Co., Philadelphia, Pa 19
Republic Insurance Co., Dallas, Tex 17
Springfield Insurance Co. and New England Insurance Co., Springfield, Mass 18
Standard Insurance Co., Tulsa, Okla 18
State Surety Co., Des Moines, Iowa 18
Sun Insurance Co. of New York, New York, N.Y 21
The Ohio Casualty Insurance Co., Hamilton, Ohio 22
Thorne, J. W., Argonaut 21
Travelers Insurance Co 23
Tri-State Insurance Co., Tulsa, Okla 23
Virginia Surety Co., Inc., Toledo, Ohio 18
West American Insurance Co., Los Angeles, Calif 22
Western Surety Co., Sioux Falls, S. Dak 19
Wolverton Surety Co 23
Youngblood, Ira, assistant vice president and manager, Surety Bond Department, Orlando, Fla 19
Telegram sent to all bonding companies listed on U.S. Treasury list, January 24, 1963 16
Transportation Insurance Co. of Chicago, associated with the Continental Casualty Co., will not cover anybody who has taken the fifth amendment 23
Wirtz, Hon. W. Willard, Secretary of Labor, letter to Chairman Powell, dated February 4, 1963 71
Wright, Frank E., president, United Bonding Insurance Co., telegram to Congressman Thompson 9

BONDING REQUIREMENTS OF THE LANDRUM-GRIFFIN ACT

FRIDAY, FEBRUARY 1, 1963

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The committee met at 10 a.m., pursuant to call, in room 429, Cannon Building, Hon. Adam Clayton Powell (chairman of the committee) presiding.

Present: Representatives Powell, Perkins, Holland, Green, Roosevelt, Thompson, Dent, Brademas, O'Hara, Hawkins, Gibbons, Sickles, Gill, Brown, Ayres, Griffin, Quie, Goodell, Bruce, Martin, and Bell.

Also present: Dr. Deborah P. Wolfe, education chief; Louise Maxienne Dargans, chief clerk; Howard Gamser, counsel; Richard Burress, minority clerk; Robert E. McCord, director, Special Subcommittee on Labor.

The CHAIRMAN. The committee will come to order.

Before we get into the business of the morning, there has been a request made by the Attorney General orally and by wire that these hearings be open hearings.

The young lady from Oregon.

Mrs. GREEN. I so move.

Mr. MARTIN. I second the motion.

The CHAIRMAN. It has been so moved and seconded.

All in favor signify by saying "aye." It is so ordered.

There has been a further suggestion that the witnesses be placed under oath.

Mr. GRIFFIN. I so move.

Mr. THOMPSON. I so move.

The CHAIRMAN. All in agreement say "aye." It is so ordered.

I have an agenda drawn up here which I would like some advice on: An opening statement of mine which is about 250 words, then the Hoffa letter to the chairman and members, and I think I had better read it. What do you think?

Just place it in the record as read?

Mr. ROOSEVELT. I think it should be read.

The CHAIRMAN. Then furnish every witness, of course, with a copy of the rules. The Chief Clerk is advised, therefore, to have a copy of the rules furnished to each witness.

Mr. MARTIN. Could you speak just a little bit louder, Mr. Chairman?

The CHAIRMAN. Yes. Furnish each witness with a copy of the rules as adopted.

Now, I would like to see this not be a drawnout affair, although I do believe, as was indicated in our discussion yesterday, that the

long range of this should be carefuly examined with a view of legislative remedy, if necessary, so I would suggest that we limit the witnesses to as brief a time as possible, and reserve the rest for questioning, recognizing that if you give Mr. Hoffa too much time, you will never get around to Justice and Labor, plus the fact that Mr. Katzenbach, from the Justice Department, has indicated that he must catch a plane. What time? Twelve o'clock?

Mr. THOMPSON. Early in the day to New Orleans for the bar association meeting.

The CHAIRMAN. All right. If that meets with your approval, I would suggest that Mr. Derrickson ask three from Teamsters, three from Justice, and three from Labor to come in. Then, after that, I suggest that the press be allowed in.

Also, I am going to rule out of order any remarks made by anyone not germane to the particular point of this meeting this morning.

Mr. GRIFFIN. What is the particular point of the meeting?

The CHAIRMAN. I can give you that.

Since Mr. Hoffa will be the first witness, and we can have more space, I suggest that Mr. Hoffa and this two counsel come forward. The Chairman has a statement to make.

Yesterday, at the conclusion of the committee's regular executive session, Mr. Ayres, of Ohio, moved that the committee recognize the serious nature of the charges which Mr. Hoffa made in a letter which was addressed to the chairman and dated January 28, 1963, a copy of which, I understand, was sent to each member of this committee and to the chairman and members of the Senate Labor and Public Welfare Committee. Mr. Ayres moved that the committee take testimony on these charges. This motion was duly seconded and adopted.

Mr. Hoffa and representatives of the Justice and Labor Departments were invited to appear before the committee this morning for that purpose.

The charges arise from the requirements and operations of section 502 of the Landrum-Griffin Act passed in the 86th Congress. This statute was authored by two present members of this committee. Many others of this committee's present members were active participants in the protracted legislative deliberations from which this statute was born.

The operation of this law, its impact upon labor and labor-management relations, and the ends and protections it was designed to foster and promote, come within the direct jurisdiction of this committee and have been of continuing interest to the chairman and all members since the passage of this legislation.

Mr. Hoffa's letter of January 28th to which I referred, and which I will now, with the unanimous consent of the committee place into record, but which I will read first, can from our point of view be divided into two parts: Firstly, Mr. Hoffa charges that undue pressure by some Government agents was employed to prevent Teamster officials from meeting the bonding requirements of the Landrum-Griffin Act. This charge implies a perversion of congressional intent. This is a most serious matter and I suggest that we direct our attention toward it, and it alone. Any other matters brought forward will be ruled immediately out of order.

Secondly, Mr. Hoffa, in his letter, speaks about the necessity of amending the section just mentioned, allegedly because it is discriminatory, oppressive, and inequitable.

In the regular order of business of this committee, all legislative proposals dealing with this statute will be examined and referred to the Special Subcommittee on Labor.

I have been informed by the calendar clerk that no proposed amendments to this statute have been referred to this committee by the Speaker in this session. Perhaps this hearing today will prompt the initiation of such measures by members of this body. When they have been referred, they will be handled in the manner indicated.

The letter from Mr. Hoffa:

JANUARY 28, 1963.

Hon. ADAM C. POWELL,
Chairman, Education and Labor Committee,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN POWELL: I want to call your attention to what I consider a serious abuse of congressional intent. This is with reference to the bonding provisions of the Landrum-Griffin law.

The International Brotherhood of Teamsters and its affiliated local unions have been in full compliance with this law and in accord with its intent; namely, to protect the membership against misappropriation of union funds.

However, I shall present facts to you in this letter which no fair person could but regard as a willful attempt to victimize the officers of this international and its local union officials.

First, the Teamsters Union International officials and local union officers were bonded by United Benefit of Omaha, Nebr., in 1959. The bond remained in effect until it was canceled by the insurors in 1961. This company's license was revoked from doing business in the District of Columbia. After the Teamster bonding provisions were canceled by unilateral action, the license was reinstated.

Second, the next company to take over the bond was Resolute Insurance of Providence, R.I. This company carried the bonding from July 1961 until December 31, 1962. Resolute then dropped the bond, without explanation. It was subsequently learned that Justice Department representatives and those of the Labor Department called on Resolute President Morgan Stern, prior to the dropping of the bond, and said, in effect: "Do you know what kind of characters you have under this bond?"

Third, Citizens Casualty of New York undertook to write the bond. It did so with the recommendation of Resolute, which noted that claims during their period of underwriting amounted to less than one-half of 1 percent, all claims recoverable. Citizens Casualty wrote the bond. It went into effect on January 1, 1963. On January 8, 1963, Citizens Casualty gave notice that the bond would be canceled, as of February 8, 1963. Their reason was that their reinsurers deny that they took this position.

As of this date, our broker has contacted 260 bonding companies on the U.S. Treasury approved list, without success. In some instances they have candidly stated that they did not wish to get in the cross fire between the Attorney General and the Teamsters Union. In other instances, there was evidence of direct pressure not to bond Teamster officials.

One instance in point: On January 24, 1963, the United Bonding Co. of Indianapolis, Ind., offered to bond each Teamster officer up to $64,000. According to Frank Wright, president of United Bonding Co., Walter Sheridan, special assistant to Attorney General Kennedy called upon him on that date and questioned him regarding the intention of his company to bond the officers of the Teamsters Union. On January 25, Frank Wright withdrew his offer, and when asked his reason, he stated, "I don't want the pressure."

Any fairminded person would agree that the will of 1,700,000 members of an international union should not be vitiated by the whim or caprice of any single insurance company or Government official exerting pressure upon such company.

The bonding provision of the Landrum-Griffin Act should be amended to require insurance companies to bond all officials eligible to hold office as long as adequate collateral is provided to minimize the risk.

Many State laws provide that insurance companies must afford insurance to drivers whose safety record provides an additional risk by either raising the rate or requiring additional collateral.

If the law were amended, the Teamsters Union would be willing to provide the necessary collateral to reinsure the bonding companies in order to alleviate them of any risk.

This is not the first instance of misuse of executive power. The administration has used brutal and unrelenting force to compel compliance with its desires, as in the case of the steel industry.

I trust that the good offices of your committee will immediately investigate the facts of this situation for the purpose of remedial regislation, as well as affording an opportunity to investigate what appears to be improper interference exerted by the Attorney General and the Department of Labor in this matter.

The bond covering the officers of this international union and the officers of over 450 local unions will terminate February 8, 1963.

The surety association has attested to the low-risk factor involved in writing these bonds by establishing the maximum discount rate for this kind of business.

As time is of the essence, your immediate action in this matter would be greatly appreciated.

You can be assured of my full cooperation in any investigation or hearings you may care to undertake.

Sincerely,

JAMES R. HOFFA, *General President.*

Because of the hour, I am going to ask the witnesses, if they have prepared statements, to file them, to give oral summaries, and to get to the major point of the session this morning: (Mr. Hoffa's statement appears at the beginning of his remarks) questions by members of the Committee on Education and Labor. I have also been directed by a vote of the committee to place all witnesses under oath.

At this time, Mr. Hoffa, general president of the International Teamsters Union, come forward. If he has counsel with him, he will kindly introduce said counsel.

Mr. Hoffa, will you be seated, please, and introduce your associates?

Mr. HOFFA. Sidney Zagri, legislative representative of the Teamsters International Union.

The CHAIRMAN. And at this time, the oath will be administered to Mr. Hoffa and Mr. Zagri.

Will you rise, please?

Mr. Hoffa, in your testimony before this committee, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth so help you God?

Mr. HOFFA. Yes; I do.

The CHIEF CLERK. May I present you with a copy of the rules of the committee.

Mr. Zagri, in your testimony before this committee, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth so help you God?

Mr. ZAGRI. Yes, I do.

The CHIEF CLERK. A copy of the rules of the committee.

STATEMENT OF JAMES R. HOFFA, GENERAL PRESIDENT, TEAMSTERS INTERNATIONAL UNION; ACCOMPANIED BY SIDNEY ZAGRI, LEGISLATIVE REPRESENTATIVE, TEAMSTERS INTERNATIONAL UNION

The CHAIRMAN. I would like to say for the record this is the first time I have seen Mr. Hoffa, the first time he has ever written me, and

the first time in any way I have ever had any contact with him. I welcome him as an American citizen.

Mr. HOFFA. Thank you, sir.

The CHAIRMAN. The fact that a major committee of this Congress interrupts its business because of your complaint is a proof of democracy in our land.

Do you have copies of your statement?

Mr. HOFFA. Mr. Chairman, I have copies of the statement, some six copies, that I will leave.

(Mr. Hoffa's statement follows:)

STATEMENT OF APPRECIATION OF MR. HOFFA

Mr. Chairman and members of the committee, I wish to commend you on calling this hearing, on such short notice, in response to the charges outlined in my letter of January 28 addressed to Chairman Adam Clayton Powell.

I appreciate this opportunity to discuss with you the latest attempt of the representatives of the Department of Justice to force the bonding companies to do that which the courts have refused to do—put the Teamsters Union out of business.

The story I am about to relate to you, members of the joint conference committee on the Landrum-Griffin Law, and some of you gentlemen are in this room—said it could never happen.

This is what happened. On December 12, 1962, the Surety Bureau which comprises the bonding companies in America, on the basis of the previous experience in the writing of the bond for the International Brotherhood of Teamsters and its affiliated locals, in 3 years from 1960 to the end of 1962 voluntarily reduced the premium rate to $2.75 per $1,000 from $5.93 per $1,000, thus giving us the maximum credit experience possible. I have this in the handwriting of the Surety Bureau's official. The new policy was then written January 1, 1963, by the Citizens Casualty Co. It is interesting to note that during the period between 1960 and January 1963 four companies who had written the bond had for various reasons as outlined in my letter have been forced to cancel their coverage. I omitted in the letter the Summit Fidelity & Casualty Co., who first wrote this bond as required by the act and as soon as the newspapers made an issue out of this company writing Teamster bonds the stockholders of the Summit Fidelity & Casualty Co.; namely, the Reserve Insurance Co. of Chicago requested immediate cancellation of these bonds.

First, the Teamsters Union International officials and local union officers were bonded by United Benefit of Omaha, Nebr., in 1959. The bond remained in effect until it was canceled by the insurors in 1961.

This company's license was revoked from doing business in the District of Columbia. After the Teamsters bonding provisions were canceled by unilateral action, the license was reinstated.

Second, the next company to take over the bond was Resolute Insurance, of Providence, R.I. This company carried the bonding from July 1961 until December 31, 1962. Resolute then dropped the bond without explanation. It was subsequently learned that Justice Department representatives and those of the Labor Department called on Resolute President Morgan Stern, prior to the dropping of the bond and said, in effect: "Do you know what kind of characters you have under this bond?"

Third, Citizens Casualty, of New York, undertook to write the bond. It did so with the recommendation of Resolute, which noted that claims during their period of underwriting amounted to less than one-half of 1 percent, all claims recoverable. Citizens Casualty wrote the bond. It went into effect on January 1, 1963. On January 8, 1963, Citizens Casualty gave notice that the bond would be canceled, as of February 8, 1963. Their reason was that their reinsurers would not assume the risk. Yet reinsurers deny that they took this position.

As I have stated in my letter on January 1, 1963, a policy was written by the Citizens Casualty Co., of New York, and we were notified of cancellation on January 8, 1963, effective February 8, 1963, and here is a copy of the cancellation (read letter from Citizens Casualty Co.).

I ask you honorable members of the committee why were these bonds canceled? Surely it could not be because of bad underwriting experience. The facts are

a $3,000 claim in 3 years with premiums in excess of $700,000. Would any of you gentlemen have liked to carry that risk? A $3,000 claim and over $700,000 of premiums? It certainly could not be for that reason. And I am not a insurance man. And by the way, gentlemen, I understand that even the $3,000 is recoverable by the companies so that not even one nickel has been lost.

I want you gentlemen of the committee to know that I was not idle after this cancellation. Telegrams were sent to every bonding company on the U.S. Treasury approved list, several hundred companies. We never received one acceptance from these wires—isn't that astounding in view of our underwriting experience? I want you to know that I still haven't ceased trying.

There are many, including some of the oldest and largest brokerage houses in America trying to place this business, including Lumley, Dennet & Co., New York; Western States Insurance, Los Angeles, Calif.; Coil Insurance & Bonding Co., Providence, R.I.; Marsh & McLennon, New York, and National Oxford Agency to name a few.

The National Oxford Agency offered to purchase a stop loss; a stop loss in the London market with Lloyds of London so that the companies permitted to write this bond would be held harmless against any loss that might be sustained.

Gentlemen of the committee, I thought that bonding companies are in business to make money. If any of you good people have any brokers who have experience in writing bonds, I would appreciate if you will contact them, first come, first serve—there are no strings attached to this offer and there never was.

It was brought to my attention that the Attorney General in testifying last week before the House Committee on Appropriations charged that I required that the bonds be written on a blanket basis in order to include 10 or 12 individuals with bad records. Gentlemen, I want to meet this head-on right now. At no time have we ever attached any conditions to any offer made to our brokers to any insurance company in America. Our only reason for requesting this business to be written on a blanket basis was to save our international union large sums of money.

The best example is our present rate for the international union and its affiliated locals in question is $2.75 per $1,000 for 3 years. If our local unions were to go out and buy this identical bond as individual local unions the cost would be $9.40 per $1,000 per year or, gentlemen, $28.20 per 3 years. By requesting this group coverage we save our local unions $25.45 over a 3-year period per $1,000, or a savings over the 3-year period of $2,417,750.

Obviously everyone here must realize that these companies are not refusing because of bad underwriting experience in the past or in the future.

Gentlemen, I feel that I have an obligation to the rank and file members of our union to get bonds written with the lowest possible premium.

Attorney General Kennedy tries to confuse the issue by stating that the bonds cannot be written because of 12 so-called bad risks which we are insisting upon as a part of a package deal. No. 1: I have already stated that we have never attached any strings to any offer. No. 2: I would like to remind the committee that these 12 so-called bad risks have been covered by bonds for the past 3 years and before without any claims or any losses—now all of a sudden they become bad risks. Mr. Kennedy should forthwith list the 12 people and likewise give us the names of the bonding company that made the statement to Mr. Kennedy that these 12 people were the primary reason that they would not bond the 450 local unions consisting of 4,608 individuals.

Members of the committee, I came here to tell you frankly why, in my opinion, these bonding companies have refused to write the bonds up to now. As I have said, it certainly cannot be based on underwriting experience where there are no losses and all profit. Insurance companies love that business. But there has been a tremendous amount of prejudicial publicity engendered by Government officials.

INDIRECT PRESSURES

1. Prejudicial publicity engendered by the Government

In the January 28, 1963, issue of U.S. News & World Report the cover states "Robert Kennedy Speaks His Mind." On page 59 and 60 we find the following statement under the caption "Hoffa and the Teamsters" (read from U.S. News & World Report). These are direct quotes from the Attorney General himself. There have been literally thousands of articles all over the country inspired by the Attorney General. Articles stating in such reputable newspapers as the Wall Street Journal even as to what the timetable is for destroying Hoffa, and speaking of the resulting confusion that would take place.

Obviously these prejudicial and libelous stories that are being disseminated would, without anything else being done by Government officials, be of itself sufficiently disturbing to make bonding companies leery.

Of course, the Attorney General and his confidential employees do not inform me what other methods more direct have been used to influence insurance companies, but I cite this one example of how the Attorney General has interfered where I do have a 100-percent proof.

On October 23, 1962, the Attorney General called a publisher of a newspaper in Nashville, Tenn., and asked him not to publish a story and stated, and this is a direct quote: "These matters require sacrifices by many people." Surely one who has done that and on the basis of his statements about me in the past, would not hesitate, in my opinion, to influence bonding companies against Hoffa and the International Brotherhood of Teamsters and I am not alone in that opinion. This recently appeared in a Miami newspaper (clipping attached).

"Is it possible that all those 150 surety companies suddenly and simultaneously decided they'd no longer bond Teamster Union officials? Or did the Treasury Department 'suggest' the licensees take that action? After prodding, perhaps, from the Justice Department? * * * In any event, both Hoffa and Kennedy have been extremely quiet about this turn of events, which—in one big sweep—could eliminate Teamsters Union as an entity * * *. The target date, as we said, is February 8. This story will make headlines within the next 2 weeks."

That is what I call the indirect pressure. The direct pressure they have brought to bear by Government agencies have been numerous indeed. I have been told that Morgan Stern, president of Resolute Insurance Co., of Providence, R.I., who wrote the bond between January 1961 and December 1962 said that he had been called on by Justice Department and Labor Department representatives prior to the dropping of the bond who said in effect "Do you know what kind of characters you have under this bond?"

With reference to Union Bonding Co., of Indianapolis, I am told that President Frank Wright of that company offered to write a bond up to $64,000 on each one of our officers or our local unions. This was on January 23, 1963. On January 24, 1963, he told Irv Weiner that he had been visited by Mr. Walter Sheridan, special assistant to the Attorney General and questioned, after the writing of the Teamster bond. Weiner further stated that in view of these facts Wright indicated he no longer would be interested in writing this bond as a result of the session with Mr. Sheridan. Irv stated in spite of this he would continue his efforts to convince Mr. Wright to write this bond.

Russell King, counsel for Coil Insurance & Bonding Co., one of the largest bonding agencies in New England reported that numerous bonding companies were contacted to write the Teamster bond and in each instance they were turned down, they said "there was too much pressure involved to write this bond."

The Old Colony Insurance Co. of Boston stated that when the agent contacted the home office he said "there was written instructions not to write a Teamster bond."

There are many other instances which we are now in the process of documenting.

I want and the country needs these bonds be written. They can be written in a group which is the cheapest and that is the way we have done it in the past. If necessary, we will seek bonds as individuals with the assurance that all individuals can be bonded who are in compliance with the Landrum-Griffin law which this very Congress passed, set out qualifications for individuals to hold office in labor unions and all these people who we are seeking bonds for are in compliance with the Landrum-Griffin law provisions dealing with labor unions.

I cannot believe that you gentlemen are so naive to believe that all bonding companies in this country have so suddenly decided simultaneously not to write Teamster bonds for 450 local unions or 4,608 individuals voluntarily and without pressure or apprehension, when in the past they have sought out the very same business.

I do not believe that the Members of this Congress ever intended that the will of 1,700,00 members of an international union should be thwarted by the whims or caprice of any single insurance company asking singly or in consort, or by any Government official exerting pressure upon such company.

Other international unions have blanket coverage.

The injustice inflected upon the Teamsters union today could be visited upon the rest of the labor movement or any segment thereof tomorrow

Mr. HOFFA. I have a very short prepared statement, and I know that you say file it, and not realizing that this would be just a matter of summary in conjunction with the letter that you read, if the Congressman here——

Mr. THOMPSON. Mr. Chairman——

The CHAIRMAN. I recognize the gentleman from New Jersey.

Mr. THOMPSON. I understand from Mr. Hoffa that his testimony will be in essence a summary of the letter which he addressed to the Chairman, and he is under oath. In the third paragraph of his letter he said, "I shall present facts," I have with relation to that letter three communications which I would like to put in the record at this point, since they are relevant specifically to it.

The first relates to the charge that United Benefit of Omaha had its District of Columbia license revoked and, to quote Mr. Hoffa's letter, "After the Teamster bonding provisions were canceled by unilateral action, the license was reinstated." The first letter is dated February 1, addressed to me.

DEAR CONGRESSMAN THOMPSON: With reference to our telephone conversation just concluded, I hereby advise you that under date of April 20, 1961, I informed United Benefit Fire Insurance Co. by a letter addressed to its president, Mr. G. J. Stewart, that I would not renew the license of the company for the year beginning May, 1 1961. The license which it held at that time expired by its own terms on April 30, 1961. Since then, United Benefit Fire Insurance Co. has not at any time been licensed to do business in the District of Columbia.

