

SECRET

24. Miss Lipkovsky is the daughter of MOSES LIPKOVSKY, owner of the Cathay Jewellery, Shanghai, and a dealer in pearls and other gems. After Miss Lipkovsky's return to Shanghai from the United States, Goldstone asked the Lipkovskys to assemble and send him a shipment of pearls. This transaction was not consummated due to the outbreak of the war in December 1941. (Exhibits L,M)

25. Immediately after their arrival in Shanghai, Goldstone and MacGowan got in touch with the Lipkovskys and Goldstone asked them to secure a large amount of pearls for him which they immediately set about doing. Ultimately, one lot of over three thousand strands was assembled of a total value of over twenty thousand dollars (\$20,000.00). This was the shipment which Goldstone had with him when he attempted to leave China on 17 December 1945 and is as set forth in Invoice No. 1066 of the Cathay Jewellery (Exhibit Q). This invoice was made out to the Imperial Pearl Syndicate, 5 North Wabash Ave., Chicago, Illinois, which is the same address as appears on the Senate Small Business Committee calling card used by Goldstone (Exhibit K)

26. The Lipkovskys also prepared another shipment of approximately eight thousand five hundred dollars (\$8500.00) worth of pearls which purportedly they were to ship to Goldstone by water. (Exhibits H,L, M,N)

27. The first shipment was sold on 14 December 1945. (Exhibit Q) On the same day negotiations were begun for clearing the shipment through Chinese customs and an advance payment of almost six million dollars (CN\$6,000,000.00) Chinese National Currency was made against the export duty (Exhibit R). Customs clearance was completed on the following day, and on the same day a consular invoice was secured (Exhibit S).

28. Goldstone had already made arrangements to fly back to the United States and the consular invoices showed that the pearls were to be taken back by "Air Express" as "baggage of Mr. Joe Goldstone". (Exhibit S). The Chinese customs invoice described the shipment as "1 case Pearls by Airplane for U.S.A." (Exhibit R).

29. Captain James L. King, ATC Priorities and Control Officer, has stated that on 13 December 1945, Goldstone had asked him to secure passage to the United States on the Globester and that Goldstone purchased his transportation on 15 December 1945. Ordinarily, passengers are only allowed sixty-five pounds of baggage when travelling by air. However, Goldstone had secured a two hundred pound allowance from the Theater Priority Board for "official" purposes. Goldstone asked Captain King to erase from his priority certificate the word official as pertaining to his baggage allowance and also the description of his baggage. Captain King did this on one copy but left the other two unchanged. (Exhibit U)

30. Captain King had been informed of the pending investigation of Goldstone and was acting with the knowledge of the Criminal Investigation Division in complying with Goldstone's requests to conceal the nature of his baggage. When Goldstone was removed from the plane on 17 December 1945, a search of his baggage was made in his presence, and with his consent, by the undersigned. At that time the baggage consisted of the case of pearls, personal clothing and effects, some silk goods and kimonos which Goldstone said were intended as gifts, and a few manila folders with papers which Goldstone characterized as official. The latter

did not weigh more than one pound at most.

31. Captain King stated that Goldstone told him of his desire to build up "an organization for manufacturing costume jewelry, particularly jade and Siamese Zircons", and that Goldstone and MacGowan "indicated that they were going to build up a large organization and wished me to work with them." King stated that Goldstone also said that he would later wire King "concerning future plans for me to represent his interests in China". (Exhibit U)

32. At the time that Goldstone was purchasing the pearls from Moses Lipkovsky, he took the latter to the Shanghai branch of the Chase Bank and introduced him to the manager, Mr. Petersen. Goldstone told Petersen that Lipkovsky "was to be his representative in Shanghai for the purpose of purchasing pearls for him. He told Mr. Petersen that he was going to deposit \$100,000.00 with the bank, and that as I shipped pearls to him and presented the papers to the bank I was to be paid from this deposit. Then when Mr. Goldstone received the pearls in the United States he would deposit the amount in the bank again so that I would always have enough money on hand to pay for any shipment I would make, no matter how large it was". (Exhibit M). This accords with the statement of this proposed transaction given by Mr. Eric A.G. Petersen, Manager of the Chase Bank in Shanghai. (Exhibit O).

33. Mr. Petersen also stated that he had seen in Goldstone's possession letters of credit in the total amount of one hundred thousand dollars (\$100,000.00) in addition to an unspecified amount of travellers checks. Petersen cashed two drafts for Goldstone in the total sum of sixteen thousand six hundred dollars (\$16,600.00). (Exhibit O).

34. Moses Lipkovsky introduced Goldstone and MacGowan to a Mr. A. Beerbrayer, who is described as "one of the biggest pearl dealers in Shanghai" and refers to an agreement entered into between Goldstone and MacGowan. (Exhibit M). Mr. Beerbrayer states that even before Goldstone's arrival in Shanghai, Lipkovsky had been in touch with him to tell him "that a dealer was coming over from the United States to buy pearls." Lipkovsky wanted Beerbrayer to hold his entire stock of pearls for the expected American dealer, which Beerbrayer tentatively agreed to do. (Exhibit P).

35. Goldstone was introduced to Beerbrayer "as being the biggest pearl dealer in the United States", and MacGowan was introduced as "a member of the United States Senate and a very important man". Goldstone told Beerbrayer "that he wanted to buy my entire stock of pearls because he wanted to corner the whole market on pearls." (Exhibit P)

36. Beerbrayer's stock of pearls was valued by agreement at about four hundred thousand dollars (\$400,000.00). Goldstone showed Beerbrayer two letters of credit for fifty thousand dollars (\$50,000.00) each, and travellers checks for about twenty thousand dollars (\$20,000.00). This accords with what Mr. Petersen had seen in Goldstone's possession. (Exhibit O). However, because of local restrictions on exchange these letters of credit could not be readily cashed. Since Beerbrayer was insisting on payment in cash, Goldstone asked for and received from Beerbrayer an option to purchase three hundred eighty three thousand three hundred sixteen dollars (\$383,316.00) worth of pearls. (Exhibit T).

SECRET

-8-

The option was dated 3 December 1945 and was to expire on 10 December 1945, and was signed by Goldstone. To convince Beerbrayer of his ability to pay Goldstone showed him a cable from his bank in Chicago agreeing to advance three hundred thousand dollars (\$300,000.00) against the merchandise. This transaction was not completed due to the failure of the parties to agree on the method of payment. (Exhibit P). Beerbrayer also refers to Goldstone and MacGowan's trip to Japan "to find out about the pearl industry there".

37. Captain SAMANTO QUAIN, DC, ASN O-1717411, presently stationed in Shanghai, stated on 19 December 1945 that he was an acquaintance of the Lipkovsky family and had had dinner there on several occasions. One time, early in November, he had been there when Miss Eve Lipkovsky had received a cable from Goldstone stating that he was coming to Shanghai soon and telling her to "keep going". On a later occasion he had been in their home when MacGowan, Goldstone and Beerbrayer were also there. The discussions throughout the evening had been in regard to pearls with most of the talk centering around an attempt by Goldstone and Beerbrayer to come to an agreement for the sale of pearls to the former by the latter. In the course of the conversation, Captain Quain heard Goldstone say, "I want to control every pearl coming in to the United States or I don't want any at all". Goldstone asked Captain Quain about the possibility of the latter getting a package through to the United States for Goldstone, which Quain refused to do. Goldstone also mentioned that he could get the "dried fruit business away from MacGowan" if he wanted to, at a time when MacGowan was not present. Captain Quain also told of hearing another unidentified army officer remark about "two smart guys who got government transportation to China to corner the pearl market."

