

# Edible Oil Scandal May Reveal \$150,000 in Skullduggery

By ROBERT J. REGAN  
NEW YORK (UPI) — To a horde of investigators wading through the burgeoning edible oil scandal, the mess resembles an iceberg — most of it hidden from view.

But observers say that when all the facts are brought to the surface, the scandal may reveal \$150 million in skullduggery.

A scorecard won't be large enough to list the potential losers and victims.

These already include a number of bankrupt edible oil firms and their employees, two large Wall Street brokerage companies, American banks, foreign banks and insurance companies.

The big loser, however, may well be Mrs. American Housewife every time she buys salad

oil for the dinner table.

As things now stand, the public will have to pick up the tab for costly government investigations no matter how the whole business turns out.

The crux of the matter is a huge amount of edible oil which "disappeared" from a big tank farm in Bayonne, N. J.

How much oil is missing, who took it, where did it go and

where can it be found? The answers are being sought by a federal grand jury, private detectives, lawyers and a host of auditors who would make the investigative staff of the Internal Revenue Service envious.

The answers won't come easy, according to all appearances and the testimony of Nicholas Papaccio.

Papaccio, a former employe of Allied Crude Vegetable Oil Refining Corp., testified in U.S. District Court in Newark, N. J., in connection with his firm's bankruptcy proceedings.

He said it was simple to transfer oil from one tank to another at the 200-unit storage tank farm in Bayonne. Not all the tanks are used by the same firms. The tanks are connected above and below ground by an involved system of transfer pipelines, and once the oil from one tank is piped into another, it is next to impossible to trace it.

Files Destroyed

Files dealing with the assignment of some of those tanks were destroyed by fire, and harassed investigators reported difficulties in matching tags on other tanks with listed owners or leases.

The whole business came to light when Allied Crude filed for reorganization under Chapter II of the Bankruptcy Act last month. The firm had failed to cover multi-million-dollar margin calls on positions in vegetable oil futures.

This means that Allied, which had purchased the oil on credit in hope of selling it at a profit, was unable to come up with the balance of its payments.

The first phase of the mess was confined mostly to the futures market. Two Wall Street houses, Ira Haupt & Co. and J. R. Williston & Beane, which had acted for Allied Crude in oil dealings, were suspended by the New York Stock Exchange after Allied Crude failed to meet their margin calls.

Ultimately, Ira Haupt was liquidated with the New York Stock Exchange stepping in with up to \$12 million to care

for its customers; J. R. Williston & Beane was acquired by another member firm.

This sparked a series of investigations dealing with the futures market in general, the results of which are not in yet.

While Phase One has not run its course, Phase Two — is in full swing.

Lawyers for Allied Crude obtained an injunction preventing two other firms with tanks in Bayonne from removing oil from their tanks.

Ravin & Ravin, attorneys for the Allied Crude receiver, said it had information that oil belonging to Allied Crude had been "diverted" to Hudson Tank Storage Co. and International Refining and Packaging Co.

Another oils storage firm, Harbor Tank Storage Co. of West New York, N.Y., which leases 41 Bayonne tanks from Allied, filed for reorganization under bankruptcy laws last week. The firm listed its debt at \$225,000 but said its contingent liabilities could go as high as \$40 million.

Harbor Tank said claims in an "unknown amount" have been made against it for the delivery of certain edible oils against which allegedly have been issued in connection with Allied Crude.

Seeks Missing Oil

Meanwhile, Bunge Corp., a large exporter of agricultural products, is pursuing its own investigation in an effort to locate 690 million pounds of vegetable oil it said was removed from tanks of another firm in Bayonne — American Express Warehousing, Ltd.—last month.

Bunge said it has receipts for 160 million pounds of oil, but only seven million pounds can be located.

Last week, the Senate permanent investigations subcommittee said it would look into the situation to see if present laws covering purchase and sale of commodities need strengthening.

At least two Department of Agriculture agencies have moved into the picture, as have FBI and the Securities and Exchange Commission. A federal grand jury also put its oar into the muddled waters.

The investigations, however, have been stymied because Anthony De Angelis, Allied

Crude's president, declined to answer questions relating to the case at the Newark bankruptcy hearings.

Federal bankruptcy referee William Tallyn ordered De Angelis and Ben Rotello, controller of Allied, to show cause by Wednesday before a federal judge why they should not be sent to prison "or otherwise dealt with" for refusing to answer.

De Angelis denied reports that he built up his huge positions in cottonseed and soybean oil futures on the premise that contracts would move higher if the Soviet Union turns its interest from grains to edible oils.