Sincerely yours,

ALBERT F. JORDAN,
Superintendent of Insurance.

I ask unanimous consent that all of these be put in the record.

The CHAIRMAN. Objection?

Mr. MARTIN. Will the gentleman yield at that point?

Mr. THOMPSON. Yes.

Mr. MARTIN. I wish to confirm the statement made by Mr. Thompson in this regard, because I have a letter here, a copy of the letter from Mr. Jordan of the District of Columbia, written April 20, 1961, which Mr. Jordan alludes to in your letter, and that was not renewed, and I further confirmed it by telephone with Mr. Jordan this morning, that United Benefit Fire Insurance Co. of Omaha, Nebr., is still not licensed to do business in the District of Columbia, which is contrary to Mr. Hoffa's statement in his letter.

Mr. THOMPSON. Thank you.

Now, with regard to Mr. Hoffa's letter as it relates to the Citizens Casualty of New York, in which it said that they undertook to write the bond, and did so with the recommendation of Resolute, goes on to say that on January 8, 1963, Citizens gave notice that the bond would be canceled. Their reason was that their reinsurers did not assume the risk, yet reinsurers denied that they took this position.

I have here a telegram from Mr. Jack Hyman, chairman of the executive committee of that company, addressed to me, saying:

The bonds for the Teamsters Union were negotiated with Alan M. Dorfman of Chicago. He was advised that we would issue bonds provided suitable reinsurance could be arranged and maintained. Since the reinsurance originally was tentatively arranged, we were unable to satisfactorily finalize it. Therefore, we had no choice but to cancel and gave 32 days' notice rather than 15 days required by the bond. We have not had any contact with any Government agency.

JACK HYMAN,
Chairman, Executive Committee.

Now, with regard to the United Bonding Co., mentioned, an Indianapolis company. Mr. Hoffa says that on January 24, 1963, United Bonding Co. of Indianapolis offered to bond each Teamster officer up to $64,000.

According to Frank Wright, president of United Bonding Co., Walter Sheridan, special assistant to Attorney General Kennedy called upon him on that date, and questioned him regarding the intention of his company to bond the officers of the Teamsters Union. On January 25, Frank Wright withdrew his offer, and when asked his reason, he stated "I don't want the pressure."

I have a wire dated today from Mr. Wright addressed to me.

Please be advised that the United Bonding Insurance Co. of Indianapolis, Ind., has never formally been offered the Teamsters bonds. No one has contacted or pressured the company from the Attorney General's office or any other governmental agency. Particularly, this office has received no calls from Walter Sheridan. United Bonding Insurance Co. is not large enough to execute all the bonds required by the Teamsters without adequate reinsurance. This company's capacity on any single bond is $64,000 and the bonds required by the Teamsters is $500,000. Therefore, you can readily see that it would be impossible for this company to execute these bonds without adequate reinsurance for the amount in excess of our limitations. This company has received numerous phone calls from various people across the country, the names of all of which are not remembered. However, two that are recalled are Goldfarb Agency in Detroit, Mich., and Attorney O'Neal in Denver, Colo.

UNITED BONDING INSURANCE CO.,
FRANK E. WRIGHT, *President.*

Now, I introduce these in evidence, or in the record at this time, before there is any further comment, for the purpose of giving Mr. Hoffa the opportunity to answer these statements and to perhaps make any corrections that he might wish to make to his letter, since he is now under oath.

Mr. GRIFFIN. Mr. Chairman, if I could just make this observation, I think that the members should understand that they are accepted on the same basis as Mr. Hoffa's original letter is accepted. It is not received under oath, and these have not been received under oath.

Mr. THOMPSON. That is right.

Mr. GRIFFIN. So now Mr. Hoffa is under oath. We will hear what he says, but then, of course, testimony under oath would be the best evidence, obviously.

Mr. THOMPSON. No question about it.

The CHAIRMAN. Mr. Hoffa, you may proceed, and as Mr. Griffin has pointed out, you are now under oath, and you may make your statement. Mr. Zagri will not speak for you, so if there is anything he desires to say, you, as the witness, will voice whatever he has in mind.

Go right ahead, sir.

Mr. HOFFA. Mr. Chairman, Congressman Powell, gentlemen, the statements I am about to make, recognizing that I am under oath, I have to say in advance that I personnaly have not handled any of the bonding of this International Union. It has been left to the various agents who handle the bonding. It has been left to the department of the secretary-treasurer to make sure that all of the individuals who were supposed to be bonded were bonded properly in compliance with the Landrum-Griffin law.

The statement I will make is a statement that has been related to myself, and I have not checked the facts, assuming that they are correct, and as I testify, it is from what I have been told by individuals who were charged with the responsibility of handling the bonding for the International Brotherhood of Teamsters.

If there are any incorrect statements here, they are not from any intentional statements, but are summarizing what I have been told as to why we can't bond.

Mr. THOMPSON. Mr. Chairman, we can hardly proceed with a witness under oath whose testimony is based entirely or is to be based entirely on hearsay, and for which he has already disclaimed any responsibility for its truthfulness or lack of truthfulness.

Obviously, Mr. Hoffa, you can't under oath testify to statements which have been given to you respecting conversations with third and fourth and even fifth parties. I can see absolutely no use in pursuing these allegations except those of which Mr. Hoffa has personal knowledge; otherwise, this is a charade.

He is under oath, but he says, "Well, Jack said this to me, and I can't verify its truthfulness," and, therefore, the statement goes in the record without us having the opportunity to question the person who made it.

Mr. DENT. Mr. Chairman——

The CHAIRMAN. The gentleman from Pennsylvania, Mr. Dent.

Mr. DENT. Mr. Chairman, I would suggest to the gentleman that we let the witness proceed. If, in the course of his testimony, he says that he received information from a third party or a second party, then it will be the duty of this committee to call that party before us, and put them under oath; otherwise, how do we get at the answer?

Mr. THOMPSON. We don't, unless we have the best evidence before us.

Mr. DENT. The only way we can get it is to bring all of those involved in the situation before us.

Mr. AYRES. Mr. Chairman, I move that we let Mr. Hoffa proceed with his statement.

The CHAIRMAN. Without objection, Mr. Hoffa will proceed, with the understanding that he may be interrupted by members of the committee at any time, and I personally would like to interrupt any time that you make a statement that you say you disown, to ask who furnished you the information.

Mrs. GREEN. Mr. Chairman, could we make this request: That when he refers to a second or a third party, he identify specifically who that second or third party is by name, and the position that person holds?

The CHAIRMAN. Mr. Hoffa?

Mr. HOFFA. I will be very happy to.

The CHAIRMAN. Proceed.

Mr. HOFFA. Mr. Chairman, members of the committee: I wish to commend you on calling this hearing on such short notice in response to the charges outlined in my letter of January 28 addressed to Chairman Adam Clayton Powell.

I appreciate this opportunity to discuss with you the latest attempt of the representatives of the Department of Justice to force the bonding companies to do that which the courts have refused to do—put the Teamsters Union out of business.

Now, when I make a statement of the Department of Justice, I am again referring to the statements that have been relayed to me by Alan Dorfman, and unfortunately, Congressman Thompson, he was speaking for a man by the name of Irv Weiner, who was an officer

of the Oxford Bonding Co., who reported this to him when the bonds were canceled.

Mr. THOMPSON. Mr. Weiner and Mr. Dorfman have connections with several bonding companies, do they not?

Mr. HOFFA. I do not think Mr. Dorfman has any connection with a bonding company. I think Mr. Weiner is an officer of a bonding company.

Mr. THOMPSON. Mr. Dorfman made the arrangements with one of the companies, did he not? In what capacity was he acting for you?

Mr. HOFFA. I think Alan Dorfman handles the health and welfare for the Central States Drivers Council Welfare Plan.

Mr. THOMPSON. Do his responsibilities in that capacity authorize him to negotiate for bonds for the Teamsters International, which he has done?

Mr. HOFFA. We have requested him to assist us in getting bonds.

Mr. THOMPSON. I see.

Mr. HOFFA. The story I am about to relate to you, members of the Joint Conference Committee on the Landrum-Griffin law, and some of you gentlemen are in this room, said it could never happen.

This is what happened: On December 12, 1962, the Surety Bureau which comprises the bonding companies in America, on the basis of the previous experience in the writing of the bond for the International Brotherhood of Teamsters and its affiliated locals, in 3 years from 1960 to the end of 1962, voluntarily reduced the premium rate to $2.75 per $1,000 from $5.93 per $1,000, thus giving us the maximum credit experience possible. I have this in the handwriting of the Surety Bureau's official.

The new policy was then written January 1, 1963, by the Citizens Casualty Co. It is interesting to note that during the period between 1960 and January 1963 four companies who had written the bond had for various reasons as outlined in my letter been forced to cancel their coverage. I omitted in the letter the Summit Fidelity & Casualty Co. who first wrote this bond as required by the act, and as soon as the newspapers made an issue out of this company writing teamster bonds the stockholders of the Summit Fidelity & Casualty Co., namely, the Reserve Insurance Co. of Chicago, requested immediate cancellation of these bonds.

First, the Teamsters Union International officials and local union officers were bonded by United Benefit of Omaha, Nebr., in 1959. The bond remained in effect until it was canceled by the insurors in 1961.

Mrs. GREEN. Mr. Chairman, may I interrupt for a point of clarification?

Are these facts of which he is personally knowledgeable, or is he now reporting what he heard from someone else?

The CHAIRMAN. Mr. Hoffa?

Mr. HOFFA. Congresswoman Green, I am reporting what has been related to me by Alan Dorfman, from Irv Weiner, who handled the actual bonding.

Mrs. GREEN. You have no personal knowledge of any of this material to which you have so far testified?

Mr. HOFFA. No, ma'am; I do not. This is the records of cancellations and coverages is all it is, so far.

Mr. AYRES. Well, Mr. Hoffa, at that point, you say it is a matter of record. It is a matter of record that the bonds were canceled; is that correct?

Mr. HOFFA. Issued and canceled.

Mr. GRIFFIN. Mr. Hoffa, I would like to know, and I think this would be a good point to get this cleared up, is this one bond that you are talking about that covers all the officers of the international and 400 locals, or is this a number of bonds?

Mr. HOFFA. It is a group coverage of individuals, of 450 local unions, some 4,000-odd people involved in those local unions for coverage.

Mr. GRIFFIN. One bond?

Mr. HOFFA. I don't know whether it is a uniform bond or an individual bond. I believe that it is a group individual bond. A group rate with an individual bond.

The CHAIRMAN. Has it been one company in the past?

Mr. HOFFA. Yes; according to this it has been.

The CHAIRMAN. What has been the annual premium on that?

Mr. HOFFA. I will have to find that in here, sir. I don't have it offhand. I will tell you in a moment.

The CHAIRMAN. Later on. I understand.

Mr. HOFFA. First, the Teamsters Union International officials and local union officers were bonded by United Benefit of Omaha, Nebr., in 1959. The bond remained in effect until it was canceled by the insurors in 1961. This company's license was revoked from doing business in the District of Columbia—and I find this morning that that is incorrect. I find this morning that they were taken off the Treasury list, and not revoked, and I am so told sitting here a few minutes ago by Sidney Zagri here. Where he got that information, I don't know.

The CHAIRMAN. I would——

Mr. BRUCE. Mr. Chairman——

Mr. MARTIN. Mr. Chairman——

The CHAIRMAN. All right, the gentleman from Nebraska.

Mr. MARTIN. I would like to correct that statement that the United Benefit Fire Insurance Co. of Omaha has been taken off the Treasury list. That is not correct. They are on the Treasury list today, but their license has been revoked, was revoked in the District of Columbia by Mr. Jordan, the Commissioner of Insurance in the District, and his license is still revoked in the District; but the United Benefit Fire Insurance Co. is still on the Treasury list.

Mr. HOFFA. I am informed, sir, that they were taken off the Treasury list while they carried our bonds, and shortly thereafter, when they canceled our bond, they were restored in the Treasury list.

Mr. MARTIN. But you make the statement here, sir, that their license was revoked in the District, and then reinstated after you were cancelled out, which is not true.

Mr. HOFFA. I said that that was incorrect, sir. I corrected that.

Mr. ROOSEVELT. Would the gentleman yield?

Mr. MARTIN. I yield.

Mr. ROOSEVELT. Mr. Hoffa, did you say that the company was taken off the Treasury list, and then put back on the Treasury list?

Mr. HOFFA. I am informed that is what happened.

Mr. ROOSEVELT. Mr. Chairman, I think we should make inquiry as to that.

The CHAIRMAN. Well, according to the information here, and I will ask unanimous consent that the Treasury list now be inserted into the record, United is not on this list.

Now, there is a supplemental list upon which it now appears. In the original Treasury list, it is not on it.

Mr. MARTIN. Mr. Chairman, do you still have the floor?

The CHAIRMAN. Yes, sir.

Without objection, the list will be placed in the record.

(The list referred to appears in the committee files.)

Mr. MARTIN. In this regard, further pursuing this point of the Treasury list in relation to the United Benefit Fire Insurance Co., this company changed ownership on July 1, 1962, and I understand that the new owners had to put up a considerable sum of money in order to get back on the Treasury list, because of financial difficulties and so forth, and that they have been reinstated on that list after the new owners came in and additional money was put up.

Mr. THOMPSON. Will the gentleman yield?

Mr. MARTIN. I yield.

Mr. THOMPSON. The bond was canceled, the Teamsters, in 1961, as a result of the action of the District of Columbia, as we understand it. They have not been reinstated here in the District, according to the Commissioner. The reinstatement to the Treasury list was subsequent to the acquisition of the company by new management and new owners. Is that not correct?

Mr. MARTIN. It is my understanding; yes, sir; and that the new owners put up a sum in the neighborhood of $400,000 in order to get back on this list.

Mr. THOMPSON. And as I understand it, these new owners were not the ones who were in control of the company at the time it wrote the bond for the Brotherhood.

Mr. MARTIN. That is correct; it was a different ownership of the company at the time this transpired.

I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. I have been asked to take notice of Mr. Hoffa's testimony, and then open up for questioning on procedure.

Mr. Hoffa, continue, please.

Mr. HOFFA. Secondly, the next company to take over the bond was Resolute Insurance of Providence, R.I. This company carried the bonding from July 1961 until December 31, 1962. Resolute then dropped the bond without explanation. It was subsequently learned that Justice Department representatives and those of the Labor Department called on Resolute president Morgan Stern prior to the dropping of the bond and said, in effect, "Do you know what kind of characters you have under this bond?"

Mr. THOMPSON. Now, Mr. Hoffa, in accordance with Mrs. Green's earlier motion, when you make a statement like that, you should give us the names. We won't interrupt you, or I won't.

Mr. HOFFA. I expect to do that. I was just going to do it now, in response to the Chair.

I was informed by Alan Dorfman that he had been told by Weiner that this was what happened, who was the agent.

Third, Citizens Casualty of New York undertook to write the bond. It did so with the recommendation of Resolute, which noted that claims during their period of underwriting amounted to less than one-

half of 1 percent, all claims recoverable. Citizens Casualty wrote the bond. It went into effect on January 1, 1963. On January 8, 1963, Citizens Casualty gave notice that the bond would be canceled as of February 8, 1963. Their reason was that their reinsurors would not assume the risk. Yet reinsurors deny that they took this position.

Again, I am informed by Dorfman that the reinsurors did not take the position of cancellation.

As I have stated in my letter on January 1, 1963, a policy was written by the Citizens Casualty Co. of New York and we were notified of cancellation on January 8, 1963, effective February 8, 1963, and here is a copy of the cancellation. I will leave a copy for the record.

The CHAIRMAN. Without objection, it is so ordered.

(The cancellation referred to appears in the committee files.)

Mr. HOFFA. I ask you honorable members of the committee why were these bonds canceled? Surely it could not be because of bad underwriting experience. The facts are a $3,000 claim in 3 years with premiums in excess of $700,000.

The CHAIRMAN. Premiums in excess of $700,000 per year?

Mr. HOFFA. It is a period of 3 years, but it is $700,000 for the premiums.

Mr. ROOSEVELT. What was the loss?

Mr. HOFFA. $3,000, sir.

The CHAIRMAN. $3,000 loss in 3 years?

Mr. HOFFA. That is correct. I am informed that is correct.

Mr. ROOSEVELT. A very profitable business.

Mr. HOFFA. Would any of you gentlemen have liked to carry a $3,000 claim and over $700,000 of premiums? I may say that this International Union in its constitution has had all of its officers bonded for many years prior to any passage of law by Congress, but by the constitution of our International Union, and the record speaks for itself, as do the losses of this International over a long period of years.

Mr. DENT. Mr. Chairman——

The CHAIRMAN. The gentleman from Pennsylvania.

Mr. DENT. I would like to ask a question at that point.

Mr. Hoffa, you made the statement that your officers were under the provisions of your international union bonded for many years prior to the passage of the Landrum-Griffin bill. Would the people who were carrying the bond before the Landrum-Griffin bill refuse at this date to carry the bond?

Mr. HOFFA. Many of the individual companies, particularly Lloyds of London, that previously carried our insurance, are not on the list that is permitted to write this insurance. I may say that the rate of the Lloyds of London, I am informed, was 17 cents per $1,000.

The CHAIRMAN. May I ask a question for my own edification?

Who approves the companies on the list?

Mr. HOFFA. On the Treasury list?

The CHAIRMAN. Yes. Who approves them?

Mr. HOFFA. Who approved them? I have no idea.

The CHAIRMAN. The Secretary of the Treasury, Mr. Gamser, chief counsel, says.

Next, Mr. Gamser, since you know something about this, are the premium rates affected by the Treasury Department?

Mr. GAMSER. They are not.

The CHAIRMAN. The companies, once they get on the list, can charge any premium they desire?

Mr. GAMSER. No Federal regulation of premium.

Mr. GRIFFIN. I think it might be interesting to note that both the 1959 act and the Welfare and Pension Act both require that the bonding companies be on the approved Treasury Department list.

The CHAIRMAN. Without any regulation of premiums, though.

Mr. GRIFFIN. No regulation of premiums.

The CHAIRMAN. Thank you. Mr. Hoffa?

Mr. HOFFA. I may say here that I have here the handwritten statement that we spoke about from the insurors, and it says, "Labor Organization Bond—Consolidated Form, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, Washington, D.C." Then 11–12—it is blocked out—62. And this was by the Surety Association that gave us a rating of the highest experience credit we could receive of 47½ percent, reducing, according to these figures, $98,000 premiums for 3 years, because of the favorable experience they had had in the coverage of this fund, and suddenly we lost, despite that experience.

The CHAIRMAN. Would you place that in the record, Mr. Hoffa?

Mr. HOFFA. Yes, sir.

(The statement referred to follows:)

Memo to Mr. Zagri:

This is schedule promulgated by Surety Bureau in their handwriting.

Best experience rating possible developed by the Surety Association—47½ percent credit.

LABOR ORGANIZATION BOND—CONSOLIDATED FORM

International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, Washington, D.C.

SCHEDULE A—$2,500

Head office 12A plus locals 1,407A equals 1,419A		$1,087.06
Locals equals 1,045B		888.25
		1,975.31
536 locals:		
First 500 elected officials at $7.50	$3,750.00	
Next 500 elected officials at $5.00	2,500.00	
Next 1,144 elected officials at $3.50	4,004.00	
Total of 2,144	10,254.00	10,254.00
		12,229.31
25 percent faithful performance surcharge		3,057.33
Total		15,286.64

SCHEDULE B—$92,835,250

Manual rate $4.15 less 50 percent scheduled volume discount equals net rate of $2.08 per thousand per annum	193,097.32
	208,383.96
47½ experience credit	−98,982.38
Annual premium	$109,401.58
	×2½
3 years paid in advance	$273,503.95

Mr. HOFFA. Despite that, we lost the coverage.

I want you gentlemen of the committee to know that I was not idle after this cancellation. Telegrams were sent to every bonding company in the U.S. Treasury-approved list, several hundred companies, and I have the telegrams here, and the responses also from the companies we sent the wires to, and their response as to why they would not cover us.

Mr. THOMPSON. Did you learn in the course of that, Mr. Hoffa——

The CHAIRMAN. Kindly address the Chair to get recognition; otherwise, the Chair is going to rule you out of order.

Mr. THOMPSON. Mr. Chairman?

The CHAIRMAN. Congressman from New Jersey.

Mr. THOMPSON. Did you learn in the course of those inquiries that many of these companies don't write this type of bond?

Mr. HOFFA. Fifty percent, sir, roughly 50 percent.

Mr. GRIFFIN. Mr. Chairman?

The CHAIRMAN. The gentleman from Michigan.

Mr. GRIFFIN. Are these telegrams and inquiries sent by you, or sent by Mr. Dorfman?

Mr. HOFFA. Sent by Mr. Dorfman, on behalf, I believe, of the Oxford agency; yes, National Oxford Agency, Inc.

Mrs. GREEN. Mr. Chairman?

Mr. HOFFA. And the original telegram was sent on behalf of the General Executive Board. I will leave these here. They are all Teamster bonds. I won't take time to read them. There are some hundred-odd bonds in this. One of them is listed here as refusing to bond anybody who took the fifth amendment, and the other question here of the bonds.

Mrs. GREEN. Mr. Chairman, a point of clarification.

The CHAIRMAN. The young lady from Oregon.

Mrs. GREEN. Did these telegrams go to every one of the 260 bonding companies, or did they go to the broker?

Mr. HOFFA. I understand they went to the bonding companies.

Mrs. GREEN. Do you know that they went to the bonding companies?

Mr. HOFFA. Well, we will read them and see. I have the responses, not the original telegram, but we will submit to the committee the original telegram that went out. I don't have it here.

Mrs. GREEN. You do not know whether it went to the bonding companies or to the broker, then?

Mr. HOFFA. It went to the bonding companies, because they are the ones who replied to us.

Mrs. GREEN. In each case?

Mr. HOFFA. In each case. On this list, I am reading from what is stated here.

(The telegrams referred to follow:)

The following telegram was sent on January 24, 1963, to all bonding companies listed on U.S. Treasury list:

"We are in immediate need of a surety facility to provide a labor organization bond consolidated form in compliance with the Landrum-Griffin Act.

"We are acting for the International Brotherhood of Teamsters Executive Board and 450 affiliated locals. Can furnish experience and further details since present bond expires February 8, 1963.

"We request an immediate reply. Please phone or wire collect—Chicago, Whitehall 3-0024.

"NATIONAL OXFORD AGENCY,
On Behalf of the International Brotherhood of Teamsters.

FORT WORTH, TEX., *January 22, 1963.*

NATIONAL OXFORD AGENCY,
Chicago:

Regret Commercial Standard Insurance Co., does not issue bond form requested in your telegram January 21.