38. As a result of the facts elicited in this investigation, action has been taken to cancel all air priorities previously given to the subjects. This will leave them with no alternative other than to return to the United States by water, and every effort is being made to expedite their return in this manner.

39. It is noteworthy that after MacGowan learned of this investigation and the cancellation of his air priority, and after he had attempted to return to the United States by air without success, he informed the undersigned on 19 December 1945 that he was trying to go to Chungking "to carry out his mission for the Senate Small Business Committee."

COMMENTS:

1. There is some doubt as to the existence of proper authority for subjects' trip to China and later to Japan. Such credentials as have been seen do not specifically authorize the trips and fail to indicate the purpose or extent of their mission abroad. However, even if their trip was authorized there seems no doubt that its purpose was abused and corrupted into a venture for private gain. There was no attempt on the part of either of these "representatives of the Senate" to cover any part of China but Shanghai until after they had vainly attempted to return to the United States by air.

2. It has been clearly established that even before coming to China from the United States, Goldstone had already entered into negotiations for the purchase of pearls in China and had been in communication

SECRET

with his friends here for that purpose. He further evidenced that purpose by bringing with him to Shanghai a sum of money so large that it could not have been used for any but his own personal business ends. Immediately after his arrival in Shanghai he set to work on consummating his idea of a corner of the pearl market and persevered in it throughout his stay in China and up until the day of his scheduled return to the United States with an ardor and zeal which would have been most laudable had it been devoted to the ostensible purpose of his trip abroad. It is very apparent that subjects could not have done a great deal of work officially as a great part of their time was taken up in attempting to consummate the corner on the pearl market.

3. Both MacGowan and Goldstone have been guilty of the most flagrant misrepresentation of their official status and position. The belief that they were members of the Senate or of the Small Business Committee has been too widespread to be entirely accidental or not due to their careful fostering of such misapprehensions. (See Exhibits K, L, M, N, O, P, U, and paragraph 20 of Details supra).

4. Although Goldstone was undoubtedly the principal in the business transactions carried on in Shanghai, it is admitted by MacGowan that he was fully aware of what Goldstone was doing and that he could see nothing improper in it (See Exhibit I). MacGowan's presence throughout all of Goldstone's negotiations and business manipulations is adequately established by all other parties to the transactions. (See Exhibits L, M, N, O, P, U). As to the propriety of such dealings, how are the American business men being served when their very "representatives" are using their cloak of official authority to deny to others an opportunity for fair and open competition on equal terms?

5. It has obviously not been possible for the undersigned to ascertain the circumstances surrounding the means by which the subjects, particularly Goldstone, were able to arrange this trip in the United States. Nor has it been possible as yet to secure any information concerning their activities during their six day stay in Japan, although their preoccupation with the pearl industry there as in China bespeaks their neglect of all other phases of small business.

6. The refusal by Goldstone and MacGowan to discuss their activities in China and Japan under the poor guise that it is the concern of the Senate alone is not the open honesty and frankness normally expected from men innocent of any wrongdoing, particularly from representatives of our government. Goldstone was able to remember to include in his sworn statement a "tentative offer" to buy five or six thousand dollars worth of pearls and he actually denied the existence of a written or oral agreement or any discussion relative to one signed by him only a short time before, involving the purchase of almost four hundred thousand dollars worth of pearls (See Exhibits H, I, P, T). Although Goldstone was quick enough to flash his letters of credit for a hundred thousand dollars when he was discussing business (See Exhibits M, O, P), he pointedly refused to furnish any such information when he found himself under investigation. (See Exhibit I).

SECRET

RECOMMENDATIONS:

1. That copies of this report be forwarded to the Provost Marshal General. It is further recommended that this report be called to the attention of the United States Senate Small Business Committee, the Smaller War Plants Corporation, the State Department, and the United States Attorney-General for their information and such action as they deem advisable.
2. That this investigation be continued, particularly with respect to the means used by subjects to secure the authority, if any, for making their trips to China and Japan.
3. That the pearls attempted to be transported by Goldstone out of the China Theater in violation of the terms of Circular No. 48 be declared confiscated.
4. That subjects be fully prosecuted for all crimes found to have been committed by them.

John F. Stoskopf, Jr.
 JOHN F. STOSKOPF, JR.
 Lt. Col., CMP
 Director, CID

George Plotkin
 GEORGE PLOTKIN
 1st Lt., CMP
 Asst. Director, CID

Attached Exhibits:

Exhibit	A - Radio dated 6 Dec 45
"	B - " " 8 Dec 45
"	C - " " 10 Dec 45
"	D - Circular No. 48
"	E - ATC ticket of Goldstone
"	F - Letter to CG, from Maurey Maverick
"	G - Radio dated 17 Dec 45
"	H - Statement of Joe Goldstone
"	I - Statement of Conference on 18 Dec 45
"	J - Radio from Secretary of State, dated 17 Oct 45
"	K - Calling card of Joe Goldstone
"	L - Statement of Eve Lipkovsky
"	M - " " Moses Lipkovsky
"	N - " " Boris Lipkovsky
"	O - " " Eric A.G. Petersen
"	P - " " Anatole Beerbrayer
"	Q - Invoice of Cathay Jewellery
"	R - " " G.E. Marden & Co.
"	S - " " American Consulate
"	T - Agreement between Goldstone and Beerbrayer
"	U - Statement of Capt. James L. King

C O P Y

SECRET

OUTGOING MESSAGE
HEADQUARTERS
UNITED STATES FORCES
CHINA THEATER
CHUNGKING, CHINA

To: CINCAFPAC ADVON Date: 6 DEC 45
TOKYO

Prepared By:
MAUREY MAVERICK

Concurred In By
SEC CHIEF STAFF

Classification CONFIDENTIAL

Precedence ROUTINE

DONALD B DEVOE Adjutant General

TO CINCAFPAC ADVON TYO CFB L 6887 I AM INFORMED BY CRIMINAL INVESTIGATION DIVISION THAT MCGOWAN RPT MCGOWAN AND GOLDSTON RPT GOLDSTON ARE IN TOKYO TO SEE YOU ABOUT CULTURED PEARLS CMA AND ARE REPORTEDLY CARRYING LETTERS TO PERMIT CONTINUANCE OF CULTURE PEARL INDUSTRY IN JAPAN PRD MCGOWAN REPRESENTS THE SENATE SMALL BUSINESS COMMITTEE ON LOAN FROM SMALL WAR PLANTS CORPORATION BY WHICH HE IS NOW EMPLOYED PRD GOLDSTON IS BELIEVED TO REPRESENT THE SENATE SMALL BUSINESS COMMITTEE PRD ANY PRIVATE TRANSACTION BY EITHER OF THESE PARTIES IS WHOLLY IMPROPER PRD IT IS SUGGESTED THIS MATTER BE PLACED IN HANDS OF YOUR CRIMINAL INVESTIGATIONS DIVISION AND THE MATTER SHOULD BE CLOSELY WATCHED PRD IT IS REQUESTED THAT WHEN YOUR OFFICE HAS ASCERTAINED THAT MCGOWAN IS IN ANY WAY CONNECTED WITH TRANSACTIONS OF A PRIVATE NATURE CMA THAT HE BE INFORMED THAT I CMA AS GENERAL MANAGER OF THE SMALLER WAR PLANTS CORPORATION CMA DO BY THIS COMMUNICATION REMOVE HIM FROM ANY CONNECTION WITH THE SMALLER WAR PLANTS CORPORATION IMMEDIATELY WHEN SO INFORMED PRD FURTHER CMA THAT HE BE FURNISHED TRANSPORTATION TO THE UNITED STATES BY THE MOST DIRECT ROUTE AND IS NOT TO RETURN TO CHINA CMA JAPAN OR ANY PLACE WEST OF SAN FRANCISCO PRD SGE MAVERICK FROM COMGENCHINA

