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JOSEPH Y. STEIN
JOSEPH STEIN

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DATE: 11-14-2017

CG 87-22928

ADMINISTRATIVE

Information copies have been furnished the Detroit and New Orleans Divisions in that these divisions should be cognizant of the developments of this case in the event future leads are set forth.

It is noted that the principal activities regarding this prosecution are in the New Orleans and Detroit areas.

The foreign source abroad referred to in the body of this report is an investigation conducted by the Royal Canadian Mounted Police, which had been requested by the Legat in Ottawa, Ontario. This information was furnished to the Legat in Ottawa by E. L. MARTIN, Superintendent, Officer in Charge, Criminal Investigation Branch, Royal Canadian Mounted Police, Ottawa, Canada.

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COVER PAGE

DATE: 11-14-2017

CG 87-22928

WOODROW YARED

1. Copy of Michigan Bell Telephone statement of calls and telegrams from September 5, 1963, through October 3, 1964.

JOHN BLACK

1. Copy of check number 13509, amount of \$4,000.00, payable to First National Mortgage Company, dated August 16, 1963, endorsed by LEONARD STALLMAN and Capitol Bank of Chicago.
2. Copy of check number 13734, dated September 25, 1963, for \$900.00, to JOE STEIN for financial advice, endorsed and signed JOE STEIN, First National Mortgage by LEONARD STALLMAN.
3. Minutes of meeting regarding JOSEPH STEIN's presence at board meeting.

RONALD E. WAGER, SR.

1. Copies of memorandum of agreement, telegrams and correspondence from and/or to STEIN.

In September, 1964, a foreign source abroad advised Khattar's Realities, Limited, 463 Prince Street, Sydney, Nova Scotia, is a firm composed of three brothers, namely - JOSEPH J. KHATTAR (President), SIMON J. KHATTAR and GEORGE KHATTAR. It is mainly involved in the real estate and mortgage brokerage business. The mortgage brokerage end is the sole concern of JOSEPH J. KHATTAR, who operates on the basis of a "standby fee" plus a percentage (usually 3%) if he locates a favorable mortgage loan for his clients.

During the summer of 1963 Khattar's Realities, Limited, learned that the Joyland Shopping Center, Detroit, Michigan,

copy 10/18/64

DATE: 11-14-2017

CG 87-22928

U.S.A., was up for sale and the firm (Khattar's Realities) attempted to purchase same on its own behalf. KHATTAR (referring to JOSEPH JOHN KHATTAR) was contacted by ROY BROWN and LEO COLE of Roy Brown and Associates, 20026 Greenfield, Detroit, Michigan, who were handling the sale, and a price of \$1,275,000 was agreed upon. In attempting to raise this amount of money KHATTAR contacted one GERALD R. SITTSER of H.A.S. Corporation (actual name of the firm could not be determined), 100 B. Waters Building, Grand Rapids, Michigan, who in turn advised KHATTAR that he had found the required financing with First National Mortgage Company. (KHATTAR maintained he never personally met SITTSER, being in contact with him only via telephone and mail). At this stage Mr. JOSEPH Y. STEIN of First National Mortgage Company entered the picture and requested a \$5,000 retainer from KHATTAR on the understanding that his firm would raise the \$1,275,000 in sixty days for the purchase of Joyland Shopping Center. The retainer in form of a cheque was paid in escrow to ROY H. BROWN and G. L. SITTSER rather than First National Mortgage. (This action was taken on the instructions of SIMON J. KHATTAR, who acts as the legal adviser for Khattar's Realities). During the course of the sixty days period, STEIN made a trip to Sydney where he met the directors of Superior Concrete Products, Sydney, Nova Scotia (who employ SIMON J. KHATTAR as legal counsel), who were interested in locating a loan of \$250,000 for the firm. STEIN told the directors that he probably could locate this amount of money for Superior Concrete but wanted a \$7,500 retainer before any effort was made in this regard. On behalf of Superior Concrete, SIMON J. KHATTAR turned down STEIN's offer unless he (STEIN) could produce a legal registered commitment from a bonafide lender in the U.S.A. that the money was available, only then would Superior Concrete pay the \$7,500 retainer. It should be noted that SIMON J. KHATTAR was using the Joyland Shopping Center mortgage as a lever against STEIN and the loan required by Superior Concrete. However, the directors of Superior Concrete were aware of this and agreed to the terms set by their Counsel). It was at this meeting, which was also attended by JOSEPH J. KHATTAR, that STEIN first mentioned his firm already had a commitment for the Joyland Shopping Center and therefore Superior Concrete should not object to the \$7,500 retainer. SIMON J. KHATTAR refused STEIN's request, advising he wished to see the commitment in writing before he would

DATE: 11-14-2017

CG 87-22928

agree to the Superior Concrete retainer, which incidentally, was never paid because First National could not produce a bonafide lender for the Joyland Shopping Center commitment.

In January, 1964, Khattar's Realities engaged one FRED J. POTVIN, Attorney and Counsellor, 418 Buhl Building, Detroit, Michigan (Telephone No: Woodward 5-0544), to carry out the actual purchase of the Joyland Shopping Center, and this subject is familiar with the contract dealings between Khattar's Realities, First National Mortgage Company, ROY BROWN, LEO T. COLE and JOSEPH Y. STEIN. According to KHATTAR it was POTVIN who endorsed the \$5,000 cheque, on behalf of Khattar's Realities, over to STEIN.