W. H. CRAIGHEAD.

LOS ANGELES, CALIF., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
1221 North La Salle, Chicago:

International Teamsters unable consider this risk because of limited scope our facilities.

PACIFIC INDEMNITY CO.

WILKES-BARRE, PA., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago:

Do not have surety facilities, unable assist underwriting teamsters account.

PENNSYLVANIA MILLERS MUTUAL, INSURANCE CO.

DALLAS, TEX., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago:

Retel we do not write any bonds in this category. We limit bond writings to the savings and loan field, sorry.

W. H. DAMON, REPUBLIC INSURANCE CO.

NEW YORK, N.Y., *January 22, 1963.*

NATIONAL OXFORD AGENCY INC.,
On Behalf of International Brotherhood of Teamsters,
Chicago:

As a reinsurance company we are not licensed to write direct bond obligations.

W. J. FRENCH,
AMERICAN RE-INSURANCE CO.

BALTIMORE, MD., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
1221 North LaSalle Street, Chicago, Ill.:

Regarding night letter on behalf International Brotherhood Teamsters Bond. We do not issue surety bonds.

AMERICAN CREDIT INDEMNITY CO.

EMPLOYERS CASUALTY CO.,
Dallas, Tex., January 22, 1963.

NATIONAL OXFORD AGENCY, INC.,
ON BEHALF OF INTERNATIONAL BROTHERHOOD OF TEAMSTERS,
Chicago, Ill.:

Sorry, but we are not currently writing surety bonds of any type.

TOM BAILEY.

MICHIGAN MILLERS,
Lansing, Mich., January 22, 1963.

NATIONAL OXFORD AGENCY, INC.,
1221 North LaSalle Street, Chicago, Ill.:

As we do not write bonds, cannot provide labor organization bond. Your inquiry appreciated.

V. I. STEVENS.

TULSA, OKLA., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
BEHALF OF INTERNATIONAL BROTHERHOOD OF TEAMSTERS,
Chicago, Ill.:

Unable to provide a surety facility the Standard Insurance Co. ceased writing bonds in July 1962.

H. CARL KENNEY.

DES MOINES, IOWA, *January 22, 1963.*

Re wire January 21.

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Sorry we do not write this type bond.

FARMERS ELEVATOR MUTUAL INSURANCE CO.

VIRGINIA SURETY CO., INC.,
Toledo Ohio, January 22, 1963.

Re Teamster telegram.

NATIONAL OXFORD AGENCY, INC.,
1221 North LaSalle Street, Chicago, Ill.:

We do not write surety.

H. J. PETTENGILL.

TELEGRAM FROM NATIONAL CASUALTY CO., DETROIT, MICH.

Regret National Casualty not writing surety bonds at present time.

M. L. OSKIN.

TELEGRAM FROM FIDELITY & SURETY CO., SAN FRANCISCO

Industrial Indemnity Co. is primarily a western company engaged in the business of writing contract bonds. We are not fidelity specialists. In any event we do not have facilities claims or otherwise to handle proposition of this magnitude. Regret our inability to be of service. Many thanks for your consideration.

(Signed) A DOUGLAS MENNIE,
Manager.

SPRINGFIELD, MASS., *January 23, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Care International Brotherhood of Teamsters,
Chicago, Ill.:

In response to your telegram although undersigned companies licensed to write bonds have not written any for almost a year.

SPRINGFIELD INSURANCE CO.,
NEW ENGLAND INSURANCE CO.

INDIANAPOLIS, IND., *January 23, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

An answer wire January 22, our bond facilities confined to mill and elevator trade such as Commodity Credit Corporation and State warehousemen's bonds.

GRAIN DEALERS MUTUAL INSURANCE CO.

DES MOINES, IOWA, *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Retel regarding bonds for Brotherhood of Teamsters. Regret our inability to help you. Our company is small and operating in only two States.

STATE SURETY CO.

NEW YORK, N.Y., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Reurtel bond required for International Brotherhood of Teamsters. Regret unable to assist as our operations are solely that of reinsurance.

NORTH AMERICAN REINSURANCE CORP.

ORLANDO, FLA., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Regret unable to assist in providing labor organization bond. Size of our company and limited number of States admitted makes impractical.

IRA YOUNGBLOOD,
Assistant Vice President and Manager,
Surety Bond Department.

SIOUX FALLS, S. DAK., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
On behalf of International Brotherhood of Teamsters,
Chicago, Ill.:

Sorry not interested in bonds required under Landrum-Griffin Act.

WESTERN SURETY CO.

PHILADELPHIA, PA., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Re your telegram regarding bond for International Brotherhood of Teamsters, regret to advise that we do not wish to quote.

RELIANCE INSURANCE CO.,
CHARLES A. SIMPSON,
Home Office Bond Department.

MEADVILLE, PA., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Sorry we cannot comply with your request. Our company is not licensed in Illinois.

ALLEGHENY MUTUAL CASUALTY CO.

OMAHA, NEBR., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Sorry, cannot handle labor organization bond submitted January 22. Our writings confined small license-permit bonds and we have no fidelity reinsurance.

NATIONAL INDEMNITY CO.

PORTLAND, MAINE, *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Re your telegram concerning labor organization bond for International Brotherhood of Teamsters. We regret that we are not interested in this bond proposition. Thanks for your consideration.

MAINE BONDING & CASUALTY CO.,
NORTHERN INSURANCE CO., OF NEW YORK.

WAUSAU, WIS., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Thank you for offer on Teamsters bond, however we are unable to provide coverage.

R. GOETZKE,
Employers Mutuals of Wausau.

MONTGOMERY, ALA., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Sorry cannot assist on bond requirements complying with Landrum-Griffin Act for National Brotherhood of Teamsters. Our operations confined only to Alabama, Georgia, North Florida.

K. E. ALBRECHT,
President, Gulf American Fire & Casualty Co.

HARRISBURG, PA., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Your telegram regarding Brotherhood of Teamsters received. Company not licensed for bonds in Illinois and we have no agents in State.

H. E. TRIPLETT,
Pennsylvania Threshermen & Farmers Insurance Co.

JERSEY CITY, N.J., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
INTERNATIONAL BROTHERHOOD OF TEAMSTERS,
Chicago, Ill.:

Regret our inability to consider your offer of consolidated form. We are not licensed to do business in State of Illinois.

INTERNATIONAL FIDELITY & INSURANCE CO.

HARTFORD, CONN., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
On Behalf of International Brotherhood of Teamsters,
Chicago, Ill.:

National Fire of Hartford and Transcontinental of New York no longer write surety. Suggest you contact Continental Casualty in Chicago.

H. L. ARNOLD.

KEENE, N.H., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Re tel Labor Organization bond Teamsters not interested writing this type of risk.

J. D. GANLEY,
Peerless Insurance Co.

GALVESTON, TEX., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Sorry our facilities could not afford coverage International Brotherhood of Teamsters.

P. A. BUTLER.

NEW YORK, N.Y., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Re tel January 22 Labor Organization Bond International Brotherhood of Teamsters. Unable to handle bond required.

PROVIDENT INSURANCE CO. OF NEW YORK.

FORT WORTH, TEX., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Sorry unable to accept suretyship bond offered.

GENERAL INSURANCE CORP.

PROVIDENCE, R.I., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Regarding telegram January 22, regret decline furnish requested surety facility International Brotherhood Teamsters.

PROVIDENCE WASHINGTON INSURANCE CO.,
A. C. THOMPSON.

NEW YORK, N.Y., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Regarding telegram January 2, labor organization bond International Brotherhood of Teamsters. Unable to handle bond required.

SUN INSURANCE CO. OF NEW YORK.

LOS ANGELES, CALIF., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Regarding telegram teamsters bond. Not qualifed to handle.

BENEFICIAL FIRE & CASUALTY
INSURANCE CO.,
LESTER C. LAYMAN.

HONOLULU, *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Refer your wire re labor organization bond. Regret size, geographic location, and inability to service precludes us from entertaining your office.

PRICE PACIFIC INSURANCE CO., LTD.

MANCHESTER, N.H., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

We are not in a position to provide bond coverage for International Brotherhood of Teamsters.

AMERICAN FIDELITY CO.,
GRANITE STATE INSURANCE CO.,
NEW HAMPSHIRE INSURANCE CO.,
L. A. BURTON.

PHONE CONVERSATION WITH MR. DORFMAN

Mr. McReen of Insurance Co. of North America: "We are not interested in writing this bond as a direct writer or reinsurer."

TELEGRAM FROM J. W. THORNE, ARGONAUT

Mr. ALLEN DORFMAN, *Chicago, Ill.:*

Understand you talked my office this morning. Unable reinsure as you suggested. Therefore will not be able to handle Teamsters bond. Sorry.

TELEGRAM FROM MR. TAUBER OF LIBERTY MUTUAL

Not interested in writing bonds for the Teamsters Union.

TELEGRAM FROM OHIO CASUALTY INSURANCE CO., HAMILTON, OHIO

Regret unable to submit quotation labor organization bond. Yours 21st.

TELEGRAM FROM ROBERT N. H. SENER, NEW YORK

Regarding International Brotherhood of Teamsters reply forthcoming from New Amsterdam Casualty Co. and will relate the feeling of the security group.

[Telegram]

Not interested in writing this large a bond. Maybe individual locals but not the big bonds, such as executive board.

MR. CONSTANCE,
Glen Falls Insurance Co.,
Glen Falls, N. Y.

TELEGRAM FROM FIRST INSURANCE CO., HONOLULU, HAWAII

On behalf of International Brotherhood of Teamsters, Chicago, cannot comply. Not licensed in Illinois.

[Telegram]

Not interested.

MR. OBRIEN.
MILWAUWEE INSURANCE CO.

LOS ANGELES, CALIF., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Regret we are not in a position to furnish this bond. Our bonding facilities are geared to acceptance by licensed agents of our company as collateral to other business.

MID-CENTURY INSURANCE CO.

LOS ANGELES, CALIF., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Not interested in providing bond coverage in accordance with your telegram.

WEST AMERICAN INSURANCE CO.,
J. U. WILSON.

HAMILTON, OHIO, *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Regret unable submit quotation labor organization bond yours 21st.

THE OHIO CASUALTY INSURANCE CO.

SAN FRANCISCO, CALIF., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

Industrial Indemnity Co. is primarily a western company engaged in the business of writing contract bonds. We are not fidelity specialists. In any event

we do not have facilities, claims or otherwise, to handle proposition of this magnitude. Regret our inability to be of service. Many thanks for your consideration.

A. DOUGLAS MENNIE,
Manager, Fidelity & Surety Department.

HONOLULU, *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

On behalf of International Brotherhood of Teamsters, cannot comply; not licensed in Illinois.

FIRST INSURANCE CO. OF HAWAII.

CAMDEN, N.J., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago, Ill.:

We do not write surety coverage on a direct basis. Sorry cannot quote.

CAMDEN FIRE INSURANCE ASSOCIATION.

PHONE CONSERVATION WITH MR. DAVIES OF TRAVELERS

Will not write Teamster bond.

KEENE, N.H., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago:

Re tel sorry due to other agency committments we are unable to show an interest. Thanks for the inquiry.

JOHN F. QUINAN,
National Grange Mutual Insurance Co.

SEATTLE, WASH., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.,
Chicago:

Replying your telegram sorry not in position write labor organization bonds.

GENERAL INSURANCE CO. OF AMERICA.

TELEPHONE CONVERSATION WITH ED MALIK WOLVERINE SURETY CO.

Was interested in writing trustee bonds only; when we gave him list of the trustees, he said they would not write trustee bonds for Mr. Hoffa and several others of the trustees listed.

TULSA, OKLA., *January 22, 1963.*

NATIONAL OXFORD AGENCY, INC.:

On behalf of International Brotherhood of Teamsters, retel, regret not interested in labor organization bond for International Brotherhood of Teamsters Executive Board.

PAUL E. MEHL,
Tri-State Insurance Co.

Jonas Braun of the Transportation Insurance Co. of Chicago, associated with the Continental Casualty Co., called this date. They would not be interested in writing this bond because they will not cover anybody who has taken the fifth amendment, nor are they particularly happy with the men heading the International Union.

They think it is a good piece of business, but would rather not subject themselves to the kind of publicity that might be forthcoming.

Mr. O'HARA. Mr. Chairman.

The CHAIRMAN. The gentleman from Michigan, Mr. O'Hara.

Mr. O'HARA. Mr. Chairman, could the witness advise us to whether or not these requests for bonds that he has spoken of contained any conditions with regard to the commission of the agent or any other matter that might affect the bonding company's responsibility?

Mr. HOFFA. No, I will come to that in my statement as to how we requested the bond to be placed.

We have some here that refused to bond the executive board, stating they would give consideration to other local unions.

I will leave this with the bonding companies.

Telegrams were sent to every bonding company on the U.S. Treasury-approved list, several hundred companies.

We never received one acceptance from these wires—isn't that astounding in view of our underwriting experience? I want you to know that I still haven't ceased trying.

There are many, including some of the oldest and largest brokerage houses in America trying to place this business, including Lumley, Dennet & Co., New York; Western States Insurance, Los Angeles, Calif.; Coil Insurance & Bonding Co., Providence, R.I.; Marsh & McLennon, New York, and National Oxford Agency, to name a few.

The National Oxford Agency offered to purchase a stop loss, a stop loss in the London market with Lloyds of London, so that the companies permitted to write this bond would be held harmless against any loss that might be sustained.

Gentlemen of the committee, I thought that bonding companies are in business to make money. If any of you good people have any brokers who have experience in writing bonds, I would appreciate if you will contact them, first come, first served—there are no strings attached to this offer and there never was.

It was brought to my attention that the Attorney General, in testifying last week before the House Committee on Appropriations, charged that I required that the bonds be written on a blanket basis in order to include 10 or 12 individuals with bad records. This was given to me by Mr. Zagri of information he had gathered.

Mr. THOMPSON. Mr. Chairman.

The CHAIRMAN. The gentleman from New Jersey.

Mr. THOMPSON. You mentioned the Oxford Agency. This is the same agency that has undergone several reorganizations, has it not?

Mr. HOFFA. I don't know.

Mr. THOMPSON. Well, I think that there is evidence to the effect that it was originally known as the Illinois Agency of the Summit Fidelity Insurance Co. of Akron, and then it was mentioned in the McClellan committee reports; subsequently, it was reorganized several times as the Oxford Agency of Chicago, the Titan Management Corp., and the Oxford Agency. This is the one with which Mr. Dorfman has had a connection, is it not?

Mr. HOFFA. I don't think he is an officer but I believe he has relationship with the company.

Mr. THOMPSON. Thank you.

Mr. HOFFA. Gentlemen, I want to meet this head on right now. At no time have we ever attached any conditions to any offer made to our brokers to any insurance company in America. Our only reason for

requesting this business to be written on a blanket basis was to save our international union large sums of money.

The best example in our present rate for the international union and its affiliated locals in question is $2.75 per $1,000 for 3 years. If our local unions were to go out and buy this identical bond as individual local unions the cost would be $9.40 per $1,000 per year, or gentlemen, $28.20 per 3 years. By requesting this group coverage we save our local unions $25.45 over a 3-year period per $1,000 or a savings over the 3-year period of $2,417,750.

Obviously every one here must realize that these companies are not refusing because of bad underwriting experience in the past or in the future.

Gentlemen, I feel that I have an obligation to the rank and file members of our union to get bonds written with the lowest possible premium.

Mr. THOMPSON. Mr. Chairman, may I ask Mr. Hoffa one more question.

Mr. Hoffa, at any time did you suggest to your locals or your international that the need with respect to bonds of the union would best be served by the Summit Fidelity & Insurance Co. of Akron?

Mr. HOFFA. I didn't.

Mr. THOMPSON. You did not?

Mr. HOFFA. Not that I recall of any letters. I think we sent out a letter at the very beginning of Landrum-Griffin, notifying the local unions that we would attempt to secure a blanket bond.

Mr. THOMPSON. Did you suggest to any of them that they do business with Summit Fidelity & Surety?

Mr. HOFFA. We may have. I don't know. That may have been the company we were dickering with. I don't handle that phase of the bonding.

Mr. THOMPSON. You, as an individual, had nothing to do with that?

Mr. HOFFA. I don't recall handling it. Somebody may have had me send out a letter prepared by one of the heads of the departments, I don't know.

Mr. THOMPSON. Do you think that your records might refresh your recollection in the event that you did?

Mr. HOFFA. The record will be there; I will be happy to go through them. If we did, I will bring a copy of the letter here.

INTERNATIONAL BROTHERHOOD OF TEAMSTERS,
CHAUFFEURS, WAREHOUSEMEN, & HELPERS OF AMERICA,
Washington, D.C., October 5, 1959.

To the secretary-treasurer and representatives of all local unions, joint councils, conferences and such other entities of the international as are subject to the Labor-Management Reporting and Disclosure Act of 1959.

DEAR SIR AND BROTHER: As you are undoubtedly aware, under the provisions of the Labor-Management Reporting and Disclosure Act of 1959, certain procedures are outlined with respect to surety bond coverage for local union officers, representatives and employees. These procedures are set forth specifically under title V, section 502 (a) and (b). In August of 1958 the international had provided, without cost to our affiliates, surety bond coverage with limits of $30,000, per risk, underwritten by Lloyd's of London, in the form of a blanket primary position bond. As can be seen in the above-cited section of the new act, such type of bond does not meet with its provisions and further investigation would disclose that Lloyd's of London is excluded from providing such surety coverage.

Because of the ambiguous language of this provision of the act and because the officers of our affiliates do not have facilities nor, in fact, cause for determin-

ing what company or companies could provide surety bond coverage on a nationwide basis and in accord with stipulations of the act, the international has accepted the responsibility for making this investigation. After negotiating with at least four national companies, the general executive board has seen fit to recommend to the officers, agents, stewards, and employees of the International Brotherhood of Teamsters a company which can provide suitable coverage. This company is the Summit Fidelity & Surety Co. of Akron, Ohio, which has a reinsurance arrangement with the Munich Re-Insurance Co. of Munich, Germany. Both of these companies are acceptable to the Treasury Department which maintains a list of those firms which can provide surety bond coverage under the terms of the new act.

This company, on the basis of information supplied to date by our affiliates, is prepared to write these bonds so that the affiliates can be in compliance with the act. Initially, the company will provide each such affiliate with a sufficient number of bond application blanks. These blanks should be completed as quickly as possible and returned to the company for issuance of the bonds.

While the international has seen fit to make payment of premium for the bond written with Lloyd's of London, the cost of the type of bond now demanded by the new act is so great that it will be impossible for the international to pay the cost. The Department of Labor has not as yet determined if the bond is of a dishonesty or faithful performance nature, the cost of the latter being approximately 50 percent greater than the former which, at this time, is quoted to be in the neighborhood of $7.50 per $1,000 coverage. A reduction in the cost can be had if the bond is procured on a 3-year term, this reduction amounting to approximately 17 percent. If it is determined at a later date that a blanket bond can be written at a lower cost, or that the Teamsters will once again enjoy a reduced premium based on a prior excellent, low-claim experience, the affiliates will of course share in such a reduction.

It cannot be over-emphasized that the individuals concerned should avail themselves of surety bond protection at the earliest possible moment in order not to place themselves in jeopardy of the new act.

Should any questions arise with respect to the bonding situation, kindly feel free to contact us.

Fraternally yours,

JOHN F. ENGLISH,
General Secretary-Treasurer.

OCTOBER 26, 1959.

To the secretary-treasurer and representatives of all local unions, joint councils, conferences, and such other entities of the international as are subject to the Labor-Management Reporting and Disclosure Act of 1959

DEAR SIR AND BROTHER: If you are one of those among our affiliates who are subject to the bonding requirements of the Labor-Management Reporting and Disclosure Act of 1959, and have not taken steps to comply with the new law, I cannot emphasize too strongly that appropirate steps be taken at once to conform with the law.

Any company acceptable under the act can be applied to for coverage so long as a proper bond can be written. We understand of course that almost all companies refuse to entertain applications and this is understandable in view of the great amount of confusion existing in this section of the law. The U.S. Department of Labor has not made an interpretation of the bonding requirement and the surety association has not declared the rate to be charged.

The firm previously recommended by the general executive board states that it will place applicants under binder without charge until an interpretation is made and a rate set, and further, that it will bind under a "faithful performance" type of bond.

Again, let me impress upon you the need for immediate action.

Fraternally yours,

JOHN F. ENGLISH,
General Secretary-Treasurer.

Mr. THOMPSON. Thank you.

Mr. HOFFA. Attorney General Kennedy tries to confuse the issue by stating that the bonds cannot be written because of 12 so-called bad risks which we are insisting upon as a part of a package deal.

No. 1, I have already stated that we have never attached any strings to any offer.

No. 2, I would like to remind the committee that these 12 so-called bad risks have been covered by bonds for the past 3 years and before without any claims or any losses—now, all of a sudden, they become bad risks. Mr. Kennedy should forthwith list the 12 people and likewise give us the names of the bonding company that made the statement to Mr. Kennedy that these 12 people were the primary reason that they would not bond the 450 local unions consisting of 4,608 individuals.

Members of the committee, I came here to tell you frankly why, in my opinion, these bonding companies have refused to write the bonds up to now. As I have said, it certainly cannot be based on underwriting experience where there are no losses and all profit. Insurance companies love that business. But there has been a tremendous amount of prejudicial publicity engendered by Government officials.

Now, in response to the chairman's outset statement, I am going to skip the next page, because it deals with other than the actual bonding and statements.

The CHAIRMAN. Thank you, sir.

Mr. HOFFA. I will read one statement only, if I may, of a clipping which has appeared in the papers, and which we believe is one of the reasons bonding companies will not write the bond for the Teamsters Union.

The CHAIRMAN. Can you identify the paper, Mr. Hoffa?

Mr. HOFFA. It is the Miami newspaper, and from a column, and the dateline is Miami.

Is it possible that all those 150 surety companies suddenly and simultaneously decided they'd no longer bond Teamster Union officials? Or did the Treasury Department "suggest" the licensees take that action? After prodding, perhaps, from the Justice Department? * * * In any event, both Hoffa and Kennedy have been extremely quiet about this turn of events, which—in one big sweep—could eliminate Teamsters Union as an entity * * * The target date, as we said, is February 8. This story will make headlines within the next 2 weeks.

Mr. THOMPSON. Mr. Chairman.

The CHAIRMAN. Yes, sir.

Mr. THOMPSON. Mr. Hoffa, is it so that the bond that will expire on February 8—that you have been notified, will terminate on that date—contains a provision of 15 days' notice by either party without having to give any reason?

Mr. HOFFA. I believe that the bond does contain that provision.

Mr. THOMPSON. And did you get more than 15 days' notice?