L6887

CERTIFIED A TRUE COPY:

George Plotkin

GEORGE PLOTKIN, 1st Lt., CMP

A

C O P Y**SECRET**

(From carbon copy of "outgoing radio")

CINCAFPAC ADVON
TOKYO

8 Dec 45

JOHN F STOSKOPF, JR.

TPM

CONFIDENTIAL

ROUTINE

TO CINCAFPAC ADVON TOKYO FOR TPM _____ OUR INFORMATION INDICATES
MCGOWAN RPT MCGOWAN AND GOLDSTON RPT GOLDSTON ARE MAKING PRIVATE BUSINESS ARRANGEMENTS
IN CONNECTION WITH CULTURE PEARL INDUSTRY WHILE ON OFFICIAL TRIP YOUR STATION PRD
MAURY MAVERICK CMA GENERAL MANAGER SMALLER WAR PLANTS CMA HAS INFORMED YOU OF SAME
SUBJECT BY RADIO PRD IT IS BELIEVED THESE MEN ARE WORKING TOWARDS CORNER ON CULTURE
PEARLS PRD SUGGEST THEY BE ALLOWED PROCEED WITH DEALS IF ANY CHANCE TO PROVE CASE PRD
MAVERICK AUTHORIZED DISCHARGE AND RETURN TO STATES AT OUR DISCRETION PRD ADVISE
CLOSELY OF PROGRESS AND ACTION PRD FROM STOSKOPF CHARLIE ITEM DOG SGD COMGENCHINA

CERTIFIED A TRUE COPY:

George Plotkin
GEORGE PLOTKIN
1st Lt., CMP

C O P Y .

SECRET

116/08 SJA

HEADQUARTERS
UNITED STATES FORCES
CHINA THEATER
Shanghai, China

Received: 091000 LST

Received in Clear Code

Filed : 080823 GMT

Precedence Routine

From : Chungking

To : CG CHINA THEATER (ACTION)

Writers Nr CLO 1079091015
SJATO COMGENCHINA FOR CRIMINAL INVESTIGATION DIVISION FROM
MAURY MAVERICK SIGNED COMGENCHUNGKINGLIAGROUP.

CONCERNING GOLDSTONE AND MCGOWAN. SPEAKING AS A MATTER OF PRINCIPLE AND DISCIPLINE, IT APPEARS TO ME THAT WHETHER STRICTLY ILLEGAL OR NOT PRIVATE TRADING FOR PROFIT ON GOVERNMENT EXPENSE OR PRESTIGE IS SO UNETHICAL AND OF SUCH GREAT IMPROPRIETY THAT POSITIVE ACTION TO STOP IT SHOULD BE TAKEN IMMEDIATELY. FOR MY PART, MCGOWAN IS NOT HERE FOR MY ORGANIZATION, BUT IF HE IS USING OR PERMITTING TO BE USED GOVERNMENT PRESTIGE OR EXPENSE FOR PRIVATE PROFIT, HE IS TO BE INFORMED IMMEDIATELY OF THE TERMINATION OF HIS SERVICES. ALSO, IN SUCH CASE, IT IS REQUESTED THAT HE BE GIVEN PASSAGE TO THE UNITED STATES BY THE SHORTEST POSSIBLE ROUTE, AS SOON AS POSSIBLE AND THAT HIS ACTIVITIES CEASE AT ONCE. AS FOR GOLDSTONE SOME METHOD OF CLEAR DISPROBATION SHOULD BE INDICATED. SENATOR JAMES MUJAY, CHAIRMAN OF THE SENATE SMALL BUSINESS COMMITTEE, SHOULD BE INFORMED OF THIS DISSERVICE TO THE SENATE, AND THE DISAPPROBATION OF THE GOVERNMENT SHOULD BE INDICATED TO HIM IN NO UNCERTAIN TERMS AS DISGRACEFUL CONDUCT. GOLDSTONE SHOULD ALSO BE SENT HOME AT ONCE. THE FACT OF USING GOVERNMENT FOR EXAMPLE TRANSPORTATION AND ALLOWANCES FOR HIS OWN USE SHOULD ALSO BE INVESTIGATED AS FRAUD TO BE CONSIDERED BY THE FEDERAL COURTS.

CERTIFIED A TRUE COPY:

George P. Plotkin
GEORGE PLOTKIN
1st Lt., CMP

SECRET

REAR ECHELON
HEADQUARTERS U.S. FORCES
CHINA THEATER

CIRCULAR:

A.P.O. 627
8 April 1945

NO....48:

IMPORTATION, TRANSPORTATION, POSSESSION, SALE, BARTER, AND EXPORTATION OF GOODS
INTO, WITHIN, AND FROM THE CHINA THEATER.

GENERAL.....I
IMPORTATION.....II
POSSESSION.....III
SALE AND BARTER.....IV
EXPORTATION.....V
MEMBERS OF U.S. FORCES AND GOVERNMENTAL AGENCIES.....VI
ATTEMPTS.....VII
ACTION TO BE TAKEN.....VIII
ORDER TO BE READ.....IX

I. GENERAL.

There exists a critical shortage of all transportation means needed for the war effort of the United States and her allies in this Theater. Any abuse of any of the means of transportation into, within and from this Theater will be regarded as a serious crime or offense.

II. IMPORTATION.

No persons shall use any means of transportation operated or furnished by or on behalf of the U.S. Government, or operated under contract with the U.S. Government, to import, transport, or cause to be imported or transported, either on his own behalf or for or through others, directly or indirectly, into this Theater and/or between any geographical points within this Theater, any article merchandise, material or equipment not needed for official or personal use.

III. POSSESSION.

No persons who are members of the U.S. Forces and/or any U.S. Governmental agency as well as any others subject to military law shall have in their possession, or under their control any article, merchandise, material or equipment not needed for official or personal use.

IV. SALE AND BARTER.

No person shall sell or barter any article, merchandise, material, or equipment imported or transported under paragraph 2 above. This shall not be construed so as to bar non-profit sales or barter by and between members of the U.S. Forces and/or any Governmental agency as well as any others subject to military law.

V. EXPORTATION.

No person shall use any means of transportation operated or furnished by or on behalf of the U.S. Government, or operated under contract with the U.S.