He said his positions were built up long before the commodity "thaw" with Russia.

At any rate, there was a sharp decline in vegetable oil futures on Nov. 18, reflecting a downturn in the fluctuating fortunes of the Russian grain deal. Margin calls went out, Allied Crude went bankrupt and the scandal began to blossom.

**They'll Do It Every Time** By Jimmy Hatlo

TRYING TO GET A BRIDGE GAME GOING AFTER THE CLUB MEETING, AND IT SEEMS NO ONE EVEN KNOWS HOW TO SHUFFLE THE CARDS...

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"NAW!! I DON'T KNOW HOW TO PLAY!!"

"YOU GUYS GO AHEAD... I HARDLY KNOW ONE CARD FROM THE OTHER!"

"I PLAY SO Seldom IT WOULDN'T BE FAIR TO THE REST OF YOU GUYS..."

"IF YOU HAD ONLY CROSS RUFFED THE DIAMONDS AND CLUBS..."

"... SO I DOUBLE-JUMPED TO GET YOU INTO BLACKWOOD..."

"IF YOU HAD COME BACK WITH SPADES I COULD HAVE OVERTAKEN YOUR JACK AND..."

BUT GET THEM GOING AND THEY KNOW MORE ABOUT IT THAN THE GUY WHO WROTE THE BOOK...

## Four Frozen Corpses, Nearly Frozen Man Found in Ocean

NAMSOS, Norway (UPI) — Two fishermen tending their nets along the icy Atlantic shore spotted a strange object bobbing through the freezing breakers toward coastal rocks.

A ghastly sight greeted them when they drew near in their fishing boat.

Four frozen corpses and a man barely alive were lashed to a battered timber raft, all that was left of the 499-ton Norwegian freighter *Jonetta*, sunk in a storm two days earlier.

Fishermen Hans Hartvikoy and his brother, Sigfred, stared at the lone survivor, who managed a faint call for help.

"His mouth was almost frozen," Hans said today. "His arms and legs were stiff from cold and he could scarcely raise his head."

The man was the *Jonetta's* captain, Ole Johansen, 34. He had watched four of his 10 crewmen freeze to death and had seen the other six swept away by the sea, but something kept him awake and fighting for survival.

He told of his ordeal today in the Namsos Hospital where he

was reported in good condition and expected to recover, thanks to the Hartvikoy brothers.

The *Jonetta* was sailing north through a storm and intense polar darkness Friday along the northwestern coast of Norway when the cargo shifted in the storm, leaving the vessel unmaneuverable and at the mercy of the seas.

A huge wave hit the ship and capsized it.

There was no time to radio a distress signal. Two crewmen lowered a life boat down the side as the *Jonetta* listed badly. A wave smashed them and the

lifeboat against the side of the ship and they were gone.

Johansen and his eight remaining crew members launched the timber raft, hastily stocked with provisions, just as the *Jonetta* went down.

Waves surged into the raft, washing away four of the men and all the provisions.

Johansen and his men were wearing only shirts and trousers. One by one, the men saw the others freeze to death.

Johansen forced himself to stay awake, fighting to keep his blood circulating. His determination saved his life.

## Grange News

Upper Applegate

A plaque for outstanding community service in 1963 and a savings bond were presented to the community service chairman of Upper Applegate Grange at the December meeting. The Grange won first honorable mention in Oregon in the National Grange-Sears Roebuck Foundation sponsored contest.

Mr. and Mrs. Phil Holt were obligated in the third and fourth degrees by Past Master George Redhead.

Members voted to cancel the second December meeting since it would be so close to Christmas.

Seven members of Upper Applegate attended the national Grange in Portland and received the seventh degree in November.

Following the business session Lecturer Viena Saltmarsh presented a Christmas program featuring readings by Florence Lance, Cyrena Darius, and Dana Gerhardt, a soprano solo by Mildred Redhead, a duet sung by Marie Krugel and Nell Ramsay and group singing of Christmas carols.

A gift exchange followed the program. Madeline Bohner and Mr. and Mrs. Curt Gerhardt were hosts for the evening and the tables were decorated with Christmas decorations.

## Charity Art Raffle Offers Picasso Works

LONDON (UPI) — The Institute of Contemporary Art said today it will hold a charity art raffle, with the winner taking home a Picasso painting for only \$55.

As each of the 62 tickets to the raffle are pulled from a hat, the owner will try to identify the unmarked Picasso from among 61 other paintings on show. Each contestant will keep the painting he picks — and the lucky one will get the Picasso.

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