Mr. HOFFA. I believe we received 30.

Mr. THOMPSON. Thirty days.

Mr. HOFFA. It doesn't do us much good, though.

That is what I call indirect pressure. The direct pressure that has been brought to bear by Government agencies have been numerous. I have been told this—again, and I am going to read, by Alan Dorfman, that he secured from Irv Weiner, who handled the Oxford bonding.

I have been told that Morgan Stern, president of Resolute Insurance Co., of Providence, R.I., who wrote the bond between January 1961 and December 1962 said that he had been called on by Justice Department and Labor Department representatives prior to the drop-

ping of the bond who said in effect, "Do you know what kind of characters you have under this bond?"

With reference to Union Bonding Co., of Indianapolis, I am told that President Frank Wright of that company offered to write a bond up to $64,000 on each one of our officers or our local unions

Mr. BRUCE. Mr. Chairman.

The CHAIRMAN. Mr. Bruce.

Mr. BRUCE. Mr. Hoffa, in your letter to the chairman, and again here, you have stated from the letter that on January 24, 1963, the United Bonding Co. of Indianapolis, Ind., offered to bond each Teamster officer up to $64,000.

Mr. Hoffa, would you, in as much detail as you can, explain how this offer was made, who made the offer, and to whom?

Mr. HOFFA. Well, I will say this, Congressman. Yesterday, I talked to Frank Wright myself. He told me that he would be happy to write this bond if he could get the necessary reinsurers to supplement his ability beyond $64,000.

Mr. BRUCE. Mr. Hoffa, had the Teamsters at any time ever actually applied for the bond with this Indianapolis company, the United Bonding Co.?

Mr. HOFFA. Information was submitted to the bonding company.

Mr. BRUCE. Had they applied for the bond?

Mr. HOFFA. If you are talking about in regards to a formal application——

Mr. BRUCE. That is right.

Mr. HOFFA. I don't know, but I will say this: that we sent them a wire, offering the bonding of this particular group to that concern.

Mr. BRUCE. Mr. Wright, the president of the company, has publicly stated that he has not received a first application from any Teamster official.

Mr. HOFFA. I talked to him yesterday myself.

Mr. BRUCE. Is that an application?

Mr. HOFFA. Well, certainly, if you call a man up, and you talk to him about the question of applying for a bond, he has the pertinent information before him, which he did have, and he tells you that he would be happy to cover you up to $64,000 and write the bond, if he can get proper reinsurers, it certainly is an application.

Mr. BRUCE. Thank you.

Mr. HOFFA. I am waiting on a call back from him.

Mr. THOMPSON. Would the gentleman yield?

Mr. BRUCE. I will be glad to yield.

Mr. THOMPSON. That would seem to be an application, at least in some form.

Have any of your negotiations with this Indianapolis company been conducted by Mr. Dorfman?

Mr. HOFFA. Yes, sir.

Mr. THOMPSON. They have?

Mr. HOFFA. I understand they have.

This was on January 23, 1963. On January 24, 1963, he told Irv Weiner that he had been visited by Mr. Walter Sheridan, Special Assistant to the Attorney General and questioned, after the writing of the Teamster bond. Weiner further stated that in view of these facts Wright indicated he no longer would be interested in writing this bond as a result of the session with Mr. Sheridan. Irv stated in spite

of this he would continue his efforts to convince Mr. Wright to write this bond.

So apparently he did, through the bonding agency, make a formal application as well as telegrams to him for the bond.

Again, this statement here was relayed to me by Dorfman from Weiner.

Mr. THOMPSON. Mr. Chairman, may I ask one more question?

The CHAIRMAN. Yes, sir.

Mr. THOMPSON. Is there working toward getting the bond for you, along with Mr. Weiner and Mr. Dorfman, one Sol Schwartz who is also active?

Mr. HOFFA. Yes.

Mr. THOMPSON. What have his efforts been on your behalf?

Mr. HOFFA. I believe mainly contacting the various bonding companies as a follow-up first to try and get coverage.

Mr. THOMPSON. I see.

Mr. HOFFA. Russell King, counsel for Coil Insurance & Bonding Co., one of the largest bonding agencies in New England, reported that numerous bonding companies were contacted to write the Teamster bond and in each instance they were turned down, they said "there was too much pressure involved to write this bond."

The Old Colony Insurance Co. of Boston stated that when the agent contacted the home office he said "there was written instructions not to write a Teamster bond."

This information came to me from Sid Zagri in this form here.

Mr. GRIFFIN. Mr. Chairman, as long as Mr. Zagri is here, I think we ought to have more specific information than this.

The CHAIRMAN. Direct questioning of Mr. Zagri?

Mr. GRIFFIN. Yes.

The CHAIRMAN. Well, he has been sworn in.

Mr. GRIFFIN. Who in the Old Colony Insurance Co. of Boston stated this?

Mr. ZAGRI. I did not get my information from Old Colony. I got my information from Mr. Bill Lowe.

The CHAIRMAN. Who is he?

Mr. ZAGRI. He is a publisher of a newspaper.

The CHAIRMAN. What newspaper?

Mr. ZAGRI. In New Hampshire.

Mr. GRIFFIN. Well, obviously, the whole record here this morning is just one continuous series of hearsay statements.

Mr. ZAGRI. Well, may I——

Mr. GRIFFIN. If it is to be taken seriously, I think we have to at least call Mr. Dorfman, and some of these other people. I do not know whether we want to devote that much time or not, but——

The CHAIRMAN. It is a matter to take up in committee. I would like to see if the Chief of the Investigative Task Force, Mr. Fullmer, is here, and if the investigation is made, we will send out copies.

Mr. HOFFA. I am almost through, sir.

The country needs these bonds to be written. The reason I say that is that we are conducting negotiations now with some 23,000 members of our union in Philadelphia, through the International Union, and some of the officials involved in not receiving bonds, and if they should not be covered by February 8, then there could be turmoil created in those negotiations by individuals who are experienced in the back-

ground of those negotiations, and have the know-how, and could result in a strike.

I personally have been in those negotiations to avoid a strike, and have been for the last 2 weeks.

They can be written in a group which is the cheapest and that is the way we have done it in the past. If necessary, we will seek bonds as individuals with the assurance that all individuals can be bonded who are in compliance with the Landrum-Griffin law which this very Congress passed, set out qualifications for individuals to hold office in labor unions and all these people who we are seeking bonds for are in compliance with the Landrum-Griffin law provisions dealing with labor unions.

I cannot believe that you gentlemen are so naive to believe that all bonding companies in this country have so suddenly decided simultaneously not to write Teamster bonds for 450 local unions or 4,608 individuals voluntarily and without pressure or apprehension, when in the past they have sought out the very same business.

I do not believe that the Members of this Congress ever intended that the will of 1,700,000 members of an international union should be thwarted by the whims or caprice of any single insurance company acting singly or in concert, or by any Government official exerting pressure upon such company.

Other international unions have blanket coverage.

The injustice inflicted upon the Teamsters Union today could be visited upon the rest of the labor movement or any segment thereof tomorrow.

I may say in keeping with the last statement, Senator Morse recognized that this could happen, in the passing of the Landrum-Griffin law, and stated on September 3, 1959:

> I will not vote to give bonding companies the investigative power to investigate labor union officials. This function should belong exclusively to the Government. Labor knows it is not beyond the realm of possibility and probability that a very antilabor climate may develop in this country in which labor may be given the works, if a 2-inch headline should appear some morning, "Bonding Company X of New York Shall Refuse To Bond Z Union," that union will have been done irreparable damage.

And that is exactly what has happened to this union.

The CHAIRMAN. Not to go on another tangent, but I would like to ask a question.

Are you and your officials bonded under the Pension Welfare Fund Disclosure Act as amended by this committee?

Mr. HOFFA. I am a trustee of a welfare fund in Chicago.

The CHAIRMAN. Yes.

Mr. HOFFA. And its bond is effected in the same nature as the union bond in my capacity as general president.

The CHAIRMAN. Now who is the bonding company there?

Mr. HOFFA. It was the same bonding company that had covered the international previously.

The CHAIRMAN. The same bonding companies that now are insuring you, under the Pension and Welfare Fund Disclosure Act, are the companies who refused to insure you and your group under the Landrum-Griffin Act?

Mr. HOFFA. That is right.

The CHAIRMAN. Thank you.

Mr. ROOSEVELT. Mr. Chairman.

Mr. HOFFA. Excuse me. Let me correct that. They are also canceling the pension and welfare fund bond simultaneously with the union, even though they are a different type bond. It is actually a performance bond of Landrum-Griffin and an honesty bond under the pension welfare requirements.

The CHAIRMAN. All right. We will now have regular order, and the Chair will recognize the young lady from Oregon, who is recognized for questions.

Mrs. GREEN. In response to the chairman's request, unless you specifically identified the source of information, all other material presented in your statement is from your own personal knowledge?

Mr. HOFFA. I have no personal knowledge of any of the bonding arrangements of this international union, since it has been assigned to individuals who were charged with the responsibility of securing bond sufficient to comply with the Federal laws.

I have not talked to the bonding companies, other than the one I mentioned, and I can only quote what has been reported to me, as I stated at the outset.

Mrs. GREEN. The reason I ask is, that several times you used the pronouns "we" and "I," not identifying a third source. I assume that when you used the pronoun, either "we" or "I," you were talking from personal knowledge.

Mr. HOFFA. No, ma'am.

Mr. GREEN. Was there any material in your statement that was given from personal knowledge?

Mr. HOFFA. Only from what I have been told, and from the experience that we have developed out of the cancellation and the coverage.

Mrs. GREEN. Then you are saying that there is nothing in your statement that is from personal knowledge. Is that right?

Mr. HOFFA. Except as I stated, I did talk to one bonding company who told me they would be glad to cover us up to $64,000, but needed to give sufficient reinsurers to be able to write such a bond.

Mrs. GREEN. Well, Mr. Chairman, I would have to say that when he testifies—but not from any first hand personal knowledge, I think this whole hour is a farce, but let us go a little bit further.

You refer to only Dorfman & Weiner as the source of your information, other than the one instance of Mr. Zagri.

Mr. HOFFA. That is correct, ma'am.

Mrs. GREEN. Do the Teamsters use any other broker than Mr. Dorfman?

Mr. HOFFA. I understand as I stated here, there have been several brokerage companies, several very large ones trying to find a place to cover the 450 local unions, other than Dorfman & Weiner.

Mrs. GREEN. Has any one other than Mr. Dorfman entered into the negotiations for the International Teamsters?

Mr. HOFFA. Jacob Cosbin, an attorney of Philadelphia, yesterday contacted a bonding company who was attempting to work out coverage this very moment for this group.

Mrs. GREEN. All right, prior to yesterday, has any other person besides Mr. Dorfman attempted to negotiate the bonds for the International Teamsters?

Mr. HOFFA. Mr. Zagri tells me, Lumley & Dennet, himself.

Mrs. GREEN. When?

Mr. ZAGRI. Oh, about 10 days ago; I also called Mr. Fred Krupp in Los Angeles, representing, I think it is, the West Pacific Agency.

In order to get a complete statement on this, Congresswoman Green, we can submit to you the names of all the brokers that have been contacted, with the dates upon which they were contacted, and I think it will be quite an extensive list.

May I have the privilege of incorporating this in the record in the next day or two, Mr. Chairman?

The CHAIRMAN. Without objection, so ordered.

Mr. ZAGRI. All right.

(The list referred to follows:)

LIST OF BROKERS CONTACTED FOR PURPOSE OF WRITING TEAMSTERS BOND

Period of January 8 to January 20:
- H. Mendelsohn of Bergman Lefkow office, Chicago, Ill.
- Lindquist of Burns Co., Chicago, Ill.
- Larroca Agency, London brokers, New York.
- Ron Woolaston of Home & Overseas, London brokers, New York.
- Fred Moran of Union Agencies, Chicago, Ill.
- Mr. Stevens of Garmer Oaks Agency, New York.
- Leo R. McIntyre of C. W. Laros & Sons, Allentown, Pa.
- Wilbur Hamilton, Philadelphia, Pa.
- Edward T. Delbyck, New York.
- Charles B. Goldfarb, Detroit, Mich.
- Jack-Leon-Jay Kattelman of the Waber-Odell Co., Lower Merion, Pa.
- Donald Pletts, Pletts Agency, Miami, Fla.
- Marion Walters, Norfolk, Va.

Period of January 20 to February 1:
- Western States Insurance Brokers, San Francisco, Calif.
- Coyle & Coyle, Providence, R.I.
- Lumley Dennett Co., New York.
- General Life Insurance Co., Cleveland, Ohio.

Period of February 1 to February 8:
- McDonald Co., New York.
- Wilson & Co., Detroit, Mich.
- Robert Dougherty, New York.
- Colbert & Colbert, New York.
- Mernick, New York.
- Newhouse & Hawley, New York.
- Dill Bicke, New York.
- Irv Schoenwald, Chicago, Ill.
- Leahy & Associates, Chicago, Ill.
- Charles Goldfarb, Detroit Mich.
- Harry Takiff, Philadelphia, Pa.
- Arthur Walter, Norfolk, Va.
- Murray & Co., New York.
- R. J. Merritt, Lloyd's of London.
- Swiss Reinsurance, Mr. Kellogg.
- Mort Olken, Chicago, Ill.
- Milton Selig, New York.
- Fred Moran, Chicago, Ill.
- Bill Beanland, New York.
- Hadtrath Agency, Minneapolis, Minn.
- Terry Joyce, Minneapolis, Minn.

Mr. ZAGRI. I personally contacted Mr. Dennet of Lumley, Dennet & Co., New York.

Mrs. GREEN. Well, if this is going to be presented later, then I would like to go on, if I may.

Is Alan Dorfman an officer or otherwise associated with any other insurance agencies handling the Teamster bonding business?

Mr. HOFFA. No, I don't believe he is. He handles the insurance for a pension plan. I don't believe he handles any of the bonds as an actual agent. I think he works in conjunction with Weiner.

Mrs. GREEN. Do you know that this is the case?

Mr. HOFFA. I have been told so.

Mrs. GREEN. You are told so. You do not personally know?

Mr. HOFFA. I can't handle every aspect of this International Union. I have to delegate some authority, Ma'am.

Mrs. GREEN. Yes, but you are a witness to give information that will be helpful to the committee this morning, and unless it is your personal knowledge, it seems to me we should be talking to someone else.

Mr. HOFFA. Well, it seems to me that facts speak for themselves.

Mrs. GREEN. Does Alan Dorfman share in the profits obtained from this insurance business?

Mr. HOFFA. The bonding?

Mrs. GREEN. Yes.

Mr. HOFFA. I have no knowledge.

Mrs. GREEN. Does Irvin Weiner, the other person to whom you referred in your testimony, own any insurance company or agency sharing in the Teamster bonding business?

Mr. HOFFA. I think he is an officer of the Oxford agency, as I stated in here.

Mrs. GREEN. What about other locals, and the subordinate bodies? How many of those are not insured through the International?

Mr. HOFFA. About an equal number.

Mrs. GREEN. There are how many locals?

Mr. HOFFA. About 800-and-some locals.

Mrs. GREEN. Then about 400?

Mr. HOFFA. I would say about an equal number.

Mrs. GREEN. All right. Do these use a broker or do they deal directly with the insurance companies involved?

Mr. HOFFA. I wouldn't know. I would assume that they use brokers.

Mrs. GREEN. Do you know if these companies pay more or less for their insurance than is the case under the current contract for their services?

Mr. HOFFA. I could not tell you that. I don't know.

Mrs. GREEN. Mr. Zagri, do you know?

Mr. ZAGRI. I was just saying that I would assume that where they were bonded individually, they would pay the rate that was quoted of $9.75 per thousand as contrasted with the rate that we are paying under a blanket bond of $2.75 per thousand.

Mrs. GREEN. Do you know that that is the case?

Mr. HOFFA. I can secure that information for you, and will give it to you.

Mrs. GREEN. All right. I would ask that it be made a part of the record.

The CHAIRMAN. Without objection, so ordered.

(The information referred to follows:)

I am attaching herewith comparison of the rates per $1,000 of the master plans for bonds in effect for those joint councils and local unions affiliated with the IBT, not covered under the master bond which was canceled.

Please note that the rate per $1,000 for individual unions appears to average around $8.80; however, since the number of people covered by the bond is not

available, an accurate mathematical average is not available. You will note that some of the rates are as high as $28.12 per $1,000.

Please note that in some instances, we were unable to secure the rate per $1,000 for some joint councils but could ascertain only the actual cost of the bond.

Due to pressure of time, I have been unable to include all joint councils and local unions not covered by the master bond in question. In some instances, the size of the bonds is not included; this information will also be forthcoming.

The master bond in question, which was canceled by Citizens Casualty, was written at the rate of $2.75 per $1,000. Compare this figure with the average rate of individual unions cited above.

Please note that the master bond is not a blanket bond, as was inferred by some members of the committee at the hearing, but covers each individual officer separately. Each individual officer is listed in the bond.

Local union	Bonding company	3-year rate per thousand
6	National Automobile & Casualty Co.	$18.55
25	Peerless Bonding Co	10.00
49	do	10.00
56	Aetna Casualty & Surety Co	5.44
59	Peerless Bonding Co	10.00
64	do	10.00
68	do	10.00
70	Argonaut Insurance Co	2.80
82	Peerless Bonding Co	10.00
92	Aetna Casualty & Surety Co	10.00
97	Stuyvesant Insurance Co	23.50
110	Fidelity & Casualty Co. of New York.	28.12
120	Firemans' Fund Insurance Co	2.85
127	Peerless Bonding Co	10.00
131	American Surety Corp	6.25
133	National Automobile & Casualty Co.	4.70
138	Continental Casualty Co	2.08
142	Aetna Casualty & Surety Co	1.90
149	National Surety Corp	11.75
157	Peerless Bonding Co	10.00
168	do	10.00
169	Fireman's Fund Insurance Co	.90
170	Peerless Bonding Co	10.00
187	American Surety Co	5.08
188	American States Insurance Co	7.50
193	Aetna Casualty & Surety Co	4.47
211	Stuyvesant Insurance Co	8.01
216	Continental Casualty Co	12.06
221	National Surety Corp	7.24
225	do	3.59
226	Continental Casualty Co	3.75
241	do	17.50
246	Fidelity & Deposit Co. of Maryland	4.86
250	Stuyvesant Insurance Co	2.41
251	Peerless Bonding Co	10.00
259	do	10.00
265	Continental Casualty Co	5.43
272	New Hampshire Insurance Co	3.00
277	do	3.77
278	Continental Casualty Co	1.26
301	Aetna Casualty & Surety Co	1.875
309	New Amsterdam Casualty Co	13.38
312	American Surety Co	6.49
329	National Surety Corp	1.75
338	Continental Casualty Co	3.59
340	Peerless Bonding Co	10.00
344	Aetna Casualty & Surety Co	3.35
366	National Automobile & Casualty Co	3.40
379	Peerless Bonding Co	10.00
380	do	10.00
383	Hartford Accident & Indemnity Co.	11.25
423	Aetna Casualty & Surety Co	8.02
429	American Casualty Co	7.50
437	Peerless Bonding Co	10.00
453	Stuyvesant Insurance Co	17.01
459	Hartford Accident & Indemnity Co.	11.25
463	American Surety Co	1.63
468	Argonaut Insurance Co	3.01
477	Peerless Bonding Co	10.00
494	do	10.00
525	National Automobile & Casualty Co.	1.78
544	National Surety Co	4.20
550	Fidelity & Casualty Co. of New York.	1.13
559	Peerless Bonding Co	10.00
600	National Automobile & Casualty Co.	5.00
603	do	5.26
604	Aetna Casualty & Surety Co	5.79
611	National Surety Corp	4.79
618	National Automobile & Casualty Co.	1.60
633	New Hampshire Insurance Co	22.25
646	Peerless Bonding Co	10.00
653	do	10.00
782	Firemans' Fund Insurance Co	3.06
826	Fund Insurance Co	9.39
831	Continental Casualty Co	4.58
835	Aetna Casualty & Surety Co	5.28
841	Peerless Bonding Co	10.00
846	do	10.00
854	Aetna Casualty & Surety Co	4.75
909	National Surety Corp	18.00
958	National Surety Co. of New York	5.40
1345	Fidelity Casualty Co	5.43
1061	Aetna Casualty & Surety Co	17.00
1062	do	17.00
1063	do	17.00
1065	do	17.00
1066	do	17.00
1068	do	17.00
1071	do	17.00
1074	do	17.00
1076	do	17.00
1077	do	17.00

Teamsters Joint Council No. 10, Boston, Mass.

Bonding company: Peerless Bonding Co.

Number of persons covered by bond: Three officers of the joint council. Each of these people are bonded for $35,000.

Rate per thousand (3 years): $10.

Local unions covered by Joint Council 10 master bond: No local unions covered.

Teamsters Joint Council No. 13, St. Louis, Mo.

Bonding company: National Automobile & Casualty Co.
Rate per thousand: $4.53.
Local unions covered by Joint Council 13 master bond: Locals 405, 610, and 688.

Teamsters Joint Council No. 16, New York, N.Y.

Bonding company: Continental Casualty Co.
Rate per thousand: Undetermined.
Cost of bond for 3 years: $1,088.66.
The joint council and 17 local unions are covered by the bond. Each person is bonded for $70,000.
Local unions covered by Joint Council 16 master bond: Locals 80, 167, 202, 210, 237, 239, 282, 553, 584, 602, 607, 757, 808, 814, 816, 818, 820, 824, 826, 832, 868, 875, 917, 1034, and 1205.

Teamsters Joint Council No. 18, Utica, N.Y.

Bonding company: Continental Casualty Co.
Rate per thousand: Undetermined.
Cost of bond for 3 years: $3,628.48.
The joint council and 23 local unions are covered by the bond. The local unions and amounts of coverage are listed below:
Local unions covered by joint council master bonds:

Local 65	$10,000	Local 669	$10,000
Local 182	70,000	Local 685	10,000
Local 232	10,000	Local 687	15,000
Local 263	10,000	Local 693	10,000
Local 294	60,000	Local 787	10,000
Local 316	10,000	Local 794	10,000
Local 317	20,000	Local 895	10,000
Local 382	10,000	Local 1013	10,000
Local 506	10,000	Local 1015	10,000
Local 529	10,000	Local 1030	10,000
Local 540	10,000	Local 1274	10,000
Local 648	10,000		

Teamsters Joint Council No. 25, Chicago, Ill.

Bonding company: Stuyvesant Bonding Co.
Rate per thousand: $2.05 (joint council and 21 local unions); $2.75 (two local unions).
The joint council and 23 locals are covered by this bond: Locals 179, 325, 330, 438, 482, 703, 704, 705, 706, 710, 714, 717, 718, 725, 727, 731, 734, 737, 738, 743, 744, 761, 772, and 786.