SECRET

REGIONAL OFFICE
CRIMINAL INVESTIGATION DIVISION
OFFICE THEATER PROVOST MARSHAL
CHINA THEATER

APO _____

_____ 1945

Case No. _____

TO: _____

In accordance with the provisions of Sec 8 (1) Circular 48, Headquarters Rear Echelon, USF, China Theater, dated 8 April 1945, you are hereby notified that a period of sixty (60) days from date is granted, during which you may make a written request to the Commanding General, Headquarters, Rear Echelon, USF, China Theater, setting forth the reasons, if any, why property confiscated under Circular 48, supra, should be returned to you. Upon receipt of reasons for the return of said property or at the expiration of sixty (60) days, whichever is the sooner, the property will be disposed of as directed by the Commanding General, Headquarters, Rear Echelon, USF, China Theater.

Agent, CID

Received above notice this _____ day of _____ 1945.

(Inclosure #1)

SECRET

REAR ECHELON
HEADQUARTERS U.S. FORCES
CHINA THEATER

CIRCULAR:

A.P.O. 627
8 April 1945

NO....48:

IMPORTATION, TRANSPORTATION, POSSESSION, SALE, BARTER, AND EXPORTATION OF GOODS
INTO, WITHIN, AND FROM THE CHINA THEATER.

GENERAL.....I
 IMPORTATION.....II
 POSSESSION.....III
 SALE AND BARTER.....IV
 EXPORTATION.....V
 MEMBERS OF U.S. FORCES AND GOVERNMENTAL AGENCIES.....VI
 ATTEMPTS.....VII
 ACTION TO BE TAKEN.....VIII
 ORDER TO BE READ.....IX

I. GENERAL.

There exists a critical shortage of all transportation means needed for the war effort of the United States and her allies in this Theater. Any abuse of any of the means of transportation into, within and from this Theater will be regarded as a serious crime or offense.

II. IMPORTATION.

No persons shall use any means of transportation operated or furnished by or on behalf of the U.S. Government, or operated under contract with the U.S. Government, to import, transport, or cause to be imported or transported, either on his own behalf or for or through others, directly or indirectly, into this Theater and/or between any geographical points within this Theater, any article merchandise, material or equipment not needed for official or personal use.

III. POSSESSION.

No persons who are members of the U.S. Forces and/or any U.S. Governmental agency as well as any others subject to military law shall have in their possession, or under their control any article, merchandise, material or equipment not needed for official or personal use.

IV. SALE AND BARTER.

No person shall sell or barter any article, merchandise, material, or equipment imported or transported under paragraph 2 above. This shall not be construed so as to bar non-profit sales or barter by and between members of the U.S. Forces and/or any Governmental agency as well as any others subject to military law.

V. EXPORTATION.

No person shall use any means of transportation operated or furnished by or on behalf of the U.S. Government, or operated under contract with the U.S.

Government, to export, transport or cause to be transported, either on his own behalf or for or through others, directly or indirectly, out of this Theater and/or between any geographical points within this Theater, any article, merchandise, material or equipment for commercial purposes.

VI. MEMBERS OF U.S. FORCES AND GOVERNMENTAL AGENCIES.

All persons who are members of the U.S. Forces and/or any U.S. Governmental agency as well as any others subject to military law are prohibited from using any means of transportation for importing, exporting, transporting or causing to be imported, exported or transported, either on his own behalf or for or through others, directly or indirectly, into this Theater and/or between any geographical points within this Theater any article, merchandise, material or equipment not needed for official or personal use, and out of this Theater and/or between any geographical points within this Theater, any article, merchandise, material or equipment for commercial purposes.

VII. ATTEMPTS.

No person shall perform any act with the intent to violate any of the provisions of this order.

VIII. ACTION TO BE TAKEN.

1. All articles, merchandise, material or equipment imported, transported, possessed, controlled, sold, bartered, or exported in violation of any of the foregoing provisions as well as the consideration and/or profits of such transactions are subject to confiscation and disposition by competent military authority. In all such cases of confiscation, the person from whom the articles, merchandise, material or equipment is taken or to whom said property belongs shall have a period of sixty (60) days from date of such confiscation to file with the Commanding General, Headquarters, Rear Echelon, U.S. Forces, China Theater, the reasons, if any, why such articles, merchandise, material or equipment should be returned. Upon the receipt of reasons for the return of said property or at the expiration of sixty (60) days, whichever is the sooner, the property shall be disposed of as directed by the Commanding General, Headquarters Rear Echelon, U.S. Forces, China Theater. (Inclosure #1)

2. Appropriate disciplinary action will be initiated or directed against all persons violating any of the provisions of this order. In addition, any existing privileges which were abused by any offender in this regard may be forfeited.

IX. ORDER TO BE READ.

This order will be read and explained to all enlisted men in this Theater by their immediate Commanding Officer, who will certify that this has been done. All officers, members of any U.S. Governmental agency and all others subject to military law will prepare a certificate that they have read and understand the provisions of this order. This order will be read and explained and certificates prepared, as outlined above, to and by all newly arrived personnel in this Theater immediately upon assignment to a headquarters or station. Commanding Officers of all headquarters or stations, to which personnel of the above categories are assigned will be responsible that necessary certificates are executed and retained at such headquarters or station.

By command of Major General CHEVNAULT:

OFFICIAL:

Gerald L. Molloy
GERALD L. MOLLOY
Captain, A. G. D.
Asst. Adjutant General

D. L. STWART
Brig. Gen., GSC
Deputy Chief of Staff


1 Incl:
Incl 1 - Form Letter.

SECRET

SECRET

Globster RESTRICTED

U.S.A.F. AIR TRANSPORT COMMAND X 493653

<small>PRIORITY IDENTIFICATION NO.</small> CN US 2 0357 PAY	<small>STATION ISSUING</small> SHANGHAI, CHINA																																																		
<small>NOT TRANSFERABLE - ISSUED TO (PRINT PASSENGER'S NAME)</small> MR. JOE GOLDSTONE	<small>DATE ISSUED</small> 16 DEC 45																																																		
GOOD FOR ONE-WAY PASSAGE		<small>ROUTE - AUTHORIZED STOPOVERS - REMARKS</small> "GLOBESTER" CONNECT MANILA																																																	
<small>FROM</small> SHANGHAI, CHINA	<table border="1"> <tr> <th colspan="2">FARE</th> <th colspan="2">CHARGES</th> <th colspan="3">TRIP CHECK</th> </tr> <tr> <td></td> <td>\$</td> <td>929</td> <td>00</td> <td>FROM</td> <td>TO</td> <td>VERIFIED BY</td> </tr> <tr> <td></td> <td>U. S. TAXES</td> <td>XXX</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>INITIAL EXCESS BAGGAGE</td> <td>381</td> <td>30</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>U. S. TAXES</td> <td>XXX</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>OTHER CHARGES</td> <td>XXX</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>TOTAL</td> <td>\$</td> <td>1310</td> <td>30</td> <td></td> <td></td> </tr> </table>		FARE		CHARGES		TRIP CHECK				\$	929	00	FROM	TO	VERIFIED BY		U. S. TAXES	XXX						INITIAL EXCESS BAGGAGE	381	30					U. S. TAXES	XXX						OTHER CHARGES	XXX						TOTAL	\$	1310	30		
FARE		CHARGES		TRIP CHECK																																															
	\$	929	00	FROM	TO	VERIFIED BY																																													
	U. S. TAXES	XXX																																																	
	INITIAL EXCESS BAGGAGE	381	30																																																
	U. S. TAXES	XXX																																																	
	OTHER CHARGES	XXX																																																	
	TOTAL	\$	1310	30																																															
<small>TO</small> U. S. A.	<small>SUBJECT TO CONDITIONS OF PASSAGE ON REVERSE SIDE</small>																																																		
<small>NO. PIECES BAGGAGE</small> 3	<small>PASSENGER'S WEIGHT</small> 200																																																		
<small>AUTHORIZED BAGGAGE WEIGHT</small> 65-135	<small>INITIAL EXCESS BAGGAGE WEIGHT</small> 82																																																		
<small>GOVERNMENT AGENCY TO BE CHARGED - NO CASH REFUND IF ENTRY HERE</small>																																																			
<small>GOVERNMENT TRANSPORTATION REQUEST NO.</small>																																																			
<small>ISSUED BY</small> <i>Burton R Bowlus</i> BURTON R. BOWLUS 1st LT AC																																																			
<small>ATG-PY-41</small> <i>goldstone</i>																																																			