KHATTAR admitted that he suggested he be paid a commission on the mortgage loan to be made to Khattar's Realities by the First National Mortgage Company and stated he told SITTSEER that First National should pay him 50% of the "mortgage interest fee" because of the amount of money involved and the fact that Khattar's Realities was in the same type of business as First National. KHATTAR advised he never expected to have the firm in question agree to such a request. KHATTAR also mentioned that STEIN appeared to be at the head of First National and therefore he attempted to deal directly with this individual rather than dealing with SITTSEER who was somewhat reluctant to carry out Khattar's Realities interests at the rate requested of him.

In view of the above, KHATTAR advised that when the sale of Joyland Shopping Center was to be finalized, he went to First National to obtain the \$1,275,000 commitment, which was to be repaid in (19) years at 6% interest, and was told by LEONARD STALLMAN (also employed by First National) that the firm did not have the commitment in question and therefore could not give KHATTAR the money. This occurred only a short time after STALLMAN had spoken personally to ROY BROWN and KHATTAR in the Chicago office of First National, that the firm had the required commitment in writing from a responsible lender but he (STALLMAN) required a few days to formalize the agreement and present it to KHATTAR and BROWN.

DATE: 11-14-2017

CG 87-22928

When these men requested to see the actual commitment, STALLMAN said he could not show it for fear of disclosing the source of the money, which appeared to be a logical explanation.

Since the above Khattar's Realities Counsel, FRED J. POTVIN, instituted action to regain the \$5,000 retainer from First National, which was returned to the Khattar firm in June, 1964, and presently another action regarding the payment of legal fees, unnecessary expenses and damages, is in the process of being entered against First National by Khattar's Realities.

KHATTAR was questioned regarding FELIX ALDERISIO, but maintained he never met or had any dealings with this individual.

First National Mortgage Co.

SUITE 3800
1 EAST WACKER DRIVE
CHICAGO 1, ILLINOIS

AREA CODE 312
TELEPHONE 321-1710

October 30, 1963

Mr. Roy-H. Brown
Roy H. Brown & Company
20025 Greenfield
Detroit 35, Michigan

Re: Joyland Shopping Center, 15550 Joy Road, Detroit, Michigan

Gentlemen:

This will acknowledge receipt by Mr. Stein, of our office, of the Contract dated the 16th day of October, 1963, and a check in the amount of \$5,000.00 on the Bank of Montreal made to the order of Roy H. Brown & Company and H. A. S., Inc., dated October 18, 1963.

The First National Mortgage Company assumes all obligation set forth in this Contract, and agrees to its terms and obligations, and releases Roy H. Brown & Company and H. A. S., Inc. of any liability whatsoever in the negotiation of this transaction and/or refund of said stand-by fee in the event negotiations fail to culminate.

Very truly yours,

FIRST NATIONAL MORTGAGE CO.

Joseph Stein
Joseph Stein

bjd

8

EN

Telecommunications

SYDNEY, N. S.
564-4424

local time • heure locale

MNA 085 BA 047 CGA 074 4 16 PM 1 39
B CA033 PD=CHICAGO ILL 6 1043A CST=
:KHATTAR REALTIES LTD, ATTN J J KHATTAR=
463 PRINCE ST SIDNEY NS=

SORRY FOR DELAY MR STALLMAN WHO WAS HANDLING YOUR DEAL
HAS BEEN ILL FOR THE PAST TWO WEEKS WE FEEL CERTAIN WE
CAN CLOSE THIS LOAN THIS WEEK WILL SEND FIRM COMMITMENT
AS SOON AS RECEIVED=

FIRST NATL MORTGAGE CO JOSEPH STEIN=

Handwritten signature

J. R. White, general manager - directeur général, Toronto 6122b
ENCLOSURE

DATE: 11-14-2017

First National Mortgage Co.

SUITE 3800
1 EAST WACKER DRIVE
CHICAGO 1, ILLINOIS

January 27, 1964

AREA CODE 312
TELEPHONE 321-1710

KHATTAR REALTIES LIMITED
463 Prentice Street
Sydney, Nova Scotia
Canada

Attention: Mr. J. J. Khattar

RE: Joyland Shopping Center
Detroit, Michigan

Gentlemen:

Please be advised that we have been informed that we have a loan available for you on the above named project in the amount of One Million Two Hundred Seventy Five Thousand Dollars (\$1,275,000.00) bearing interest at the rate of Six per cent (6%) per annum to be amortized over a period of Nineteen (19) Years.

Our lender advises us that we will receive a firm commitment including instructions for closing within the next few days.

We will advise you the moment we have the foregoing in our possession, or as soon as it is prepared so that you may pick up same if you so desire.

Very truly yours,

FIRST NATIONAL MORTGAGE COMPANY

BY:

Leonard B. Stallman
Leonard B. Stallman

LBS/vzf

10

CONFIRMATION COPY OF WESTERN UNION
TELEGRAM TO BE MAILED TO SENDER

JAN 31, 750A EST
46 PD 8 EXTRA
WOO 1-8000

LEONARD STALLMAN

8847 LA CROSSE PHONE 679-3884

SKOKIE ILL

STALLMAN'S AND STEIN'S VERBALLY AND WRITTEN COMMITMENT
TO ROY BROWN AND KHATTAR REALTIES HAVE BEEN DISHONORED
DAMAGE SUITS WILL COMMENCE IMMEDIATELY UNLESS GUARANTEE
OF COMMITMENT FROM RESPONSIBLE LENDER IS PRESENTED
WITHIN 24 HOURS. ADVISE AS TO YOUR DECISION.

KHATTAR'S REALTY
LTD J J KHATTAR
PRESIDENT ROOM 2
SHERATON CADILLAC
HOTEL DETROIT
MICHIGAN

J J KHATTAR
WILL CALL COUNTER MAIN OFFICE

77-76541-
ENCLOSURE

ED
SHERATON CADILLAC HTL
Q 3.62-36 (4.45) 3 CFM
FURNISHED OKYD SER #

11