Teamsters Joint Council No. 26, Cincinnati, Ohio

Bonding company: Fidelity & Deposit Co. of Maryland.
Rate per thousand: Undetermined.
Cost of bond for 3 years: $2,845.38.
The joint council and 10 local unions are covered by the bond. Each person is bonded for $15,000.
Local unions covered by joint council master bond: Locals 98, 100, 103, 105, 114, 140, 152, 185, 793, 850, and 954.

Teamsters Joint Council No. 28, Seattle, Wash.

Bonding company: American Surety Co.
Rate per thousand: $2.90.
The joint council and 42 local unions are covered by the bond. Each person is bonded for $50,000.
Local unions covered by joint council master bond: Locals 38, 117, 148, 192, 154, 195, 227, 231, 252, 313, 334, 342, 353, 378, 411, 451, 461, 465, 472, 524, 551, 556, 567, 582, 589, 599, 672, 690, 699, 763, 780, 788, 803, 811, 839, 882, 910, 951, 959, and 566.

Teamsters Joint Council No. 34, St. Paul, Minn.

Bonding company: Fireman's Fund Insurance Co.
Rate per thousand: Undetermined.
Cost of bond for 3 years: $329.23.
Number of people covered by bond: Four people of the joint council. Each of these people is bonded for $5,000.

Teamsters Joint Council No. 37, Portland, Oreg.

Bonding company: Argonaut Insurance Co.
Rate per thousand: Undetermined.
Cost of bond for 3 years: $2,569.20.
Number of people covered by bond: Seventy-seven.
The amount of coverage is $10,000, $25,000, and $50,000. The joint council and all the local unions are covered by this bond.
Local unions in Joint Council 37: Locals 57, 58, 81, 162, 206, 220, 223, 255, 281, 305, 324, 499, 501, 569, 656, 670, 689, 809, 883, 900, 911, and 962.

Teamsters Joint Council No. 38, Sacramento, Calif.

Bonding company: Argonaut Insurance Co.
Rate per thousand: $9.762.
The joint council and the following 23 local unions are covered by this bond. Each person is bonded for $50,000: Locals 87, 94, 137, 150, 165, 386, 431, 439, 517, 533, 601, 616, 629, 668, 678, 679, 698, 746, 748, 750, 768, 849, and 857.

Teamsters Joint Council No. 54, Denver, Colo.

Bonding company: Aetna Casualty Co.
Rate per thousand: Approximately $2.65.
The amount of the bond is for $20,000.
Local unions covered by joint council master bond: Locals 16, 17, 146, 219, 307, 435, 452, 537, 775, 905, and 961.

The CHAIRMAN. The gentleman from Ohio.

Mr. AYRES. Mr. Hoffa, after the passage of the Landrum-Griffin Act, did you have any difficulty getting a bond at that time?

Mr. HOFFA. This is the first problem we have had here of securing a bond. There was some changing of bonding companies, but apparently no problem in getting coverage.

Mr. AYRES. In other words, where you, through your broker, made application to bonding companies, you had no difficulty in abiding by the law?

Mr. HOFFA. I know of none whatsoever, except this instance.

Mr. AYRES. When were you first advised that you were going to experience difficulty abiding by the law?

Mr. HOFFA. About 3 or 4 weeks ago.

Mr. AYRES. Now, the question has been raised here that you are quoting other people, and their relationship to your bonding problem. In your personal opinion, why do you think all of a sudden you are experiencing difficulty in getting a bond?

Mr. HOFFA. My personal opinion, without having the, except secondary information, is the fact that the visits of individuals to these companies for whatever purpose they are from the Government and the adverse publicity that has been generated in many of the magazines and newspapers, such as was generated this morning by a statement to this effect from Attorney General Robert Kennedy, denied Thursday officials of the Teamsters Union were having trouble getting their required bond because of Government pressure. Instead, he said, their difficulty is probably caused by underworld connections of union insurance agents.

Now, statements like that certainly can create problems for any individual to get coverage from a bonding company.

Mr. THOMPSON. Will the gentleman yield?

Mr. AYRES. Just a moment.

Yes, go ahead.

Mr. THOMPSON. Well, if alleged underworld connections of people are a part of this, there have been, have there not, numerous allega-

tions, true or untrue, of connections of Dorfman with the Chicago underworld? Why, then, did you use him?

Mr. HOFFA. Now, just a moment, sir. I don't think that Alan Dorfman has ever been accused of any such a statement.

Mr. THOMPSON. Of no connections?

Mr. HOFFA. Not Alan Dorfman. I don't believe it. His father, Paul, may have had a statement, but not Alan Dorfman, to my knowledge.

Mr. THOMPSON. I see.

Has it ever occurred to you to use someone but Dorfman, you might have better luck?

Mr. HOFFA. Well, if all of the agencies that we have contacted here didn't place the insurance or the bonds, it doesn't seem to be Dorfman, but it seems to be a practice that when we send a wire to all of the carriers who are permitted to write these bonds, they simultaneously refuse, doesn't seem to be an accident.

Mr. AYRES. Well, Mr. Hoffa, it was not the intent of the conferees—and I think Mr. Griffin, the coauthor of the bill, would agree—that this bonding provision in the Landrum-Griffin Act would make it impossible for any union to get a bond. Now, I frankly am interested in two things: No. 1, Congress passed the law. We require all of the unions, including the Teamsters, to have the bond.

Now, you have reached the point where you are being denied a bond.

Mr. HOFFA. That is correct.

Mr. AYRES. Now, what happens to your union—and I am positive you are going to get a bond, one way or the other, because Congress is not going to sit back and let you be bound on some image that someone has created, or you have created yourself—but, on the other hand, for just a moment—what would happen to the Teamsters if you could not get the bond?

Mr. HOFFA. I have talked to the attorneys just about that very same thing before I came here this morning, and there is a very likely possibility on February 8 that there will be no expenditures from the Teamsters International Union until a bond is secured some place by any of those individuals who are not properly bonded under the required section of the Landrum-Griffin law, which would mean that many individuals who are permitted to receive strike benefits would not receive strike benefits.

It will mean that unpaid bills will be accumulated, it will mean almost that the international union would come to a halt.

Mr. GRIFFIN. Would the gentleman yield?

The gentleman from Ohio talked in terms of the intent of the law and, of course, he was a conferee, himself, but he made the statement that it was not the intent that the law should preclude any union from getting a bond.

Well, I would concur that the law does not preclude it from getting a bond, but I think that it was within the realm of possibility at the time that there might be particular unions or individuals who would conceivably have difficulty getting a bond.

Mr. AYRES. Will the gentleman yield?

Mr. GRIFFIN. Yes.

The CHAIRMAN. You have the floor, Mr. Ayres.

Mr. AYRES. Well, I yielded to him.

Mr. GRIFFIN. I would say obviously if the inability to get a bond were due to Government coercion, as charged, then the purpose of law would be frustrated, and that is a question that we are trying to decide, but until we have more substantial evidence than we have had here this morning that that was the case, I don't think the intent of the law comes into it.

Mr. AYRES. I think there is one main point here, Mr. Hoffa. You have testified to the fact that you had no difficulty getting the bond immediately after the passage of the Landrum-Griffin Act.

Mr. HOFFA. Up to and including now, we are bonded.

Mr. AYRES. And has there been anything happening in your union that would change the position that you take in applying for the bond now compared to 2½ years ago, when you got your first bond? Are you as good a risk now as you were then?

Mr. HOFFA. Probably better.

Mr. AYRES. That is all I have.

Mr. ROOSEVELT. Would the gentleman yield?

The CHAIRMAN. The gentleman from California has the floor. We are going to alternate, 5 minutes to the member.

Mr. ROOSEVELT. First, may I address myself to Mr. Griffin's point? It was, however, the primary intent of the law, was it not, to provide financial guarantees against malfeasance and dishonesty. That was what the bonding provision was inserted for, was it not, in the handling of union funds?

Mr. GRIFFIN. Well, as you say, I was one of the conferees and I can only speak as far as my own individual understanding.

Mr. ROOSEVELT. Well, may I ask you——

Mr. GRIFFIN. Certainly, that was one of the or perhaps the major consideration, to protect the union members, to make sure that their funds would not be taken away, and that they would be replaced if they were.

However, I think that there is a parallel here. You have many laws throughout the country whereby public officials—even though they are elected to office—must be able to obtain a bond before they can take office whereby they handle public funds; now if they don't qualify and can't get a bond under those circumstances, they would not be able to hold the office.

Mr. ROOSEVELT. Mr. Chairman, may I get my time back?

Mr. Zagri, is it your understanding as a lawyer that there is considerable difference between the bonding provisions of the Landrum-Griffin and the bonding provisions of the Welfare and Pension Fund Acts?

Mr. ZAGRI. Oh, yes.

Mr. ROOSEVELT. Would it be conceivable that the bonding provisions of the Pension and Welfare Fund Act, might result in the pension and welfare fund, to which Mr. Hoffa has referred, being able to provide sufficient financial guarantees so that it could stay in business, while the Teamsters' Union might still find themselves unable to protect themselves?

Mr. ZAGRI. Unquestionably, for several reasons: No. 1, under the Welfare Act, that is, the Disclosure Act, the Health, Welfare Pension Disclosure Act, only an honest bond is required. Now if an

honesty bond were the sole requirement of Landrum-Griffin, we would have no difficulty in securing a bond this very moment, because this has been told to us.

No. 2. Under the Health, Welfare, and Pension Disclosure Act, there is the possibility of applying to the Secretary of Labor, and if we could provide the collateral, to provide the adequate security for the bond in the event that a surety company turns us down, we could work this out on that basis.

We cannot do this under Landrum-Griffin. We have offered to, but we are not permitted to.

Mr. ROOSEVELT. In other words, union members could be just as fully protected by such a provision as is in the Pension and Welfare Act, but which is not in the Landrum-Griffin?

Mr. ZAGRI. No question about it. But it is interesting to note that much larger sums of money are involved in the pension fund than there are in union treasuries, and if it is good enough, if that provision is adequate to protect the funds under the Pension Act, certainly it should be good enough under Landrum-Griffin.

The CHAIRMAN. Would the gentleman from California yield for an observation?

Mr. ROOSEVELT. Yes, sir.

The CHAIRMAN. Under Landrum-Griffin, there are no criminal penalties; they are civil; under the Pension and Welfare Disclosure Act, there are no civil penalties, they are criminal. Isn't that correct?

Mr. O'HARA. Would the gentleman yield?

Mr. ROOSEVELT. I will be happy to.

Mr. O'HARA. Didn't the gentleman testify that you are experiencing the same difficulty now under bonds on the pension plans as you are with the international union?

Mr. HOFFA. They will expire February 8.

Mr. O'HARA. In other words, your situation with respect to the two different bonding provisions is now exactly the same?

Mr. HOFFA. That is correct.

Mr. ROOSEVELT. May I state, however, it is not exactly the same, but that you have a source of action open to you by addressing the Secretary of Labor, and asking him to put up sufficient guarantees, which course is not open to you under Landrum-Griffin. Is that correct?

Mr. HOFFA. We expect to pursue that during the course of the day, so far as the welfare and pension is concerned, but it is not permissible, as you state, under Landrum-Griffin.

I may say, sir, we have proposed to the bonding company, if they are concerned about the security, of posting $500,000 worth of Government bonds, as assurance that they would have no losses, and that does not seem to attract the bond either, though.

The CHAIRMAN. The gentleman from Michigan, Mr. Griffin.

Mr. GRIFFIN. Mr. Hoffa, who is Mr. Weiner that you keep referring to?

Mr. HOFFA. An officer of the Oxford Agency.

Mr. GRIFFIN. And the Oxford Agency is an insurance agency in Chicago; is that correct?

Mr. HOFFA. It is a bond—let me give it to you right, will you please?

National Oxford Agency, Inc., at 21 North LaSalle Street, Chicago, Ill., and I have here a letter which is very interesting from that very concern:

> We are pleased to inform you that we are renewing your Landrum-Griffin bond effective January 1, 1963, at the substantially reduced premium rate of $2.75 per thousand for 3 years. This reduction of premium is occasioned by the favorable claim experience, plus the approval of the Labor Department of the Consolidated Bond Form. We are herewith enclosing a bill for a 3-year period, commencing January 1, 1963, based on the coverage you now have. In the event that you have any change in the amount of coverage to be applied to each position, merely send us a letter indicating the change to be made. Make check payable to the National Oxford Agency.

Now I may say that the last insurance company that canceled us out was contacted, Citizen's Casualty, and asked for an extension beyond the February 8 date, and as of January 30, 1963, I received a wire refusing to give the extension.

In addition to that, there was some statement made awhile ago about the inability to get coverage. The master bond was made up and sent out to the local unions, just prior to cancellation, so when they went to the trouble of making up a master bond, they certainly must have anticipated a 3-year coverage, and must have had a reinsurer, to be able to make up such a bond.

The CHAIRMAN. Who sent that out, please?

Mr. HOFFA. Citizens Casualty Co. of New York.

The CHAIRMAN. The gentleman from Michigan.

Mr. GRIFFIN. This Oxford with which Weiner is connected is an agency or a broker, but not a bonding company. Is that correct?

Mr. HOFFA. It is an agency, it is not a bonding company. Not from what I gather from the stationery; no.

Mr. GRIFFIN. Does Mr. Weiner or Mr. Dorfman have any other connection with the International Teamsters' Union? Other than the connection concerning the health and welfare pension plan?

Mr. HOFFA. And this bonding.

Mr. GRIFFIN. Yes. Any other connection besides that?

Mr. HOFFA. No.

Mr. ROOSEVELT. Would the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. ROOSEVELT. I would like to ask the witness whether because of the concentration on these two people, if any broker in America comes up with a bond, will you give it to him, and will there be no commission to either Mr. Weiner or Mr. Dorfman?

Mr. HOFFA. We will be very happy to give it to any individual who writes it, with absolutely no strings attached to Dorfman or Weiner, whatsoever.

Mr. ROOSEVELT. Thank you.

I might add, I am an insurance broker, but I won't have anything to do with it.

The CHAIRMAN. The gentleman from Michigan.

Mr. GRIFFIN. Mr. Hoffa, your locals could apply for bonds, local by local, as you have indicated in your statement, and some of your locals do obtain your bonds on that basis. Is that correct?

Mr. HOFFA. No, some of the locals do, other than these 450, and now the 450 will be instructed that we cannot secure this bond in the last attempt we are making today, to try and find whatever coverage they can individually, even though it will cost almost double.

Mr. GRIFFIN. They will be permitted to get the bonds on a local-by-local basis after today. Is that what I understood you to say?

Mr. HOFFA. Not only permitted, they have always been permitted to do so. They merely did this through the group to insure themselves the lowest cost, and sufficient coverage.

Mr. GRIFFIN. As a matter of observation, I am impressed and concerned with the fact that suddenly it seems to be difficult to get a bond in a situation where the premium rate has gone down. I don't think you have come up with any evidence today that justifies the charges that were made in the letter. Moreover you do have a further recourse, and that is, to apply for these bonds local by local.

I might say that many of those who were involved in the drafting of this law thought when it was enacted that this was going to be an individual bonding requirement.

The fact that interpretations have allowed a blanket bond to cover almost all of the Teamsters' Union across the county in one bond raises a question of whether this interpretation actually fulfilled the original intent of the law.

But I guess your answer to this is that it costs you more money. It costs small unions more money, too. There are small unions that have to comply with the bonding requirements, and they are faced with the higher premiums, just as a local of the Teamsters' Union, or maybe a group of locals of the Teamtsers' Union, which could go together and apply for coverage.

Mr. DENT. Would the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. DENT. Are you suggesting that all of the unions that now have blanket bonds are to relinquish them in order that they could pay the higher premium, or what?

Mr. GRIFFIN. I am not suggesting any change in the law, I am just saying that this is possible.

Mr. DENT. Will you yield further?

Mr. GRIFFIN. Yes.

Mr. DENT. Do you know that it is the practice in my State, and perhaps in all of the States, or at least a majority of the States, to buy their bonds under exactly the same procedure of the blanket bond in order that they can conserve and save the money of the taxpayer? Would you suggest that they ought to pay $28 instead of $2?

Mr. GRIFFIN. I am not saying what they ought to do. I am just saying what the possibilities are.

Mr. DENT. How does that help the international?

Mr. AYRES. Will the gentleman yield?

Mr. GRIFFIN. Yes; I will yield.

Mr. AYRES. Isn't it true that every international union, United Auto Workers, right on down the line, have taken advantage of the blanket bond?

Mr. GRIFFIN. I don't know whether this is true or not. I might point out that this is the biggest union in the country, which is a factor that would be considered by any bonding company in the country in terms of whether they could accept the coverage or not.

Mr. AYRES. Well, the witness has testified that he is a better risk today than he was when given the bond 2½ years ago.

The CHAIRMAN. Time has expired. The gentleman from New Jersey.

Mr. THOMPSON. Mr. Hoffa, to me that has been an incredible performance, because the hearing this morning is based on your letter which you signed of January 28, and yet you come here and at every point where you in your letter say that there has been coercion or undue influence, you retreat to statements that you know nothing about this, it comes from one Mr. Weiner or one Mr. Dorfman.

You admitted in the course of your testimony that they both profit from this. Obviously, they have an enormous financial interest as long as they can place your insurance and get the agency's allowable fees, and any agency which places insurance or a bond gets a fee and is entitled to it.

Now, in the McClellan committee, there was evidence that Mr. Dorfman obtained over $1,600,000 in commission for handling of the health and welfare fund of the Teamsters, and as a result, his license was revoked in several States, including the State of Illinois.

You are in a position this morning of coming here, parroting the complaints of two people who can't sell the insurance and therefore can't get the money, and yet you can't substantiate as an individual who signed the letter one of the charges. We have got to have them here in order to do it.

Mr. ROOSEVELT. Would the gentleman yield?

Mr. THOMPSON. Surely.

Mr. ROOSEVELT. In fairness to the witness, this committee did not ask Mr. Dorfman to come before it; it asked Mr. Hoffa to come before it, and if there is any blame in this respect, it would seem to me it is not Mr. Hoffa's. We asked Mr. Hoffa to come here.

Mr. THOMPSON. Mr. Hoffa asked us, and we responded, Mr. Roosevelt, and I am sure I thought when we accepted, when we complied with his request, that on the basis of a letter that he signed, he would have the evidence to substantiate these charges.

I think that we ought now, as soon as we can, to hear from the other departments about it. We haven't been able to learn anything from you, Mr. Hoffa. I am sure what you have said, to your knowledge, is accurate, but those allegations on the basis of which you wrote this letter are all from Messrs. Dorfman and Weiner.

Mr. O'HARA. Would the gentleman yield for a moment?

The CHAIRMAN. The gentleman from Michigan.

Mr. THOMPSON. I yield.

Mr. O'HARA. The witness indicated in his testimony and in his letter, that they have been unable to procure this insurance, and that one of the excuses given by bonding companies was that they couldn't get reinsurance, yet I think it was your testimony that there is no problem of getting reinsurance. Is that correct?

Mr. HOFFA. No. It is not my testimony. I said that the reinsurors are a problem, but we guaranteed to reinsure the reinsurors by putting up $500,000 under Government bonds to see that nobody made any losses. But if that isn't sufficient for getting bonds in this country, then you can't secure bonds.

Mr. O'HARA. Well, subsequent to your letter and to your preparation of testimony, I think you testified here this morning that you talked to Mr. Wright in Indianapolis, and he said that he would bond you.

Mr. HOFFA. Mr. Wright said he would bond us to $64,000, but he had to get reinsurors for the balance, sir. That is what I said.

Mr. O'HARA. Then there is a bonding company that is willing to bond you right now?

Mr. HOFFA. If they could get sufficient reinsurors.

Mr. O'HARA. Do you have any reason to believe that he won't be able to?

Mr. HOFFA. Well, he doesn't believe he will be able to. He hasn't called me back since that day I talked to him, and he told me, if he could secure reinsurors, he would call me back, and he hasn't called back yet.

Mr. THOMPSON. Mr. Hoffa, you said earlier that you had offered $500,000 worth of Government bonds as reinsurance. I assume that they are bonds owned by your organization.

Mr. HOFFA. Well, Hoffa doesn't have them.

Mr. THOMPSON. I said, owned by your organization.

Mr. HOFFA. Yes, they are.

Mr. THOMPSON. Now, that would amount to you offering on behalf of your organization to reinsure it. Suppose there were a $50,000 or even a $3,000 loss, and it were made up by the bonds, and it was made up by bonds which you had placed. That would be taking it out of another Teamster pocket; wouldn't it?

Mr. HOFFA. Well, we will go a step further, then. We, individually, at least 12 of us, will underwrite at least a couple of hundred thousand dollars of it.

Mr. ROOSEVELT. Well, if the gentleman would yield, the gentleman, Mr. Hoffa, is dreaming, because the reinsurance laws of every State in the Union would preclude consideration by the company from accepting that.

Mr. THOMPSON. You are quite right, but I am not dreaming, because I am referring to his letter in which he says they offer to reinsure.

Mr. ROOSEVELT. I said Mr. Hoffa is dreaming.

The CHAIRMAN. The time has expired.

The gentleman from Kentucky, who is the ranking member.

Mr. PERKINS. Mr. Chairman, I regret that I missed most of the testimony. Although I heard the introductory statment, I had to go over to a meeting on the accelerated public works legislation, and I missed some of the questions and answers that followed.

Mr. Hoffa, from what I have heard you state, I would still like for you to tell the committee if you know personally of any pressure from any governmental agency insofar as interference with your organization's efforts to secure any bond?

Mr. HOFFA. I have no personal knowledge of anybody actually contacting individuals, of my own personal information.

Mr. PERKINS. That is all.

The CHAIRMAN. Mr. Goodell, the gentleman from New York.

Mr. GOODELL. Well, pursuing that, Mr. Hoffa, you have repeated here that some individuals made statements of which you at least have hearsay knowledge that they don't want the pressure. So you have charged that there has been pressure from the Attorney General or from someone around the Attorney General in this respect.

Do you have any substantiation of that?

Mr. HOFFA. I am not naive, and I don't think you are, either, none of you. U.S. News & World Report is read probably by everybody in this room, and on page 59 of this article there are Hoffa and the Teamsters Union. If you take time to read that article, it is a pretty

good highlight or spotlight to any bonding company as to the position of certain individuals and the teamsters unions, and those bonding companies being under license of the Government pretty well read that, too, and know what it means. This is Mr. Kennedy's statement, and that is why I make those charges.

Mr. GOODELL. Well, it is your position, then, that the Attorney General, having the authority that he has, can exert tremendous pressure on these bonding companies?

Mr. HOFFA. It is my opinion he could if he wanted to, and also the inaccuracies of this statement would lead any bonding company to believe that 44 people of the Teamsters Union have been convicted. When you continue to read the article, you find he speaks about seven or eight people involved in this question.