THIS TICKET WILL BE SURRENDERED ON DEMAND

12-1-44

E

C O P Y

SECRET

To Com Gen. China Division
Crim. Inv. Division

Gentleman:

In so far as I am concerned, you are not only authorized, but requested to take such (steps) as are necessary in the Goldstone - McGowan affair. In my opinion they should be fully investigated in a manner that will lead to a full study of the case.

No request for air priority for Mr. McGowan is made as ship transportation will be sufficient if the same is helpful to the investigation and in any event there is no urgent need of Mr. McGowan's service.

As for Goldstone, I do not know him, but if he in any way is taking advantage of the authority or courtesies of the Senate, it is my opinion such body will disapprove of such acts. Therefor Goldstone should be afforded such protective measures as are necessary to insure the integrity of the Senate as well as his own.

Please take whatever action is necessary.

/s/ Maurey Maverick

CERTIFIED A TRUE COPY:

George Plotkin
GEORGE PLOTKIN
1st Lt., CMP

F

COPY

HEADQUARTERS
UNITED STATES FORCES

SECRET

OUTGOING MESSAGE

CHINA THEATER
CHUNGKING, CHINA

To:

SMALLER WAR PLANTS CORPORATION
WASHINGTON, D.C.

Date: 17 Dec 45

Prepared By:

Ref:

INFO COPY TO STATE DEPARTMENT

Filed:

MAUREY MAVERICK

Concurred In By:

Official:

Sec. to Gen. Staff

Classification: SECRET

Adjutant General

Precedence: URGENT

TO SMALLER WAR PLANTS CORPORATION WASHINGTON INFO STATE DEPARTMENT

IT IS NOW PLACED BEFORE ME AS CONFORMATION BY COMPETENT AUTHORITIES OF THE MILITARY THAT MISTER GOLDSTONE ALLEGED TO BE OF THE SENATE SMALL BUSINESS COMMITTEE AND TRAVELING AT GOVERNMENT EXPENSE WITH MISTER MCGOWAN OF OUR CORPORATION HAS IN HIS POSSESSION TWENTY THOUSAND DOLLARS PEARLS PURCHASED IN CHINA AS WELL AS CERTAIN COMMITMENTS IN JAPAN PRD THIS CHARACTER OF ACT IS IMPROPER DUE TO THE FACT THAT PERSONAL TRADING AT GOVERNMENT EXPENSE IS HIGHLY UNETHICAL IF NOT ILLEGAL PRD WHETHER MCGOWAN IS ACTUALLY A PRINCIPAL IN THESE ACTS MAY NOT BE EVENTUALLY PROVED IN COURT CMA BUT OF THE HIGH IMPROPERIETY OF HIS EVEN PERMITTING SUCH ACTS THERE IS NO QUESTION PRD YOU ARE REQUESTED TO TERMINATE HIS EMPLOYMENT CMA AND AT THE SAME TIME IMMEDIATELY CMA BY ACT OF THE BOARD OF DIRECTORS CMA REVOKE ANY APPROPRIATION FOR HIS TRIP CMA AND LOAN TO SENATE SMALL BUSINESS COMMITTEE PRD AT THE SAME TIME PLEASE INFORM THE SENATE SMALL BUSINESS COMMITTEE OF YOUR ACTS PRD THEREAFTER MCGOWAN IS ENTITLED TO APPEAL BEFORE CIVIL SERVICE CMA BUT IN THE MEANTIME PROMPT ACTION IS NECESSARY PRD HIS RIGHTS OF DUE PROCESS WILL BE PROTECTED CMA BUT IN THE MEANTIME THE RIGHTS OF THE PUBLIC CMA OUR CORPORATION CMA AND THE GOVERNMENT MUST RECEIVE PRECEDENCE PRD TAKE THE STATE DEPARTMENT AND ATTORNEY GENERALS OFFICE IN FULL CONFIDENCE PRD

CERTIFIED A TRUE COPY; PAGE ONE:

George Plotkin
GEORGE PLOTKIN
1st Lt., CMP

G

PAGE TWO

COPY
HEADQUARTERS
UNITED STATES FORCES
CHINA THEATER
CHUNGKING, CHINA

SECRET

OUTGOING MESSAGE

To:

SMALLER WAR PLANTS CORPORATION
WASHINGTON, D.C.

Date: 17 Dec 45

Filed:

INFO COPY TO STATE DEPARTMENT

Official:

Adjutant General

Prepared By:

Ref:

MAUREY MAVERICK

Concurred In By:

Sec. to Gen. Staff

Classification SECRET

Precedence URGENT

AIRPLANE TRANSPORTATION HAS BEEN HELD UP FOR BOTH GOLDSTONE AND MCGOWAN AND THEY WILL BE RETURNED BY SHIP PRD THIS MEETS WITH MY APPROVAL PRD THE FINAL JUDICIAL DETERMINATION IS NOT RELEVANT TO THIS AFFAIR PRD IF IT BE PROVED THAT MCGOWAN IS AN QUOTE INNOCENT VICTIM UNQUOTE NEVERTHELESS A REASONABLE USE OF DISCRETION WOULD NECESSITATE HIS DISCLOSURE OF THESE FACTS LONG BEFORE NOW PRD YOUR COOPERATION WITH ALL AUTHORITIES IS REQUESTED PRD IT MUST BE EMPHASIZED THAT IRRESPECTIVE OF FINAL CRIMINAL DETERMINATION THAT NONE OF THESE ALLEGED ACTS OR THEIR BEHAVIOR CAN MEET WITH ANYTHING BUT OUR FIRM DISAPPROVAL AND DISAPPROBATION PRD CONDUCT OF SUCH NATURE IS DESGRACEFUL CMA AND IF OUR CORPORATION DID NOT TAKE PROMPT ACTION IT WOULD BE UNFAIR TO THE SENATE AND ALL PARTS OF THE GOVERNMENT PRD PLEASE TAKE THE ACTIONS INDICATED AND COOPERATE WITH THE AGENCIES WHICH I HAVE REQUESTED YOU TO CONTACT PRD FROM COMGENCHINA SGD MAVERICK

CERTIFIED A TRUE COPY, PAGE TWO:

George Plotkin
GEORGE PLOTKIN
1st Lt., CMP

SECRET

STATEMENT OF: Joe Goldstone,
10 West Elm Street,
CHICAGO, Ill.

