

Federal Bureau of Investigation

U. S. Department of Justice
Room 1403
370 Lexington Avenue
New York, N.Y.

RE:rd

~~PERSONAL and CONFIDENTIAL~~

November 6, 1935

Mr. J. Edgar Hoover
Federal Bureau of Investigation
U. S. Department of Justice
Pennsylvania Ave. at 9th St., N.W.
Washington, D. C.

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Dear Mr. Hoover,

In compliance with telephonic instructions from Mr. Tamm I interviewed Federal Judge William B. Clark in his office on the eighteenth floor, Lefcourt Building, Newark, New Jersey, today, regarding the Judge's complaint relative to criminal activities in Newark.

Judge Clark stated that according to information which he has received from various sources, certain racketeers are very active in Newark and the immediate vicinity; that the recent killing of Dutch Schultz and his associates in Newark is indicative of the lawless conditions existing there today; that he has given up all hope of the local officials ever accomplishing anything insofar as crime in Newark is concerned; that not only the police force but the higher officials in the City, including the Mayor, are corrupt politically and are taking no action to remedy the situation.

The Judge stated that he is advised Abe (Longey) Zwillman is the most powerful racketeer in Newark and one of the outstanding racketeers in the United States; that he is reported to be closely allied with racketeering interests in New York City and that he apparently operates with a free hand. The Judge stated that so far as he is able to determine, there have been no federal prosecutions of racketeers in New Jersey for income tax evasions; that apparently the income of the racketeers of the Zwillman type is enormous; that he is convinced they do not pay taxes on all of their income and he inquired concerning the reason some action has not been taken in order to bring these racketeers into court for prosecution. I advised the Judge fully concerning the jurisdiction of this Bureau and explained to him that insofar as income tax violations are concerned, the Bureau has no investigative jurisdiction whatever.

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Mr. Hoover - 11/6/35

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I further advised Judge Clark that this Bureau is keeping closely in touch with the activities of racketeers in New York City and Newark, New Jersey in order that the Bureau might be in a position to take prompt and immediate action in the event any of these parties violate any laws within the Bureau's jurisdiction; that apparently they have carefully avoided such violations; that their principal sources of income are alleged to be from gambling houses, slot machines, night clubs and the so-called policy and loan rackets; that none of their activities along these lines constitute federal violations which would come within this Bureau's jurisdiction and all are purely local in character. I explained to the Judge, however, that in the event the racketeers' income from these sources is not properly reported and the required tax paid it would, of course, constitute a violation of the income tax laws and give the Intelligence Unit of the Internal Revenue Bureau investigative jurisdiction.

The Judge stated that about last March a representative of the Intelligence Unit of the Internal Revenue Bureau conferred with him and at that time stated that investigation of Zwillman was being conducted with a view to prosecution for income tax evasion. The Judge then called the local representative of the Intelligence Unit, a Mr. Parker, to his office and inquired concerning the status of the investigation of Zwillman's income. Mr. Parker advised the investigation was still being conducted and that it was being supervised by Mr. Baldwin, of the Intelligence Unit, who is presently out of town. Judge Clark then told Mr. Parker that it appeared to him that the investigation had been in progress long enough to have accomplished something; that apparently the Intelligence Unit did not have enough agents on the job or else the ones who are conducting the investigation are not qualified to do the work. He informed Mr. Parker that he expects and is going to insist on some prompt action; that he is tired of Zwillman and others of his type whose income runs into the millions openly flaunting the law around Newark and that if such action as might be necessary to institute prosecution against Zwillman is not forthcoming at an early date he, Judge Clark, is going to find out the reason why.

During this conversation with Mr. Parker Judge Clark was very emphatic in his statements and he instructed Mr. Parker to have Baldwin call upon him just as soon as he, Baldwin, returns to Newark.

Mr. Hoover -11/6/35

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During my visit with Judge Clark he inquired about various racketeers and their activities in New York City and their alleged connection with Zwillman of Newark. I discussed this with him and informed him generally concerning the racketeering set-up in New York City and its alleged connection with Zwillman. He also asked my opinion of the Dewey investigation and I advised him concerning various reports I had received regarding his activities and informed him that it had been reported from various sources that the racketeering elements in New York City are not in the least concerned about the investigation and are somewhat inclined to look upon it with contempt. My entire visit with the Judge was very friendly and he indicated that he has the utmost regard for and confidence in the Bureau. He stated that he regretted the Bureau's inability to take some definite action with reference to Zwillman. The Judge is inclined to take the viewpoint that as long as there has been a crime committed it should be punished promptly and effectively and that it does not make much difference who handles it so long as it is properly handled.

The Judge requested that I advise you that he did not think the Internal Revenue had enough agents handling the situation in Newark. I informed him I would convey this message to you but, of course, there was no action you could take in this connection. He stated that following his conference with Mr. Baldwin of the Intelligence Unit, when he returns to Newark, he, Judge Clark, will communicate with me. I will keep in touch with the Judge from time to time regarding this situation and will, of course, render such assistance and cooperation as may be possible.

Very truly yours,



R. WHITLEY
Special Agent in Charge

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SAC Whitley interviewed Fed. Judge Wm. B. Clark, Newark, N.J., re Judge's complaint as to criminal activities in Newark. Judge given up hope of local officials accomplishing anything as officials, including Mayor, are corrupt politically and take no action. Judge inquired as to why no Fed. prosecutions in NJ for income tax evasions; jurisdiction of Bu explained to him. He was told Bu would take prompt action if there is viol. of law within our jurisdiction. Judge called local representative of Intelligence Unit and demanded immed. action on prosecution for income tax evasions. Does not believe Internal Revenue has enough Agents handling situation. Seemed friendly and indicated utmost confidence and regard for Bu.

Send copy to a.g.
J. J. E. H.