Mr. GOODELL. Now you are distinguishing between the Attorney General's informing the bonding company of facts with reference to these individuals, and bringing pressure upon them due to the fact that these bonding companies need the Government approvals in certain ways.

Mr. HOFFA. I maintain it is indirect pressure. Even though I have no personal knowledge. I can read this article on 59.

Mr. GOODELL. What is the total amount of coverage on these bonds?

Mr. HOFFA. I believe that the total coverage is around $95 million.

Mr. GOODELL. $95 million?

Mr. HOFFA. I have been told that.

Mr. GOODELL. And the 3-year premium is $700,000?

Mr. HOFFA. It was. It would not be today, because of the reduced rate of $2.95 from $5 something.

Mr. GOODELL. So it was going to go down 60 percent, roughly.

Mr. HOFFA. Roughly, I would assume about $275,000 to $300,000, because it is cut almost in half.

Mr. GOODELL. And this covered 450 of your locals?

Mr. HOFFA. I am informed there are 450 locals involved.

Mr. GOODELL. How many of your locals were not covered under the master?

Mr. HOFFA. As I stated before, about half.

Mr. GOODELL. About half?

Mr. HOFFA. Yes.

Mr. GOODELL. Are they paying higher premiums than your master bond now?

Mr. HOFFA. As I stated, I will have to secure that, and will, and submit it to this committee.

Mr. GOODELL. Do you know how your rate for these 450 locals compares to other union rates?

Mr. HOFFA. I have never checked it.

Mr. GOODELL. No idea?

Mr. HOFFA. I have no idea whatsoever. Never checked it.

Mr. GOODELL. Mr. Zagri, do you?

Mr. ZAGRI. I would rather submit the facts than guess on it.

Mr. GOODELL. Would you do that, the facts as you know them?

Mr. ZAGRI. We have already agreed to do that.

Mr. HOFFA. Not only our international, but in response to your question, we will try to secure what the other internationals are paying for their bonds.

Mr. GOODELL. Do you know any reason why any of your locals have gone after their own bond, rather than joining the 450 others?

Mr. HOFFA. It was optional.

Mr. GOODELL. The definite impression has been given that they are going to have to pay a considerably higher premium in order to get their own individual bonds than to join with you.

Mr. HOFFA. I would believe, from what I have been told, that they have group coverage of their own, like in Joint Council 25, on the west coast, the New York Joint Council, and other joint councils have group coverage for their locals. We will submit that. I will find out for a certainty and submit it.

Mr. DENT. Mr. Goodell?

The CHAIRMAN. The gentleman from Pennsylvania, Mr. Dent.

Mr. GOODELL. Mr. Chairman, may I ask unanimous consent for Mr. Zagri? He had another comment.

The CHAIRMAN. Yes.

Mr. ZAGRI. I would like to elaborate on the question, and then I am through.

Mr. Goodell, with respect to the question of the rate, the rates that we are paying were promulgated by the Assurance Society of America, which is the overall agency for all of the brokers and bonding companies, and they stated that the rate given was the lowest possible rate, because of the experience. From this, I must conclude that no international union could have a rate lower than that which we paid on this bond, because they gave us the maximum discount available for this kind of business, based on our experience.

The CHAIRMAN. The gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman—Mr. Hoffa, has your organization appealed to the Secretary of Labor on the basis of section 433 under the act, and section 601, which clearly state that it and the provisions of section 502 are subject to the general investigatory powers given to the Secretary by the act under this section, which enables him to determine whether or not there has been a violation of any of the provisions governing the bonding features of section 502?

As I read the law, there would have to be some sort of a violation on the part of an officer or group of officers that are covered by the bonding feature of 502 before you would be held without the law. I don't see how you could be held without the law if you are living up to the provisions of the section 502, section 601, and section 453, because in those sections, it determines that you have the right to appeal to the Secretary, or rather, the Secretary of Labor could determine whether you are held in violation of any of the provisions that cover the bonding feature.

Now, have you asked the Secretary to set aside the provisions of the act denying you the right to handle the moneys of the local, of the local officers as well as the general officers of the union, inasmuch as you have or have not violated the act?

Mr. HOFFA. Our attorneys—and several of them have discussed this—believe that the only remedy to the problem will be if on February 8 we have no bonds, as I stated before, will be not to handle financial matters of actually issuing checks or approving further expenditures after that date. But nowhere under there can our attorneys find any relief from the bonding coverage, even by the Secretary of Labor.

Mr. DENT. Well, then, it is assumed by your attorneys that failure to get a bond denies you the rights or the prerogatives of the office to which you or any other officials of the union are elected.

Mr. HOFFA. That is correct.

Mr. DENT. Under your constitution, the local officers as well as the general officers of your union have prescribed duties that they must perform as officers of the union; is that right?

Mr. HOFFA. That is right, sir.

Mr. DENT. If the bonding feature, then, is denied you, and you cannot act in the capacity to which you were elected, are you then still an officer of the union?

Mr. HOFFA. I would be, with the exceptions of being able to carry out those provisions that require the bonding section to be complied with of Landrum-Griffin.

Mr. DENT. Under that section, is there anybody bonded by this particular section that writes the checks, or is authorized to write the checks for the payment of the nonpolicymakers of your organization, such as stenographers, clerks, and so on?

Mr. HOFFA. There would be nobody after February 8 in a position to issue the required checks to run the organization, because they would have no bond, since they were covered under the bond that is subject to cancellation at February 8.

Mr. DENT. Well, I see nothing in this section which can't be set aside by the Secretary of Labor on the basis of his own investigation under section 601 to determine whether or not you have violated any feature of the Landrum-Griffin Act which would deny you a bond. There is nothing in here that determines that a bond is the criteria as to whether you can hold office, but the criteria is as to whether you have been elected and are not in violation of the Landrum-Griffin Act. At least that is my interpretation.

Mr. AYRES. Would the gentleman yield?

Mr. DENT. Yes, sir.

Mr. AYRES. Mr. Chairman, we have gone all around the mulberry bush here. There are two things involved: One, Mr. Hoffa, as general president of the Teamsters, is facing a deadline of February 8. The one set of facts that we do have is that there is a definite list of bonding companies that are eligible to grant bonds under the Treasury Department.

Now, Mr. Hoffa says he can't get a bond. He has offered personal reasons as to why.

Mr. Chairman, I move that you, as chairman, write every bonding company eligible to issue a bond and ask them why Mr. Hoffa can't be bonded by them.

The CHAIRMAN. Is there a second?

Mr. GOODELL. I will second the motion.

The CHAIRMAN. It has been moved and seconded. Are we ready to vote?

Mr. THOMPSON. Mr. Chairman, don't you think that before that is done that perhaps we ought to have an executive session and discuss looking into this thing a little bit further before we instruct you to undertake such a thing as that?

The CHAIRMAN. Well, the Chair would like to make the observation that with or without the motion, he is going to do it anyway.

Mr. DENT. Mr. Chairman, I might state at that point, I am not interested so much in allegations or charges on the part of anybody; I am interested in whether or not a union or any other enterprise in the United States can be deprived of its legal rights by the absence of a bond which is not part of the original contract contained in their election or assumption of an office.

Mr. AYRES. Will the gentleman yield?

I wish to associate myself with the statement that the gentleman from Pennsylvania made. As far as I am personally concerned, I do not owe anything to Mr. Hoffa. He has done his best to defeat me on several occasions; but he is entitled to his rights under the law we passed.

The CHAIRMAN. All in favor signify by saying "aye"; all opposed, "no." The ayes have it.

The chief clerk will draw up the letters and send them out post-haste.

(A tabulation of the results of these inquiries appears below:)

In following breakdown, it must be remembered some companies were affiliated with a "parent company" (for example Hartford Accident & Indemnity Co.) while others merged and still others duplicated replies of affiliates. The total number of telegrams and letters received, accordingly, is listed below:

Company does not write this type of insurance	105
Risk too great and/or company too small	72
No request made of company	10
Through agents other than company's	6
Cannot obtain necessary reinsurance	4
Miscellaneous, but not indicating any pressures	30
Total	227
Companies not heard from (and obviously small ones dealing with automobile insurance, etc., and with limited assets)	4

The CHAIRMAN. The gentleman from Indiana, Mr. Bruce.

Mr. BRUCE. It seems to me that the major issue at stake here is a charge by you, Mr. Hoffa, of undue coercion on the part of certain Government officials against you and your union; is that correct?

Mr. HOFFA. I have repeatedly made the statement that in my opinion indirect pressures and the direct pressures that I have recited here as what I have been told is the reason we can't secure the bond.

Mr. BRUCE. This hearing was prompted by a letter, Mr. Hoffa, that you addressed to the chairman of this committee. Did you personally dictate this letter?

Mr. HOFFA. No, I did not.

Mr. BRUCE. Were you thoroughly acquainted with the contents of this letter?

Mr. HOFFA. Well, I believe I signed the letter in rough, in Philadelphia, and it was brought back here for final draft.

Mr. BRUCE. Mr. Hoffa, this letter in paragraph 3 starts out by saying in asking for this hearing, "I shall present facts to you in this letter."

Mr. Hoffa, under oath, will you say that what you have presented in this letter are facts?

Mr. HOFFA. I will not say under oath that what is here that I have investigated as facts, but what I have been told by those we charged with the responsibility of submitting the facts to me, I have recited them.

Mr. BRUCE. But you did say, in paragraph 3 of the letter signed by you, however, "I shall present facts to you in this letter"—note "in this letter"—"that no fair person could regard as but a willful attempt to victimize the officials."

Mr. HOFFA. I think if you will read, sir, the next two paragraphs—

Mr. BRUCE. I simply ask you, under oath, will you say that what is in this letter is 100 percent facts?

Mr. HOFFA. I will say that the information in this letter as I was told has been transmitted to this committee factually as I was told.

Mr. BRUCE. Mr. Hoffa, let me assure you that from my standpoint the main issue of my concern here is your charge that Government agents have used undue coercion. Now, if what you have charged in this letter is true, then there is a grave area of investigative possibilities for this committee. If it is false, then you have done a great injustice to people in high places and elsewhere in this Goverment.

On page 2, in this letter, after saying you are presenting facts, you say:

> According to Frank Wright, president of United Bonding Co., Walter Sheridan, special assistant to Attorney General Kennedy, called upon him on that date, and questioned him regarding the intention of his company to bond the officers of the Teamsters Union.

Is that a fact?

Mr. HOFFA. As told to me. I have repeated it. I did not personally check it out.

Mrs. GREEN. Would the gentleman yield?

Mr. BRUCE. Yes.

Mrs. GREEN. Mr. Chairman, I would like to make a suggestion, if I may, and I do not seek to deprive any of my colleagues of their right to question the witness. I do make this suggestion for two reasons.

The newspapers go to press. I think that this committee would not want to be unfair, and have only one side of the story told to the public.

The second reason I make the suggestion is that perhaps some of my colleagues would rather question Mr. Hoffa after representatives from both the Justice and the Labor Department have had a chance to present their views, and, therefore, Mr. Chairman, considering the hour, might I suggest that we call upon the Justice and Labor Department, and then that we ask Mr. Hoffa to come back to present his views?

This is just a suggestion, which it seems to me might help us to reach the facts, because these are allegations which the witness himself says are not based on personal knowledge.

The CHAIRMAN. There are eight members of this committee present who have not been heard, and it is up to them, and if any of them object, we shall proceed.

Mr. MARTIN. Mr. Chairman, I would like to make one point.

Mr. BRUCE. I would like to conclude with one point: That Mr. Wright—and here we have a real conflict—Mr. Wright, not under oath, but publicly, as witnessed in the January 30 edition of the Indianapolis Star, concerning the charge in your letter, says:

> The story is fictitious. I have never talked to a Teamster official about this, and no one from the Government has ever talked to me about it.

So we do have a clear conflict, and, Mr. Chairman, I suggest that this be pursued.

The CHAIRMAN. The gentleman from Indiana, Mr. Brademas.

Mr. BRADEMAS. Thank you, Mr. Chairman. I just have one question, in the interest of time.

Mr. Hoffa, you have accused the administration, in the language of your January 28 letter to Chairman Powell, of using "brutal and unrelenting force to compel compliance with its desires." You a moment ago cited a clipping from a Miami newspaper in which the Attorney General is represented as having explained, as the chief reason you are having trouble with your bonds, alleged underworld connections, and this seems to be a charge with which you are obviously not in agreement.

But you have cited several times the role of Mr. Alan Dorfman as an agent for your union in the procuring of bonds. Is it not true that Mr. Dorfman, following disclosures before a congressional committee, had his license as an insurance broker revoked in several States, including his home State? Isn't it also true that Mr. Dorfman's stepfather was the head at one time of the Waste Handlers Local No. 20467 in Chicago, a position to which he succeeded after the previous president of that union had been murdered?

I just raise, therefore, this general question to you, without giving credibility to these various allegations; Is it unreasonable to assume that using a man with this kind of associations might be one of the reasons that you are having trouble placing your bonds?

Mr. HOFFA. Kind of peculiar, isn't it, Congressman, that they were having no trouble placing them; since Landrum-Griffin, suddenly they have trouble?

Mr. BRADEMAS. You made very strong charges that the Attorney General was seeking to exercise coercion upon your union. Is it your position that you are the only one that has an opportunity to make charges, and that the Attorney General is not permitted to suggest some of the reasons you might be having trouble placing these bonds?

Mr. HOFFA. Let him step up.

Mr. BRADEMAS. I am sure a representative of his intends to do so, and I agree with Mrs. Green that I hope very much we will have a chance to hear him.

Mr. GRIFFIN. Would the gentleman yield?

Mr. BRADEMAS. I would be glad to yield.

Mr. GRIFFIN. In other words, was his license revoked in several States to Mr. Hoffa's knowledge?

Mr. HOFFA. I was just going to answer. In my understanding, his license was revoked. I understand it is on an appeal. So far as being his stepfather, I understand that it is his father, Paul Dorfman, not his stepfather. Insofar as you talk about how he became the head of the Waste Union, I have no knowledge.

Mr. BRADEMAS. Is it not true further, Mr. Hoffa, that at the time Mr. Dorfman successfully arranged an insurance contract for the Mount Vernon Life Insurance Co. with the Central Conference of Teamsters some years ago—1949, to be specific—that he was neither experienced in the field of insurance or licensed to sell insurance?

Mr. HOFFA. I testified under oath in front of the McClellan committee and the Hoffman committee concerning the association of Alan

Dorfman with our welfare fund, and the statements still stand that Alan Dorfman was an agent, and that is the insurance was placed with insurance companies of long standing and experience, and everybody, including Congressmen, have to learn.

Mr. BRADEMAS. I appreciate your admonition to knowledge, Mr. Hoffa.

Mr. HOFFA. Yes, I learned, too.

The CHAIRMAN. The gentleman from Nebraska.

Mr. MARTIN. Mr. Chairman, I would like to pursue for just a moment the point which Mr. Goddell made a few moments ago in regard to the fact that approximately half, I believe Mr. Hoffa stated, approximately half of the local unions carry this bond or get it on their own initiative, rather than through a blanket bond of your entire organization.

As to these bonds which have been procured by the local unions, are they going to be canceled as of February 8?

Mr. HOFFA. Not to my knowledge, sir.

Mr. MARTIN. In other words, to the best of your knowledge, then, they are going to be continued in force, and these local unions will be able to operate from a financial standpoint as far as paying the bills, and so forth?

Mr. HOFFA. As fas as I know, except that the money from the international union, if there is no bond, will not go to those local unions that they are entitled to under the constitution from time to time.

Mr. MARTIN. If these bonds are not going to be canceled as of February 8, as you have just testified, and you are faced with a serious predicament of being put out of business financially, or as of February 8, both for the 450 locals that are under your blanket bond and the international officers, why not apply on an individual basis for these bonds?

Mr. HOFFA. I have——

Mr. MARTIN. Have you personally requested or made application for a bond to cover your activities in the union?

Mr. HOFFA. I have not, but I have instructed people today, as I stated, to attempt to secure it now on an individual basis.

Mr. MARTIN. It seems to me with this deadline coming up on February 8, if you want to continue in business, why, you could pursue an approach and perhaps get proper bonds.

Mr. HOFFA. We are attempting that today.

Mr. MARTIN. That is all.

Mr. ZAGRI. Mr. Chairman, may I have your permission to incorporate into the record a letter addressed to me by Mr Fred Krupp of the Western Pacific Insurance Agency relating to the question of his experience on the question of securing Teamster bonds in the West?

I would like to state that he stated that he was unsuccessful in accomplishing the objective, since the same companies had already turned down Alan Dorfman and Mr. Weiner.

Now this, I think, is a reply to both Mr. Thompson and Mr. Brademas, to their question of would Mr. Hoffa have had better luck if they tried some other agent than Mr. Dorfman. We tried another agent. In covering the same territory, they had exactly the same luck.

The CHAIRMAN. The gentleman from Michigan.

(The letter referred to follows:)

WESTERN STATES INSURANCE BROKERS,
San Francisco, Calif., January 24, 1963.

MR. SIDNEY ZAGRI,
International Brotherhood of Teamsters,
Washington, D.C.

DEAR MR. ZAGRI: In accordance with your request, we have contacted several surety companies regarding the placing of the Fidelity insurance for the International Brotherhood of Teamsters and thus far have not found any interested company. Each of the companies we contacted advised us that they have already been contacted by another insurance broker. We are continuing to pursue this matter and if we are successful in finding an interested company, we shall advise you immediately.

Very truly yours,

FRED M. KRUPP.

Mr. O'HARA. Is it true that, throughout all of the placements of these bonds, you have used the agency with which Mr. Weiner and Mr. Schwartz and Mr. Dorfman have been associated?

Mr. HOFFA. It is my understanding; yes.

Mr. O'HARA. When was it that the attempt to place such bonds without the assistance of Mr. Dorfman, Mr. Weiner, and Mr. Schwartz and their associates first took place?

Mr. HOFFA. Probably during the last 2 or 3 weeks since we were notified.

Mr. O'HARA. Your experience in attempting to place it through others is of quite short duration then?

Mr. HOFFA. But of complete coverage.

Mr. O'HARA. It is my understanding that, originally, these bonds were placed through the Illinois agency of the Summit Insurance Co., which Mr. Dorfman, Mr. Weiner, and Mr. Schwartz were associated with. Is that correct?

Mr. HOFFA. I think Congressman Thompson said it was the same company, if I am not mistaken.

Mr. THOMPSON. That is right.

Mr. HOFFA. A change around, or something.

Mr. THOMPSON. It has had several reorganizations, including the name just given.

Mr. O'HARA. Is this the same Illinois agency of the Summit Fidelity that went through a reorganization in bankruptcy because of some missing funds?

Mr. HOFFA. I don't know why they did, but I think Congressman Thompson said it was the same company, and I think you did say they went through a reorganization.

Mr. THOMPSON. Two or three.

Mr. O'HARA. I believe that, it is correct that at that point, the Oxford agency was formed, and they, then, handled the insurance. Wasn't it essentially the same group, throughout?

Mr. HOFFA. I gather from the statement of Congressman Thompson that it is the same group.

Mr. O'HARA. Would you know, Mr. Hoffa, whether or not a Mr. Stuart Hopps was associated in any way with the organization or placement of insurance through the Oxford agency?

Mr. HOFFA. I don't recall the name, sir.

Mr. O'HARA. Mr. Hoffa, with the association of a gentleman whose license has been revoked in several States, the association of others,

including Mr. Weiner, who evidently has some financial interest in other businesses with persons not considered to be of the highest repute, in the light of the history of the Illinois agency of Summit Fidelity and their difficulties, I would suggest that this recent attempt—unsuccessful, as you have described to us—to place these bonds without the help of Dorfman may have been unsuccessful because of the experiences of these companies and their knowledge of the association of Dorfman and these other gentlemen with your past bonding efforts. Don't you think that that is a possibility?

Mr. HOFFA. Positively not. If you look at the question of reducing the rate alone on the experience rating—and that is what insurance companies go by and bonding companies—and if you look at the fact that we are just now experiencing the trouble, not right after the Landrum-Griffin law was passed, it doesn't make sense to me.

Mr. BRADEMAS. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman has expired. The gentleman from California, Mr. Bell.

Mr. BELL. Mr. Chairman, I am in agreement with the gentlewoman from Oregon. In the interest of time, I will not have any questions at this time.

The CHAIRMAN. The gentleman from California, Mr. Hawkins?

Mr. HAWKINS. No questions.

The CHAIRMAN. The gentleman from Maryland, Mr. Sickles?

The gentleman from Florida, Mr. Gibbons?

Mr. GIBBONS. I will waive my time, Mr. Chairman.

The CHAIRMAN. The gentleman from Hawaii, Mr. Gill?

Mr. GILL. I will waive my time.

The CHAIRMAN. The gentleman from California, Mr. Brown?

Thank you, Mr. Hoffa.

At this time, I would like the representatives of the Department of Justice to come forward, identify themselves, and have the chief clerk swear them in.

The chairman will inform the committee that the wires to the bonding companies are already on their way.

Mrs. GREEN. Mr. Chairman, is Mr. Hoffa going to appear before the committee after we have heard from the other witnesses today?

The CHAIRMAN. It is possible, Mr. Hoffa?

Mr. HOFFA. I would be willing to wait right here, and listen to what they have to say.

The CHAIRMAN. All right. The gentleman from the Department of Justice will kindly come forward and identify himself.

Mr. KATZENBACH. Mr. Chairman, my name is Nicholas Katzenbach. I am Deputy Attorney General.

The CHAIRMAN. Are you accompanied by anyone?

Mr. KATZENBACH. There are some other representatives in the room, but——

The CHAIRMAN. Would you care to have them with you?

Mr. KATZENBACH. I don't think so, Mr. Chairman. If I can't answer the questions of this committee, we will see if they can.

The CHAIRMAN. Would you stand and be sworn?

The CHIEF CLERK. Do you solemnly swear in your testimony before this committee to tell the truth, the whole truth, so help you God?

Mr. KATZENBACH. I do.

The CHAIRMAN. You may proceed, Mr. Katzenbach.

TESTIMONY OF NICHOLAS deB. KATZENBACH, DEPUTY ATTORNEY GENERAL, DEPARTMENT OF JUSTICE

Mr. KATZENBACH. I have no prepared statement, Mr. Chairman.

The CHAIRMAN. Let's have regular order, please, now.

Mr. KATZENBACH. I came here as the representative of the Department of Justice at the invitation of the committee because of the letter which Mr. Hoffa had written to the committee, and I have been sitting in the room hearing Mr. Hoffa's testimony.

I had expected at that time to get further information from Mr. Hoffa with respect to allegations made which I took to be of a serious nature, about the pressure put on by Government agencies and by the Department of Justice.

Having listened to Mr. Hoffa's testimony, I find that he has no information of that kind, first-, second-, third-, or fourth-hand, except for some rather vague statements made by Alan Dorfman.