I was appointed Far Eastern consultant by Senator James E. Murray, who is Chairman of a special Committee to study problems of American small business. Senator Murray's office took care of the transportation and arrangements to come to China and Japan. I was travelling with Howard McGowan, who also represented this Committee. The purpose of the trip was to promote business between small business concerns in America and China. McGowan and I left the United States on 16 Nov 45 from Washington. We travelled by ATC to Kunming and then to Shanghai. We arrived in Shanghai on about 22 Nov 45. While in Shanghai we interviewed many business concerns with reference to promoting trade between Chinese and American business men. We remained in Shanghai about ten (10) days and then went to Tokyo. We stayed in Japan for six (6) days. During the time we were in Japan we completed the mission we were sent for and returned to Shanghai about 9 Dec 45.

While I was in Shanghai I purchased certain cultured pearl necklaces from the Cathay Jewelry in the sum of US\$ 2000.- for the Imperial Pearl Syndicate of which firm I am a member. I filed a Custom's Declaration for these pearls and paid the Chinese Import and Export Duty and also received a Consular Invoice from the American Consulate for same and declared them as baggage and paid the air-express charges on same from Shanghai to Washington D.C. by ATC.

Prior to leaving Washington I ascertained from the ATC whether air-express was permissible and I was told that it was, if it was paid for.

Another purchase was made from the Cathay Jewelry to be shipped by boat later on in the sum of US\$ 8500.- for which I paid. I had also paid for the US\$ 20000.- shipment of pearls which were being sent by air-express. A tentative offer was made to buy pearls at approximately US\$ 5000.- to US\$ 6000.- which transaction was to be confirmed from the States. This last transaction was with a Mr. David.

Apart from the purchase of the US\$ 20000.- worth of pearls and the US\$ 8500.- worth of pearls and the tentative arrangements concerning the US\$ 5000.- to US\$ 6000.- worth of pearls, I purchased no other merchandise of any description whatsoever, except some gifts. I did not enter into any transactions other than the ones specified above.

I have a letter from Senator James E. Murray, Chairman, U.S. Senate Special Committee to study problems of American Small Business dated 1 Sept 45 and addressed to Mr. Joseph Goldstone, 5 North Wabash Ave., Chicago, Ill.

H

SECRET

This letter reads:

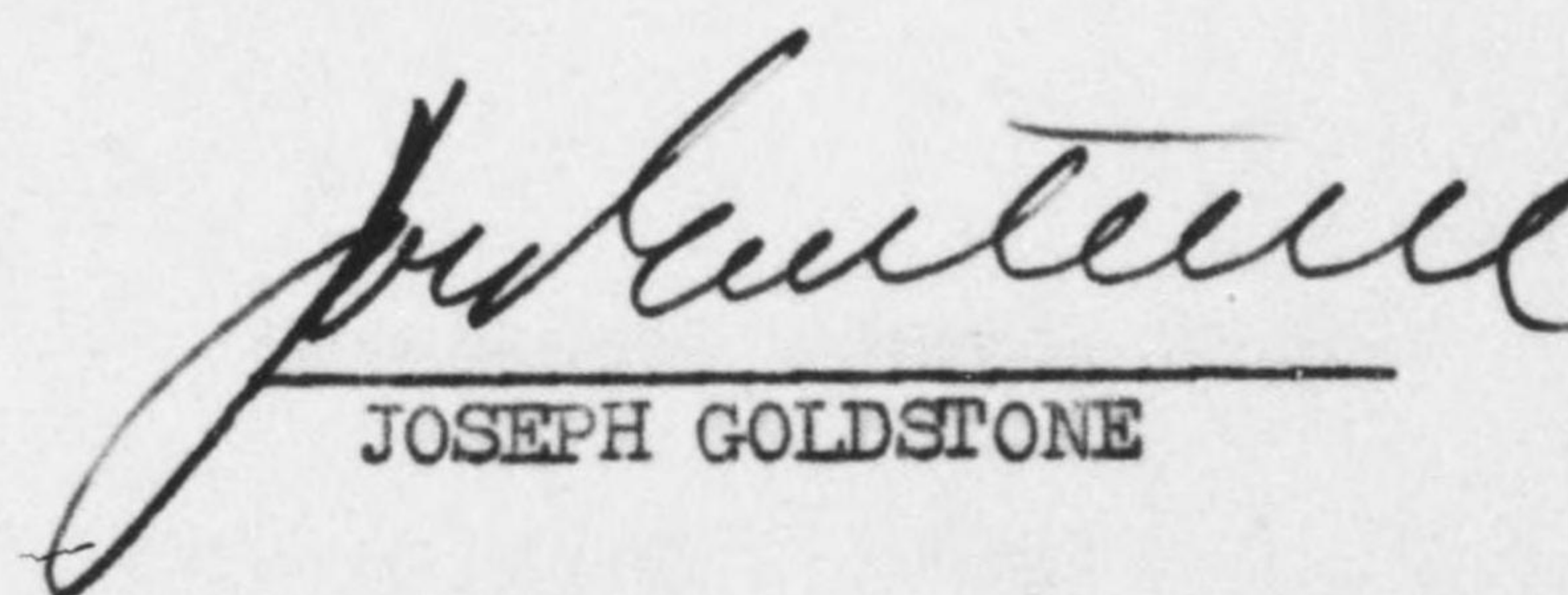
"My dear Mr. Goldstone; Please accept my sincere thanks for your consent to act as a consultant to the Senate Small Business Committee in connection with its studies on Foreign trade in the Far East. I am very glad that you will find time to devote to the problems confronting my Committee, and I wish at this time to formally designate you as Consultant of Foreign trade to the Far East.-
I am looking forward to assigning important studies to you.