He also said that the pressure which he mentioned in the letter became indirect pressure from being direct pressure. As evidence of "indirect pressure" he cited an issue of the U.S. News, not mentioned in the letter. I do not have a copy of that present, but I think it should be read. I agree with Mr. Hoffa, it should be read by the committee.

My recollection of that article is that questions such as, "Are you out to get Hoffa?" were answered, "No, I aim to see that justice is done."

It is true in response to a question in that article with respect to convictions in labor racketeering cases, the Attorney General gave some statistics. I do not recall the statistics that he gave. In point of fact, 28 members of the Teamsters have been convicted in the past 2 years, and perhaps a response of that kind, which is a matter of public record, to a factual question does affect the bonding companies. As to that, I have no knowledge. But I am prepared to state, Mr. Chairman, that the Department of Justice, the Attorney General, and the people in the Department of Justice have not sought in any way to impede the International Brotherhood of Teamsters in obtaining required bonding, nor have they attempted to discourage any bonding company from providing such coverage.

I don't understand that any allegations of that kind have now been made, since Mr. Hoffa seems to have withdrawn most of the statements that he made, or stated that he had no knowledge at all.

In fact, as I understood his testimony, the only company that he had contacted personally said that it would be delighted to write the insurance.

Mr. ROOSEVELT. Mr. Chairman?

The CHAIRMAN. The gentleman from California.

Mr. ROOSEVELT. May I ask a question just to pinpoint it?

Mr. Hoffa's letter to the chairman and members of the committee specifically states that Walter Sheridan, special assistant to Attorney General Kennedy, called upon him on that date, which was January 24, 1963.

Do you know as a fact whether or not Mr. Sheridan did or did not on that date contact Mr. Frank Wright, president of the United Bonding Co.?

Mr. KATZENBACH. I have inquired of Mr. Sheridan. Mr. Sheridan has stated to me that he did not, that he has not been in contact by phone or visit with Mr. Wright for some years.

Mr. GRIFFIN. Would the gentleman yield?

Does Mr. Sheridan happen to be in the room?

Mr. KATZENBACH. Mr. Sheridan is not in the room; he is not in town. He has been out of town for some time.

I got this information personally by myself from him, and as I understand the response to Congressman Thompson, that is also affirmed by Mr. Wright.

Well, Mr. Chairman, I certainly believe that the difficulties of the Teamsters Union in getting this bonding coverage is a matter which they should know about, or the bonding companies should know about.

I would say I am somewhat appalled by reasoning which states that since they are unable to get insurance, then for that reason, it is clear that the Attorney General has been pressuring the companies. Because as I listened to the testimony and the questions here, a number of other possible explanations of their difficulties in getting insurance occurred to me, and I am sure occurred to the other members of this committee. I do not think that that kind of an inference would be drawn by anyone except the man who drew it.

I would like to make one or two observations with respect to a statement to the press which was attributed to the Attorney General, in which he suggested some reasons of this kind. That statement was not made to the press. That statement was contained in a response to a Member of Congress.

It was not a statement made to the press. The Attorney General made no statements to the press with respect to this subject, and I again suggest to you that you read the statements that he made with respect to Mr. Hoffa in U.S. News. They are in response to questions, they are factual, and they certainly are not inflammatory.

The CHAIRMAN. The statement in the press, which I have not seen: Does it say that it came from the Attorney General or did it come from a Member of the Congress?

Mr. KATZENBACH. I only know the testimony—I looked briefly at the paper this morning, Congressman, and I think it perfectly possible to draw the inference from the way that newspaper story was written that the statement did come from the Attorney General. I merely wish to point out to the committee what I know to be true, that it came from a letter to a Member of Congress and was not a statement to the press by the Attorney General.

The CHAIRMAN. Would you care to identify the Member of Congress?

Mr. KATZENBACH. It was a letter—I had a copy of it here. Perhaps I have it.

I don't appear to have a copy of the letter, and I confess I have forgotten the name of the Member of the House of Representatives to whom it was addressed.

The CHAIRMAN. Thank you.

Mr. KATZENBACH. I am told it was to Congressman Ashley of Ohio.

The CHAIRMAN. Thank you.

Mr. KATZENBACH. Mr. Chairman, I would be happy to answer any questions that the committee would care to ask.

The CHAIRMAN. The gentlewoman from Oregon.

Mrs. GREEN. I have no questions.

The CHAIRMAN. The gentleman from Ohio?

Mr. AYRES. Would you care to offer an opinion why the Teamsters can't get a bond?

Mr. KATZENBACH. I would like to have more facts than are available to me, so that the opinion that I could express was a responsive one, Congressman.

It may be because, as Mr. Hoffa testified, the principal man involved in this seems to have been Mr. Dorfman, and that seems to be the source of most of Mr. Hoffa's information, although Mr. Dorfman heard it from Mr. Weiner who heard it from somebody else. And perhaps there are difficulties in dealing with a man of that reputation.

I think it may also be true that the sort of coverage sought by the union is difficult to obtain, because of the fact that the bonding company is taking a blind bond, in the sense that they do not know the people involved, and it is a matter of public record that a number of people employed by this union in positions of responsibility have had difficulties with the law.

I also know that a number of Teamster locals have been bonded without difficulty. Sixty-eight locals comprising the Western Conference of Teamsters were bonded by Argonaut Insurance Co. Fidelity and Deposit Insurance Co. has bonded locals and entities. Aetna Insurance Co. has bonded 36 locals and entities. Stuyvesant Insurance Co. has bonded 79 locals and entities. So Teamster unions are able to get bonds.

The CHAIRMAN. I think as a matter of record, if the gentleman will yield for a moment.

Mr. AYRES. Yes.

The CHAIRMAN. That it ought to be pointed out that this bond is not a bond of appearance, it is a bond of positions. Am I correct? In other words, Mr. Hoffa is not being bonded, but the general president, whoever he may be?

Mr. KATZENBACH. Yes, my reference to its being a blind bond was that the company writing the bond does not know the incumbent of the position, and therefore is taking him simply by sort of rank and serial number, rather than by name.

Mr. AYRES. Mr. Hoffa testified that in his opinion, he was a better risk today than he was two and a half years ago, when the Landrum-Griffin Act first became the law of the land.

Does it not seem odd that he would be bonded when he was a poorer risk, and now all of the 247 licensed bonding companies, listed by the Treasury Department, refuse to honor a bond? Just on the surface, does it not seem rather odd that we have all of these bonding companies that are licensed, and Mr. Hoffa, according to his testimony, is a better risk, but nobody wants to bond him?

Mr. KATZENBACH. Well, Congressman, before I felt that was odd, I would like to know in a great deal more detail the terms of the bond that they wished to have, and compare this with the terms of other bonds. I would wish to know who made the approaches for bond to the insurance companies, bonding companies, surety companies, and I would wish to ask them questions in that respect. I would want to know the details of the transactions that were made.

Now I don't know whether or not the Teamsters are a better risk today than they were before, and I wouldn't want to express any opinion on it, on the financial aspects of this. It is true, of course, that some of the Teamster officials are no longer in office, and perhaps that makes them a better risk.

It is also true that a number have been in difficulty with the law, as I have already testified, and Mr. Hoffa believes, as I understand his testimony, that that fact as disclosed in U.S. News might have affected the bonding company's judgment.

But I would want to know a great deal more about the transactions before expressing the view that this was odd, because it is not unusual for all bonding companies to agree in assessing a risk that it is a risk not worth taking.

The CHAIRMAN. The gentleman from California.

Mr. ROOSEVELT. Mr. Katzenbach, could you explain to me what the rules of this bond's not being renewed on February 8 would be? For instance, if any action by any of the people bonded under that present bond were to go forward, would they become subject to action by either your office or—when I say "your" I mean the Department of Justice—or the Secretary of Labor?

Mr. KATZENBACH. I think the answer to that question is, Congressman, that that would be a possibility, but one would have to look again at all the facts I just described as to the difficulties of getting bonds, what efforts had been made, who had made them, and what had gone on, before you would say that action under the bonding provisions of the statute would be appropriate—at least insofar as there was any willful intent with respect to this not to take out a bond as required by law.

But I hesitate to express an opinion on that at this time, because one would have to know a great deal more of the facts than—well, very few facts have come out in this hearing.

Mr. ROOSEVELT. Well, would you say, however, that if you are not sure what the position of an official of the Teamsters Union might be who is bonded, that perhaps they might not be too sure, either?

Mr. KATZENBACH. One difference, Congressman. They would have a lot more knowledge as to what they had done than I have.

Mr. ROOSEVELT. Well, it isn't a question of doing something. Doesn't the act require that they be bonded before they do anything?

Mr. KATZENBACH. The act requires that they be bonded before they do anything.

Mr. ROOSEVELT. So it wouldn' be a question of what they had done, it would be a question of any action that they might take, good, bad, or indifferent?

Mr. KATZENBACH. No; I don't think so, Congressman, respectfully.

Mr. ROOSEVELT. I am trying to find out.

Mr. KATZENBACH. I would think that with respect to some of those provisions, the question would arise as to whether the reason that they were not bonded had anything to do with their intent, or to the efforts they had made to get bond, and whether the efforts they had made were reasonable efforts to do so. At least with respect to that provision, they would have to know what they had done.

Mr. ROOSEVELT. If they made reasonable efforts to be bonded and could not secure the bond, then they would still be able to function, in your opinion?

Mr. KATZENBACH. No.

Mr. ROOSEVELT. I thought that is what you said.

Mr. KATZENBACH. I don't believe that is what I said, Congressman. I said with respect to the provision, with respect to a willful intent in the criminal violations, one would have to know what the facts were behind this refusal to get bonded—to find the inability to get bonded.

I take it that in terms of the act itself, it requires a bond for these officials to perform their duties. I do not know what experience the Department of Labor has had in that respect.

Perhaps the representative of the Department of Labor can answer your question as to what are the next steps. The Department of Labor has the investigation steps, and so forth, and makes the recommendations in that regard, and it seems to me that perhaps he could tell you what their experience has been with respect to other companies or unions that have not been able to achieve a bond.

Mr. ROOSEVELT. You have stated your opinion, to Mr. Ayres, that the reason the companies won't underwrite the bond is perhaps because of Mr. Dorfman, or is perhaps because of the fact that there were certain Teamster unions under indictment.

Could you tell us whether from your knowledge there were more or less union officials under indictment 3 years ago when they got the bond, or at any period during the 3 years up until the time that it was canceled?

Mr. KATZENBACH. I do not have the statistics related to the time that you state there. I believe that there are more officials under indictment now from this union than there were 3 years ago.

Mr. ROOSEVELT. And are they more than they were a year ago, or 2 months ago, or perhaps a month ago?

Mr. KATZENBACH. I don't remember when the last indictments came down, Congressman.

Mr. ROOSEVELT. You see what I am trying to arrive at, Mr. Katzenbach, is you gave your opinion as to why it was canceled. That would mean that you have established in your own mind that conditions are a good bit worse than they were when the bond was written.

Mr. KATZENBACH. I believe, Congressman——

Mr. ROOSEVELT. I would like that substantiated, if that is so.

Mr. KATZENBACH. I believe, Congressman, that I said these were matters that might have some effect, and I did not express an opinion, but I said that was something to be better gotten from the bonding companies.

Mr. ROOSEVELT. In other words, you really are not——

Mr. KATZENBACH. I think also, Congressman, that I said that Mr. Hoffa had referred to the recent publicity given to these facts by the U.S. News.

Mr. ROOSEVELT. Would it be fair to say that normally, however, these matters are underwritten on the basis of experience, and that that is only—which obviously is good, exceptionally good—now when the experience is good, when cancellation only comes about because of an impression that the people bonded are possible risks in the future, therefore, it would be a reasonable assumption, would it not be, that if the experience is good, somewhere the impression has been created that they run risk in the future, and therefore, that impression is the thing that controls this precision.

Mr. KATZENBACH. That, I think, is a fair statement of what may be one explanation.

The CHAIRMAN. The time of the gentleman has expired.

I have some questions.

Has the Department of Justice looked into any possible collusion of these bonding companies, or is the Department of Justice contemplating looking into this, to see why there may be or may not be collusion?

Mr. KATZENBACH. We have not, to my knowledge, looked into the collusion, Congressman. This letter of Mr. Hoffa is a very recent letter, and we have as yet no allegation that there has been any collusion on the part and no evidence, and I think we would not ordinarily investigate that, unless there was some substantiation other than to believe that there had been collusion.

The CHAIRMAN. The gentleman from Michigan.

Mr. GRIFFIN. Mr. Katzenbach, reference was made earlier that the law only required the bonding of the office, and I think maybe that should have a little bit more amplification.

The provision of section 502 says that every officer, agent, shop steward, or other representative, and so forth, of a labor organization, who handles funds, shall be required to be bonded, and so forth.

It says the bond of each such person shall be fixed at the beginning of the organization's fiscal year. A little bit later, it says, "Such bond shall be individual or schedule in form."

Now going back to your earlier statement, which I agree with, if it should be that the request for a bond made by the Teamsters Union is of a blanket nature, certainly this law contemplates that bonds can also be issued on an individual basis.

It may be that it permits blanket bonds, the interpretations of the law by the Labor Department may permit the kind of a bond that Mr. Hoffa requests, but certainly the law also contemplates individual bonds.

Would you agree with that statement?

Mr. KATZENBACH. Yes, I would agree with that.

Mr. GRIFFIN. And so it seems perfectly reasonable to me, at least, that the Teamsters Union, if they can't get a blanket bond covering the international officials of 450 locals, should at least be required to try to get them on a local-by-local basis, and then I don't know but what the law would require it on an individual basis, but that is my observation. I don't necessarily ask you to comment on it.

Mr. ROOSEVELT. Would the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. ROOSEVELT. I want to reemphasize, too, that from my own experience, while it may be physically possible to do this, the cost of doing it to union members is going to be terrific.

Mr. GRIFFIN. I should like to suggest that there are a number of alternatives open. All of the officials of a particular union don't have to handle the funds, you know. You could have just one, or two. And these matters of organization can substantially affect how much bonding is needed.

Mr. Katzenbach, you stated that the Justice Department had used no coercion of any kind to try to effect the decision of the bonding company. Without implying whether it would be right or wrong,

I should like to know, as a matter of information, have you got a policy or are you making a practice of going around to bonding companies and giving them information about the Teamster Union?

Mr. KATZENBACH. No.

Mr. GRIFFIN. You are not even doing that?

Mr. KATZENBACH. No, Congressman. It occurs with bonding companies as it does with other industries, that from time to time there are allegations of criminal activity by almost anyone. It may be that a source of information about such activity would be in a bonding company or an insurance company, or in a bank, or in a corporation doing any kind of business. It may be that at various times, with respect to such matters—unrelated to bonding—FBI agents have interviewed people in bonding companies.

I do know that they have not interviewed them and have not in fact interviewed any bonding companies recently with the purpose that you have in mind, with the effect that you have in mind. That, I have been able to ascertain.

The CHAIRMAN. Has any bonding company to your knowledge ever written to the Department of Justice seeking information concerning the Teamsters?

Mr. KATZENBACH. I have no knowledge that they have. I could not state categorically that at no time has that occurred, because I haven't checked the Department of Justice to ascertain that. We have checked and I do know that we have had no communication and that there have been no letters of that kind with respect to any of the companies that were named in Mr. Hoffa's letter. They have not written in with such an inquiry.

Mr. GRIFFIN. Mr. Katzenbach, I think that we are going to have to anticipate that this committee may well be confronted with legislation to amend this act to make it so broad as to include anyone who could be bonded in some fashion or other. I have before alluded to the situation which we have in almost every State in the Nation where elected public officials who handle public funds must be bonded. Even though they are elected, they still must be able to get a bond in order to serve in the office.

Mr. KATZENBACH. This is also true of officials of the Federal Government.

Mr. GRIFFIN. That is right. Now, obviously we are in complete agreement on what the intent was in the act, but for my own part, I am satisfied that I had in mind, at least, that this would be some check on the qualifications of a person to serve in a position where he was going to handle funds. I don't know whether you want to comment on this legislation. I don't think you should be asked to comment on it, but certainly you should be prepared in the near future to comment on legislation that would be directed to removing this as a qualification for handling funds.

Mr. KATZENBACH. I would prefer to see legislation before I commented on it. With respect to this act, Congressman, it is true that the language "individual or schedule form," the word "schedule" being undefined in the act, is capable of varying interpretations. The legislative history of that act provides some support for the thesis at least on the House side, and on the Senate side, too, in a negative fashion, because Senator Morse said this required a personal bond. This

was the opinion of several people in the House, expressed in debate. When it was interpreted by the Department of Labor in the last administration, they felt that that legislative history was too inconclusive on that point for them to take the position as a matter of law that the language "or schedule in form" did not permit a scheduling of positions as well as a scheduling of named individuals. They so interpreted it, and the Department of Justice did not then raise any objections to that interpretation.

It seems to me that it has now stood for some time, and that if that is the incorrect interpretation one could make a good argument that it is.

Mr. GRIFFIN. I don't think that your interpretation is necessarily in conflict with the statement, though, that being able to get a bond under the act is a qualification for holding office where you are handling funds.

Mr. KATZENBACH. I agree completely with that. Certainly you can do it in the other fashion.

The CHAIRMAN. The gentleman from New Jersey.

Mr. THOMPSON. The members of the House who engaged in the debate and created the legislative history surrounding this act were in disagreement. Clearly the conferees had varying views. Mr. Ayres had one and Mr. Griffin had a somewhat more narrow view, and I have still another. I introduced the amendment in conference which reduced and made what I felt to be—and still do—more reasonable this bonding requirement. At one point the act, as it passed the House before going to conference, required of a union official a bond larger than that required for the president of Chase Manhattan Bank.

I introduced the amendment modifying that. My view was that after the conferees had worked on it and modified that section, it was that a position bond could be and indeed some of us intended that it should be under the language.

All of this, of course, is irrelevant to these charges that they are having difficulty getting bonds because there has been coercion. You are testifying under oath that there has been none, and Mr. Hoffa can't testify on firsthand knowledge, and so I will close my comments with that.

The CHAIRMAN. The gentleman from Minnesota.

Mr. QUIE. No questions.

The CHAIRMAN. The gentleman from Pennsylvania.

Mr. DENT. As I understand it, Mr. Katzenbach, these are performance bonds?

Mr. KATZENBACH. They are not what I would describe as a performance bond. These are bonds for all of these officials who handle funds to protect the union against any defalcation or anything of that kind. A performance bond I assume to be a bond that you perform for a particular job.

Mr. DENT. Nor the duties of the office to which you are elected under the Landrum-Griffin requirements, as I understand the bond requirements. Now, under that, and it has been mentioned here on numerous occasions, the difference between this and the bond required by the Welfare and Pension Act is the difference between a performance bond and a treasury bond as they call it.

Now, if that is the case, wouldn't it follow then that the bond ought to be and is required only for the performance of the duties as described under section 502 or 601, or any other section of the Landrum-Griffin bill, which determines the behavior of an officer?

What I am trying to get at is this: If I am an official of the Government of the United States, and I have to put up a bond, that bond is not required of me except for the duties that I am to perform for the Government of the United States; is that true?

Mr. KATZENBACH. That is correct.

Mr. DENT. And, if for some reason or other I get into an automobile accident in which I am held for a liability because of the accident, and the case is yet to be determined, would the bonding company be within its right as such, or would I be held in violation of my performance in the duties that I took the bond out for? I am trying to get at this elusive thing called justice.

Mr. KATZENBACH. I understand you, and if I gave the impression that Teamster officials were in difficulty with the law because of automobile accidents, I was mistaken.

Mr. DENT. I don't think that I gave the impression, either, that they were in difficulty for that particular reason. I think I know a little about their history, and I have just as many qualms about some of the situations as the Attorney General. However, the question here is whether or not these union officials have violated the Landrum-Griffin Act which would deprive them of the privilege of performing under the law. Have they or have they not, to your knowledge, done anything in their performance of duty in the last 3 years as officers in the union?

Mr. KATZENBACH. Several of the cases were brought under the Landrum-Griffin Act; yes.

Mr. DENT. Then the companies would be denying them, in your opinion, a further coverage of bond requirements because of the danger involved in the question of the charges against them?

Mr. KATZENBACH. I think that is a possible explanation. As I have said, Congressman, the bonding companies are the people who can answer the question as to why the Teamsters have or have not been bonded. I did point out that they were taking a bond where they did not know the individuals involved, because of the type of bond, and where they did know that a number of these individuals had gotten into various difficulties.

Mr. DENT. Do you know whether or not other organizations carry blanket bonds?

Mr. KATZENBACH. Some do and some do not.

Mr. DENT. Are they able to get coverage?

Mr. KATZENBACH. I believe so. I have heard of no other complaints.

Mr. DENT. Then it would follow then that it isn't because of the nature of the bond, because such bonds are being written, so it must be because of the persons involved.

Mr. KATZENBACH. That would be one explanation, Congressman.

Mr. DENT. Thank you.

The CHAIRMAN. Mr. Goodell.

Mr. GOODELL. Mr. Katzenbach, the Wall Street Journal 2 or 3 days ago had a story in which they described Walter Sheridan as heading

a special Teamster squad in the Justice Department. Do you have such a squad, and is he the head of it?

Mr. KATZENBACH. Mr. Walter Sheridan is head of a group in the Justice Department which is charged with investigating various matters with respect to crimes within the general area of labor unions and their management. That is true.

Mr. GOODELL. How many people are there working in that unit?

Mr. KATZENBACH. I don't know precisely the number of attorneys who are assigned within that area or section. I believe it would be perhaps in the neighborhood of 10 or 12, but I could find out how many people Mr. Sheridan has within his particular section.

Mr. GOODELL. My point essentially, Mr. Katzenbach, is that one of our difficulties here is that we are dealing with largely hearsay evidence. Mr. Hoffa represents a large organization, and lots of people who can take action. You likewise are here speaking for a large organization with lots of people who can take action. You are personally under oath, and it is in no way a reflection on you to say that you can't honestly, it seems to me, swear to us that no one in this Teamsters squad, or in some other capacity in the Justice Department, has not taken some action?

Mr. KATZENBACH. That is correct, but may I point out one difference? I have investigated, and have had these charges investigated, and I have inquired of the people involved, and I have made an effort to ascertain this. It has been thorough, as thorough as one can be in a short period of time, but I have been involved in it personally; it has been a thorough investigation, and that is what my denial is based upon.

As I understand Mr. Hoffa's testimony, he signed the letter in Philadelphia and checked into none of the facts, the serious allegations that he made.

Mr. GOODELL. People could have told him this.

Mr. KATZENBACH. But he checked into it not at all. That was his testimony.

Mr. GOODELL. Very bluntly, has the Attorney General told you that he has not contacted anybody in connection with this case?

Mr. KATZENBACH. Yes. He has not contacted any bonding companies in connection with putting any pressure on for them to refuse bonds. Yes.

Mr. GOODELL. Now, will you tell me what authority the Justice Department has over these bonding companies, if any?

Mr. KATZENBACH. Any officials of the bonding companies who are involved in any crimes against the United States, we would have authority to investigate those crimes, and to prosecute any of those officials. If any of these companies are involved in any antitrust conspiracies with respect to the Sherman Act or the Clayton or Robinson-Patman Acts, or any of the others, that would be a subject of responsibility of the Antitrust Division of the Department of Justice.

If any of these companies were doing business with the United States and had made false claims to the United States, or otherwise been involved in civil difficulties, that would be a responsibility of the Civil Division. I have no knowledge that any of these companies are in any difficulties with the Department of Justice at this time. I

have not inquired to find that out. I did not think that it was relevant.

Mr. GOODELL. The primary authority here that would seem to be something that the bonding companies would be sensitive to resides in the Secretary of the Treasury, I take it, to certify them and approve them to write these bonds.

Mr. KATZENBACH. I should suppose that would be true.

Mr. ROOSEVELT. There would be a sensitive area that each insurance commissioner in each State holds life or death authority over these companies.

Mr. GOODELL. Well, I think when you started, Mr. Katzenbach, you did make a statement that neither the Justice Department or any of its employees have done anything to impede the Teamsters from getting bonds. I think that it should be clarified in line with your further testimony in response to my question that you have made inquiry, and you have been unable to find any who have done this and to your knowledge they have not done it. I don't believe as a lawyer you used the words "to your knowledge" or phrase "to your knowledge" when you made that statement.

For instance, you can't come here and swear under oath that no one in the Justice Department has done this.

Mr. KATZENBACH. It is extremely difficult to prove a negative.

Mr. GOODELL. Exactly. When we look at this whole case, we come down to just one fact that is difficult to explain. I would like to put it simply. The Teamsters have had bonding since the Landrum-Griffin Act was passed. They seemed to have no difficulty with it. They were paying a $700,000 premium over a 3-year period. Just recently they were notified that it was going to be reduced $200,000 or $300,000 on the basis of the record. There would have been no loss here, and apparently it was a business decision to reduce that premium $200,000 or $300,000. And then suddenly they are denied any bonds.

Now, that is a little difficult to explain. It is the one thing, frankly, that Mr. Hoffa has come up with that is a verifiable fact, apparently, and that we have not explained. I think any light you can shed on it would be helpful.

Mr. KATZENBACH. Well, first, the inference that Mr. Hoffa draws I find a strange inference.

Mr. GOODELL. I agree it does not necessarily mean the Attorney General is responsible.

Mr. KATZENBACH. There is no connection between it at all that I can see, except Mr. Hoffa's, as he stated own personal opinion that that was the source of his difficulties without evidence, and without anything. There have been a number of possible reasons demonstrated today.

You say this suddenly happened. Now, what do we mean? We mean by the "suddenly" that suddenly Mr. Hoffa wrote this letter. The only other "suddenly" that you have is that one company (which, as I understand from the testimony here this morning, had taken the bond business on a 30-day notice basis) had canceled it.

I understand it was a 15-day basis. That is the "suddenly" involved.

Mr. GOODELL. They have had a bond ever since Landrum-Griffin.

Mr. KATZENBACH. With various companies they had bond, and here a company cancels the bond. That seems to be the fact.

Mr. GOODELL. Mr. Hoffa's is the one that has been canceled. They said they had no difficulty with the bond up until the last 30 or 45 days, or so.

Mr. KATZENBACH. I don't understand that to have been the testimony. I understand the testimony to be that they had some difficulty placing it, and they placed it with this company, and there was a termination provision, and it was terminated. What other efforts they have made, and how serious these efforts have been, what different approaches they have taken, there were statements that various agents had been used, but they were not identified, and the only man that was identified was Mr. Dorfman, and why he is involved in this, I do not know.

Mr. THOMPSON. For a matter of record, in 1961, the United Benefit of Omaha insured them, and subsequently canceled. Following that, the Resolute Insurance Co. undertook it and subsequently canceled.

Mr. GOODELL. I understand there were cancellations, but Mr. Hoffa made a blunt statement that they had no difficulty obtaining bonds up until the last 30 to 45 days.

The CHAIRMAN. The time of the gentleman has expired.

The gentleman from Pennsylvania.

Mr. HOLLAND. This was a question that might be relevant but could you give us an estimate of the amount of money that has been spent by the Department of Justice on this case up to date?

The CHAIRMAN. That is irrelevant. The Chair will rule that out of order, because we stated we were only going to look into this one matter. I will rule that out of order, but I am sure the Department of Justice will be glad to furnish that to you, if you would like to have it.

Mr. HOLLAND. Would you be willing to furnish it?

Mr. KATZENBACH. I don't understand the reference to the one case. There was very little expended with reference to the matter before this committee. It is just my investigation as to whether or not anybody had made any approaches whatsoever to the bonding company.

The CHAIRMAN. That is correct. The original agreement was entered into today.

Mr. BRADEMAS. I, therefore, ask this question: Is it unreasonable to assume that if one or two bonding companies decide to cancel their bonds for a particular firm or in this case a union, that that cancellation would spread rapidly to many other bonding companies, who would follow suit?

Mr. KATZENBACH. I share your ignorance, Congressman, of the bonding business. But I would suppose that if you applied for a bond, and you were changing companies, that the inquiry would be made as to who last bonded you, and why you were not being bonded here. I suppose that kind of knowledge does spread. I don't know.

Mr. ROOSEVELT. There is a bureau which furnishes this information to all of the companies.

Mr. BRADEMAS. The reason I raised that question was obviously with respect to the question of my colleague from New York, Mr. Goodell, that if word gets out that a particular firm which has for some time been bonded is in some kind of trouble, then I would think that a lot of bonding companies might decide in a hurry to get off the ship if it was sinking, or in trouble, and that that might be one reasonable explanation of the apparently widespread cancellation of bonds.

As I say, I don't know that that is the answer, but it seems to me that it would be one possible explanation.

You have reiterated several times, Mr. Katzenbach, that the Attorney General has not exercised pressure on these bonding companies to persuade them not to give bonds to the Teamsters, and that to your knowledge and, following an investigation, no employee of the Justice Department has engaged in such pressure, either.

Mr. KATZENBACH. That is correct.

Mr. BRADEMAS. Then we have the letter from Mr. Hoffa saying in very colorful language that the administration has used, "brutal and unrelenting force." Is it your understanding from the testimony this morning of Mr. Hoffa that after writing such a letter to the chairman of this committee, he, Mr. Hoffa, was not able to state that he had personal knowledge of a single instance of pressure by an employee of the Department of Justice on a bonding company to refuse to give a bond to the Teamsters Union?

Mr. KATZENBACH. That was what I understood him to say, and I understood further, Congressman, that he said he had not even bothered to check into it.

Mr. BRADEMAS. Thank you.

The CHAIRMAN. The gentleman from Indiana.

Mr. BRUCE. We have heard a great deal, Mr. Chairman, this morning and this afternoon on the question of hearsay evidence, and we questioned Mr. Hoffa rather strongly on the basis of hearsay. The evidence indicates that Mr. Hoffa got his information from checking with his subordinates in the Teamsters Union. Very serious charges have been made concerning employees of the Justice Department.

You have testified, am I correct, that you have checked with your associates in the Justice Department, and they have told you that the charges are false; is that correct?

Mr. KATZENBACH. That is correct.

Mr. BRUCE. It seems, then, that we have reached a stalemate as far as proving or disproving the serious charge, unless and until the individuals who have been named as having made statements that they were coerced are placed under oath. Up to this point technically both sides have presented hearsay evidence, and it can only be resolved on the basis of the witnesses that would yet have to be called, who are quoted as having made these charges themselves. So I suggest that we are at a stalemate on resolving that particular issue.

Mr. KATZENBACH. I don't think any evidence has been proved, or anything credible, with respect to any kind of pressure being put on. On the specific matters that are raised in the letter, they turn out to be wrong. Now, we have 35,000 employees in the Department of Justice, and yet I don't see it is equating the 2 to say that I cannot produce 35,000 people, each of them will swear it. Now, if the people were identified, the only person identified was Mr. Sheridan, who was out of town.

Mr. GRIFFIN. Why haven't you flown him here and had him at this hearing today? I think that that is what we are really after.

Mr. KATZENBACH. Because Mr. Sheridan had other responsibilities and because both sides of that alleged conversation deny that it took place.

Mr. BRUCE. I would suggest under due process, and in all fairness to all witnesses, and with full respect to all of the Justice Department,

that it will be necessary to place the witnesses, Mr. Sheridan, and in this case, Mr. Wright and others, under oath, in order to have a sensible procedure to determine who is correct and who is not.

Mr. KATZENBACH. Wouldn't it be more sensible, first, if I may make the suggestion, sir, to have something under oath that identifies Mr. Sheridan as the man who did this? We have nothing under oath that says Mr. Sheridan made any contacts, and Mr. Hoffa says he doesn't know. This is something that I think came from Dorfman, who heard it from Mr. Weiner, who heard it from someone else. I don't think that that is even a charge.

Mr. BRUCE. If this is an area for this committee to handle in its due process of questioning the gentlemen who have been named as the sources of this——

Mr. KATZENBACH. I think that they should be named there before we have to produce witnesses to deny it.

Mr. BRUCE. I concur with you completely, but in due process, I say at the moment we have reached a stalemate on hearsay evidence.

Mr. KATZENBACH. I think if someone will swear Mr. Sheridan had that conversation, Mr. Sheridan will be happy to swear that he has not.

Mr. O'HARA. I recognize this is not a court of law, and we don't have the same sort of procedures, but I wish to state my agreement with you, with regard to the procedures that should be followed. Until we have sworn testimony from someone speaking of their own personal knowledge that a named individual in the Justice Department did so-and-so, I can't see calling everybody or anybody from the Justice Department seriatum to deny that they did anything.

Mr. BRUCE. I concur completely with the gentleman.

Mr. O'HARA. Now, with regard to this question of the life-and-death power of Government over these bonding agencies. You have been asked what power the Justice Department had over them, and you responded in a manner that indicated if they don't break the law, no power.

Now, we have heard a schedule of the companies authorized as acceptable sureties on Federal bond, compiled by the Treasury. What power does this give the Treasury Department over them? They get on the Federal list by complying with the act of Congress of July 30, 1947, and section 9 of the act, sets forth the conditions under which a listing shall be canceled or revoked. It says only when in the judgment of the Department of the Treasury such company is not solvent, or is conducting its business in violation of sections 6 or 13 of this act—those are the only reasons for denying a listing to a bonding company. A refusal cannot be based upon whether a company had or had not issued bonds on Teamster officials.

It should be clear that these vague charges with regard to the ability of the Government to assert pressure on the bonding companies through its power to list them or not list them, really does not amount to very much.

The CHAIRMAN. The gentleman from Nebraska.

Mr. MARTIN. I have a question or two, Mr. Chairman.

The FBI operates under the Attorney General's office?

Mr. KATZENBACH. That is correct.

Mr. MARTIN. Have any FBI agents contacted the bonding companies, checked over their books as to who they were bonding, and the

business of bonding, or have they contacted any insurance commissioners of the various States and checked over the records as filed with the particular State insurance commissioner by the insurance companies under their jurisdiction?

Mr. KATZENBACH. For the purpose of finding out who they were bonding, you mean?

Mr. MARTIN. For any purpose at all, have the FBI agents done that?

Mr. KATZENBACH. Have the FBI agents for any purpose whatsoever contacted any insurance commissioner or any bonding company at any time?

Mr. MARTIN. Yes.

Mr. KATZENBACH. I am sure that they have.

Mr. MARTIN. For what purpose?

Mr. KATZENBACH. For whatever the purpose of the investigation was at that time, but I cannot believe that at any time, Congressman, some FBI agent has not talked to some employee of some bonding company, and that sometime they have not had some talk for some purpose with respect to some insurance commissioner. It would be incredible for me to believe that in the process of the thousands of crimes which they investigated that no such contacts had ever been made. It would be very unusual. I think it would be true in any industry that you picked.

Mr. MARTIN. That is true in the last 6 months, also?

Mr. KATZENBACH. As far as the named companies are concerned here, I don't believe that any FBI agent has had any contact for any purpose within the last 6 months. There may have been contact with one company with respect to an investigation.

Mr. MARTIN. Or any State directors of the insurance programs, either companies or the directors?

Mr. KATZENBACH. I don't have a record of whether there has been any contact for any purposes with State directors. I directed my inquiry to the charges that were made here, and I did further inquire whether any of these companies had been contacted by the FBI recently with respect to any matter. I didn't inquire with respect to State insurance commissioners. That had not been suggested.

Mr. MARTIN. Have any inferences been drawn to your knowledge by either the bonding companies or the insurance directors that the Attorney General's Office was reluctant to have certain people or organizations placed on bond or insured?

Mr. KATZENBACH. Congressman, I cannot testify under oath as to what inferences a bonding company may have taken. I can testify that no pressure was put on by the Department of Justice with respect to this bonding of the Teamsters. I made that statement categorically. Now, I don't know what inferences were drawn from the U.S. News which Mr. Hoffa was so concerned about. I can't be responsible for inferences that other people draw.

I can say, and I will say that if that inference was drawn, it was drawn without any basis whatsoever.

Mr. MARTIN. That is all, Mr. Chairman.

The CHAIRMAN. The gentleman from Florida.

Mr. GIBBONS. Mr. Hoffa sought this hearing on charges that he had some specific evidence before he finished testifying, and he denied all of the evidence that I think he started out having. I do not believe

the committee can gain anything further from this unless we actually want to call some of these people who were supposed to know something about it.

The CHAIRMAN. The gentleman from California.

Mr. BELL. I have no questions.

The CHAIRMAN. The other gentleman from California.

Mr. BROWN. I waive.

The CHAIRMAN. The gentleman from Hawaii.

Mr. GILL. I wonder if the gentleman from the Justice Department could enlighten me as to one problem here? I believe Mr. Hoffa testified, and I think he said on the basis of advice of his attorney that if the various bonding companies refused to bond, he had no redress under this section of the law. Is that your interpretation of it?

Mr. KATZENBACH. I think that that may be correct, Congressman. I confess I am not sufficiently familiar with that to express an opinion on the part of the Department of Justice.

I would point out, as it has been pointed out already, that there are a number of different ways of getting bonded.

Mr. GILL. I would like to push this a little bit further. Do you have any knowledge of any redress that any union could have if the bonding companies uniformly refused to give them a bond under section 502?

Mr. KATZENBACH. My hesitation, Congressman, is that it is hard to know the reasons why the bond would be refused in any particular case. There might be several ways in which they would have redress of a very practical nature, and that is to get their bonds in smaller amounts for locals, to get named individual bonds, and perhaps to replace an official who is handling money, who could not be bonded or transfer the functions to somebody who could. There may be many methods of redress there.

Now, I suppose if the thrust of your question was that insurance companies conspired without reason to prevent a union from getting bonding, I should suppose that the union would have a legal redress against those companies.

Mr. GILL. To prove a conspiracy.

Mr. KATZENBACH. Yes, sir.

Mr. GILL. Which you know is not very easy.

Mr. KATZENBACH. I don't know whether it is easy or not unitl I know what they have done, and what the facts are.

Mr. GILL. You have not had much success with it in your Department.

Mr. KATZENBACH. We prove conspiracies all of the time.

Mr. GILL. In some cases you have fallen pretty flat, particularly in the antitrust area.

Mr. KATZENBACH. We lost one case last year.

Mr. GILL. I am worried about the type of law that we have here, and I have been worried about it for some time. Assuming for their own reasons, which they consider to be perfectly good from a business standpoint, all of the bonding companies refused to bond, period. Is there any redress that a given union has against those bonding companies through the Government or through any other channel to get themselves bonded, so that they can be in compliance with section 502?

Mr. KATZENBACH. I think I have already answered the question "yes," that there is redress they could have under those circumstances. But it would depend upon some facts.

Mr. GILL. If they could get them to bond. If they don't want to bond, they don't have to bond, isn't that right?

Mr. KATZENBACH. If they don't want to bond, they don't have to bond, and they do this without any conspiracy, and without any agreement there whatsoever. I suppose you would be hard put to have any redress.

Mr. GILL. Wouldn't this be to some extent a denial of due process?

Mr. KATZENBACH. No.

Mrs. GREEN. Would the gentleman yield. I think this committee is going to be put under the pressure of the February 8 deadline, and legislation is not good under pressure. To follow this through, as I understand it, if the blanket bond is not given, any local can certainly make application for an individual bond for position of the president of the international union, could be obtained so that there is absolutely nothing to this charge that they have to go out of business on February 8 if there is not a blanket bond.

Mr. KATZENBACH. I would agree with you, Congresswoman. What I was attempting to state to the Congressman, I said there were a number of practical remedies.

Mrs. GREEN. That have not been exhausted.

Mr. KATZENBACH. That could be pursued. I took it he was only interested in legal remedies.

Mr. GILL. I have one further question.

Isn't it also quite possible that these other remedies as suggested by the gentleman from the union involve a very substantial increase in expense, perhaps doubling the $700,000 premium, or perhaps the overall cost going up $1 million, or so, across the country? This in effect puts a penalty on the union members for which again they have no redress. Isn't that also a fact?

Mr. KATZENBACH. I don't know that it is a fact. Mr. Hoffa did not testify it was a fact, and he said he did not know whether it would cost any more or not, as I understood it. He thought it would, but he did not know. I have no knowledge of that.

Mr. ROOSEVELT. May I say to the gentleman that in the insurance business, any time you reduce the coverage, the extent of coverage, and you narrow it down to individual unions or individual people, experience has clearly shown it to mean an increase in cost. So I think it can be assumed without any further testimony, even going so far as to say, the individual unions that today have a separate bond, have it at a higher cost than this other blanket bond. It is indictive of that fact, and the gentleman is correct in his assumption that it would mean a considerable increase in cost.

The CHAIRMAN. Thank you, Mr. Katzenbach.

Does the gentleman from California desire to be heard?

Mr. ROOSEVELT. In view of the fact it is now 10 minutes past 1, and everybody seems to have agreed that we have reached a stalemate, I don't think that any further testimony before this committee is going to help us at this particular time.

Without withholding the right of the Department of Labor to appear, unless they feel they have something important to add that

has not already been brought out, I would like to suggest the following motion. I do so, not to try in any way to pass on these things that we have discussed here today, because obviously we can't. But to set up machinery to try to find out whether there is legislation required by this committee, and to do it in a manner which will not injure the individual labor organizations concerned at this time, nor to deprive the Department of any action which it properly may take against any malfeasance in office by a union member.

Therefore, Mr. Chairman, I move that the committee, without passing any affirmative judgment on the issues raised in Mr. Hoffa's letter, hereby states that it is the positive intent of this committee to effectively provide adequate financial guarantees to protect the funds entrusted to union officials from acts of malfeasance and dishonesty.

The committee therefore instructs the chairman to request the Secretary of Labor and the Attorney General of the United States to withhold any action under section 502 of the Landrum-Griffin Act in the case of the International Brotherhood of Teamsters until the committee has reasonable opportunity to investigate and act in this matter.

The Special Labor Subcommittee is instructed to make an investigation of the issues raised and recommend such action as it may wish to the full committee, and the subcommittee is instructed to act with all possible expedition.

The CHAIRMAN. Before we put this, is there a second?

Mr. BROWN. I will second the motion.

Mr. MARTIN. In this regard, a point of order. By a simple resolution of this committee, I question that we can overrule the law that is the law of the land today.

Mr. DENT. We can do it by resolution.

Mr. ROOSEVELT. I think the gentleman is right. I therefore ask unanimous consent to withdraw the part of the motion which states that "the committee therefore instructs the chairman to request the Secretary of Labor," and so forth, and down through the words "and act in this matter," and continue the resolution with the special committee being instructed, and so on.

Mr. GRIFFIN. I would like to speak in opposition to the motion. I see no need for it whatsoever. As the gentlelady from Oregon has said, there is no urgent crisis that has been proven here before this committee, that the February 8 date is no deadline of any kind that I can see. There are obviously other roads, practical possibilities that have been pointed out very clearly, and there has not even been any proof or even any evidence here that the cost will be different. I think as far as considering the law, and so forth, that may be subject to the jurisdiction of the gentleman from New Jersey, Mr. Thompson, that is fine, but I see no justification for any kind of a resolution that would attempt to suspend the operation of the law which is in effect. I don't think we could do that anyway, and I think the motion should be voted down.

Mrs. GREEN. I would object to the resolution on this basis, that by inference the committee would be taking a position today. It seems to me we could follow the normal procedure and the legislation be sent to the proper committee for full hearings and consideration.

Mr. THOMPSON. I wonder if the gentleman from California, in view of the fact there is an obvious interest in this matter and matters relating to it, would consider withdrawing his request, and I am sure the natural course of events will bring some action, without a specific instruction.

Mr. ROOSEVELT. May I just state that of course my interest in this matter is primarily that nobody be innocently injured because of a failure in existing law. I believe it has been brought to my attention by the General Counsel that this is within the authority of the chairman to proceed in this matter, and in view of that statement, I withdraw the resolution.

The CHAIRMAN. The statement of the Department of Labor, without objection, shall be inserted in the record at this point.

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, February 4, 1963.

Hon. ADAM CLAYTON POWELL,
Chairman, Committee on Education and Labor,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN POWELL: As you know, on Friday, February 1, 1963, the Committee on Education and Labor held brief hearings on charges by General President James R. Hoffa of the International Brotherhood of Teamsters in a letter to the committee stating that representatives of the Justice Department and of the Labor Department were improperly interfering with efforts of the Teamsters to retain or secure bonding for the international union and many local unions as well. While these charges are very general in character, I believe they warrant a brief report to the committee for insertion in the record of this hearing.

My first knowledge of Mr. Hoffa's letter was on Tuesday, January 29, 1963. Charges of such a character are, of course, difficult to investigate. Yet, in the brief period since that date, I have caused as thorough an investigation as time would permit concerning any possible activities of the character charged.

I am satisfied on the basis of this investigation that no official of the Department of Labor knew about matters charged in Mr. Hoffa's letter until this letter was made public. I am equally satisfied, within the limits of possible investigation, that other officers and employees of the Department of Labor have taken no action toward discouraging or influencing bonding of the Teamster's union.

Many reasons may exist for difficulties facing the International Brotherhood of Teamsters in obtaining adequate bonding required by section 502 of the Labor Management Reporting and Disclosure Act. Upon the basis of every reasonable belief, however, action by representatives of the Department of Labor has not been one of them.

Yours sincerely,

W. WILLARD WIRTZ,
Secretary of Labor.

(Thereupon at 1:20 p.m., the committee proceeded to executive session.)

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