Sincerely yours,

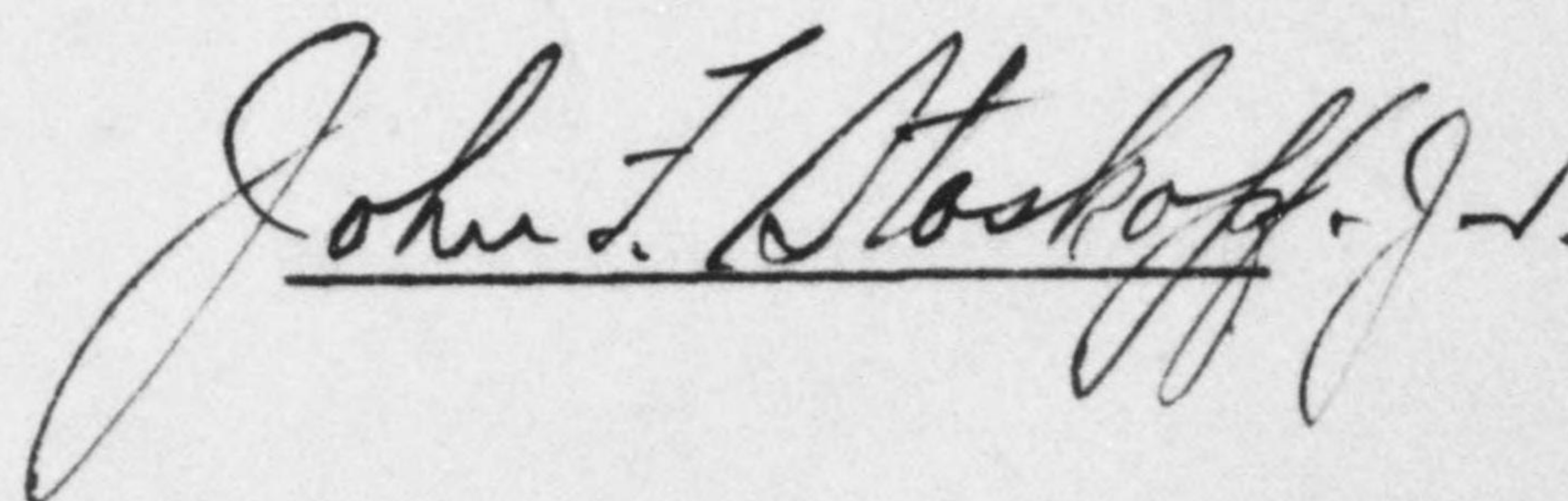
S/ James E. Murray."

The transactions for the purchase of pearls which I have referred to above were for the account of the Imperial Pearl Syndicate and were made solely by myself without the assistance of Mr. McGowan who has no interest whatsoever in these purchases. When I was authorized to proceed to the Far East as a representative of the Senate Small Business Committee, it was agreed and understood that I was to pay all my own expenses on this trip. I have paid all transportation costs and all living expenses which I incurred on this trip.

It was my understanding when I left Washington that if the occasion presented itself I could transact private business for myself.


JOSEPH GOLDSTONE

Subscribed and sworn to before me, an officer duly authorized to administer Oaths this 18 day of December 1945, at Shanghai, China.


John J. Stoskopf, Jr.

SECRET

Statement regarding conference on 18 December 1945 at Office of Criminal Investigation Division, Development Building, Shanghai, China.

Present: Howard H. MacGowan
Joseph Goldstone
Lt. Col. John F. Stoskopf, Jr.
Lt. George Plotkin

At about 1000 hours on 18 December 1945, Mr. Howard H. MacGowan and Mr. Joseph Goldstone, both of whom are in China allegedly on an official mission for the United States Senate Small Business Committee, called at the office of the Criminal Investigation Division, Office of the Theater Provost Marshal, Headquarters, United States Forces, China Theater, which is located on the fourteenth floor of the Development Building, Shanghai, China. They were received there by Lt. George Plotkin, Assistant Director, Criminal Investigation Division.

Mr. MacGowan and Mr. Goldstone were informed that the Criminal Investigation Division was conducting an investigation of charges that Mr. Goldstone had attempted to use government transportation for carrying merchandise out of the China Theater for commercial purposes, which is in violation of existing regulations in this Theater, and that Mr. MacGowan and/or Mr. Goldstone had been transacting private business for profit while engaged on official government business and travelling under official government auspices.

Mr. MacGowan was also informed that he need make no statement, written or oral, nor need he answer any question, nor volunteer any information unless he desired to do so willingly and without promise of any inducement or reward. Mr. Goldstone had been similarly advised on the previous day by Lt. Col. O'Connor of the office of the Theater Judge Advocate General.

Mr. MacGowan was then asked whether he had engaged in any private business transactions while in China. This he categorically denied.

Mr. MacGowan was asked if he knew whether Mr. Goldstone had engaged in any private business transactions while in China. Mr. MacGowan stated that he knew that Mr. Goldstone had purchased a quantity of cultured pearls during their stay in Shanghai.

Mr. MacGowan further admitted that he had been present when Mr. Goldstone had negotiated for the purchase of pearls with different dealers in Shanghai, but stated that he had no personal interest in such transactions.

Mr. MacGowan was then asked whether he considered it proper for Mr. Goldstone to make such purchases while they were engaged on an official governmental mission. Mr. MacGowan stated that he had not been told that such practice was improper or forbidden and that he did not see anything wrong with it if it did not interfere with or prevent the completion of their mission.

SECRET

-2-

Mr. MacGowan and Mr. Goldstone were asked whether either or both of them had conceived the idea of transacting private business in China before they left the United States on their current mission. This question they both refused to answer.

Mr. Goldstone was asked to state how much money he had brought with him to China, whether in the form of currency, checks, credits, or documents. This question he refused to answer.

At this point Lt. Col. Stoskopf arrived and joined the conference. Lt. Plotkin gave Lt. Col. Stoskopf a resume', in the presence of Mr. MacGowan and Mr. Goldstone, of all that had transpired in this conference up to this point. At the conclusion of this resume' Mr. MacGowan and Mr. Goldstone were asked whether it was correct and both of them stated that it was.

The question of the amount of money brought into China by Mr. Goldstone was again asked and an answer was again refused.

Mr. Goldstone then stated that he believed that this entire investigation had been instigated by an envious business competitor of his, and that if he and Mr. MacGowan were in Washington they would be able to handle this situation without any trouble.

Mr. MacGowan was asked whether he would state what he had done since coming to China. He said that this was solely the concern of the Senate Committee which he represented and that he would only relate it to them.

Mr. Goldstone had dictated a brief statement on the previous day which had been transcribed and typewritten. He was given this statement to read and correct, which he did. He was then sworn to the truth of the statement by Lt. Col. Stoskopf and he then signed it, retaining a copy for himself.

Mr. MacGowan was then asked whether he would make a similar written statement regarding the subject matter of this investigation in which he could give any information he desired. He refused to make any written statement whatsoever.

Mr. Goldstone was asked whether he had made any purchases or transacted any business or conducted any negotiations other than those specified in his statement, namely the purchase of a total of approximately \$28,500.00 worth of pearls from Cathay Jewellery, and negotiations for the purchase of five or six thousand dollars worth of pearls from a Mr. David which had not been consummated. Mr. Goldstone stated that those were the only transactions he had conducted.

Mr. Goldstone was asked for the full name and address of "Mr. David". He stated that it was a small shop in the vicinity and that he would give the exact name and address later.

Mr. MacGowan remarked in effect several times during the course of this conference that the subject investigation was in the nature of a "fishing expedition" in an effort to discredit himself and the Senate Committee which he represented. Mr. Goldstone also repeated his former

-2-

-3-

SECRET

statement that the investigation had been instigated by some business competitor. Both Mr. MacGowan and Mr. Goldstone asked several times that they be told who was behind the investigation and what its disposition would be.

The conference terminated at about 1130 hours.

John F. Stoskopf, Jr.
JOHN F. STOSKOPF, JR.
Lt. Col., CMP

George Plotkin
GEORGE PLOTKIN
1st Lt., CMP

-3-

SECRETC O P Y

RESTRICTED

PARAPHRASE OF TELEGRAM RECEIVED

From: Secretary of State, Washington Date: Oct. 17, 1945

No. : 1690

It is planned by the Senate Small Business Committee to send a mission to China consisting of Mr. Joseph Goldstone, Economic Adviser to the Committee, and Howard A. MacGowan, Regional Director of the Small War Plants Corporation at Seattle, Washington. They desire to visit Chungking, Hankow, Canton, Shanghai, and Tientsin. Inform the Department by telegraph as soon as possible of rail or air service between these places, costs, and travel times, as well as facilities for billeting and messing. Precise itinerary and purpose of mission will be set forth in circular telegram to be transmitted later.

Paraphrased by RNC:cd

CERTIFIED A TRUE COPY:

George Plotkin
GEORGE PLOTKIN
1st Lt., CMP

J

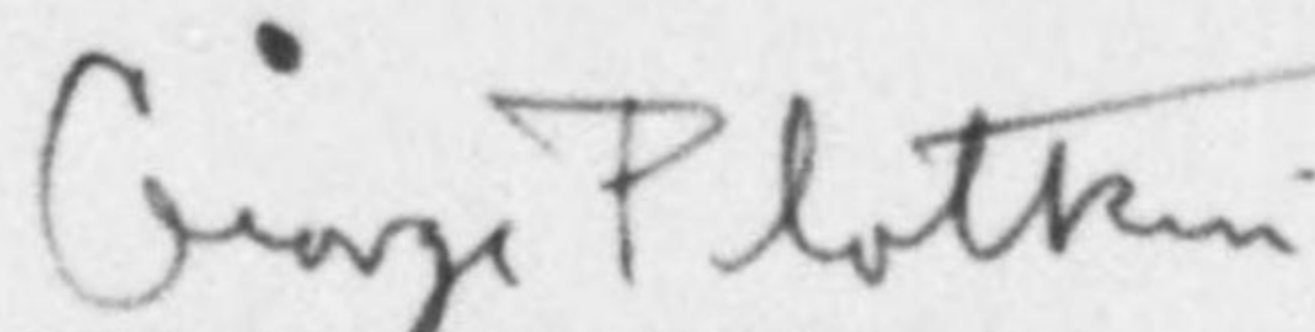
SECRET

COPY OF CALLING CARD BY JOE GOLDSTONE

JOE GOLDSTONE

5 North Wabash Avenue
Chicago, IllinoisUnited States Senate
Small Business Committee

CERTIFIED A TRUE COPY:

GEORGE PLOTKIN
1st Lt., CMP

K

SECRET

Statement of EVE LIPKOVSKY, 272 Kiangse Road, Shanghai, China.

During the time that I was in the United States before the war, I worked on and off from 1937 to 1939 for the Imperial Pearl Syndicate in Chicago, which was the firm of Mr. Joseph Goldstone. In 1940 I returned to Shanghai.

Before the war broke out Mr. Goldstone requested that a shipment of pearls be made to him. My father, who is a dealer in pearls and gems, assembled a lot of pearls and Mr. Goldstone had already forwarded the money for payment to a local bank, when the war started and we could not complete the deal.

After the war was over I received a cable from Mr. Goldstone asking if the pearls were still available. I wrote to him explaining what had happened to the original shipment. Then later I received a cable from Mr. Goldstone saying that he was coming to Shanghai and that I should meet him. Then I got a second cable saying that his arrival would be delayed.

Mr. Goldstone got in touch with me soon after he arrived in Shanghai. He introduced me to Mr. McGowan and told me that they were representing the United States Senate on business in China. I introduced them to my father and my brother.

My father and brother secured a large quantity of pearls for Mr. Goldstone and helped him prepare it for shipment and get it through the Chinese customs.

I did not take part in all of the business negotiations between them but I know that Mr. Goldstone wanted my father to represent him here in Shanghai for the purpose of getting pearls and shipping them to the United States in large quantities.

Eve Lipkovsky

~~Sworn to and~~ Subscribed before me this

18th day of December, 1945.

George Plotkin, 1st Lt. H. C. M. P.

Statement of MOSES LIPKOVSKY, 272 Kiangse Road, Shanghai, China.

SECRET

I am the owner of the Cathay Jewellery, 272 Kiangse Road, Shanghai. I met Joseph Goldstone and Howard MacGowan in Shanghai about 23 November 1945, shortly after their arrival from the United States. They were introduced to me by my daughter, Eve Lipkovsky, who had worked for Goldstone's firm in the United States, the Imperial Pearl Syndicate, before the war. She came back to Shanghai before the outbreak of the war.

Late in 1941, Mr. Goldstone asked us to assemble a shipment of pearls for him. The shipment was ready and the money for payment had been deposited with a bank in Shanghai when the war broke out and prevented completion of this deal. Shortly after the end of the war a few months ago we received a cable from Mr. Goldstone asking if the pearls were still available. My daughter wrote to explain what had happened to prevent delivery before the war broke out.

In the early part of November 1941 we received a cable from Mr. Goldstone saying he was leaving Washington for Shanghai and asking that he be met upon his arrival. A second cable arrived saying he would be delayed. I believe that Mr. Goldstone got in touch with us on the morning after his arrival in Shanghai. When I met him Mr. MacGowan was with him.

At Mr. Goldstone's request I assembled a quantity of strands of pearls for him, part of which I had on hand and part of which I secured from other dealers. Altogether I assembled and sold to Mr. Goldstone pearls of the value of about \$28,500.00. These were prepared in two shipments, one of about \$20,000.00 to go with Mr. Goldstone, by air to the United States, and the balance to be shipped by me by water.

Mr. Goldstone paid for the pearls with cash. He also had with him at least one letter of credit in the sum of \$50,000.00. My son, Boris, helped Mr. Goldstone make the arrangements to pay the Chinese export charges and get the necessary consular invoices drawn up by the American Consulate.

Mr. Goldstone and Mr. MacGowan took me to the Chase Bank in Shanghai and introduced me to the manager, Mr. Petersen. Mr. Goldstone told Mr. Petersen that I was to be his representative in Shanghai for the purpose of purchasing pearls for him. He told Mr. Petersen that he was going to deposit \$100,000.00 with the bank, and that as I shipped pearls to him and presented the papers to the bank I was to be paid from this deposit. Then when Mr. Goldstone received the pearls in the United States he would deposit the amount in the bank again so that I would always have enough money on hand to pay for any shipment I would make, no matter how large it was.

I introduced Mr. Goldstone and Mr. MacGowan to Mr. A. Beerbrayer, who is one of the biggest pearl dealers in Shanghai, and they made some kind of a written agreement for the purchase of a very large amount of pearls, but I believe that this sale was not completed before the time that Mr. Goldstone was supposed to leave Shanghai.

SECRET

Statement of MOSES LIPKOVSKY, (Page Two)

Mr. MacGowan was present during most of the meetings and negotiations I had with Mr. Goldstone, but the business was always done by Mr. Goldstone himself. I do not know whether Mr. MacGowan had any interest in Mr. Goldstone's business. I never asked him and he never told me.

I understood from what they said that Mr. Goldstone and Mr. MacGowan had come to China for the United States Senate.

On the morning of 18 December 1945, Mr. Goldstone and Mr. MacGowan came to my store and told us that an investigation was being made of the buying of the pearls.

M Lipkovsky

~~Sworn to and~~ Subscribed before me this

18th day of December, 1945.

George Plattner, 1st Lt. H. C. M. P.

SECRET

Statement of BORIS LIPKOVSKY, 272 Kiangse Road, Shanghai, China.

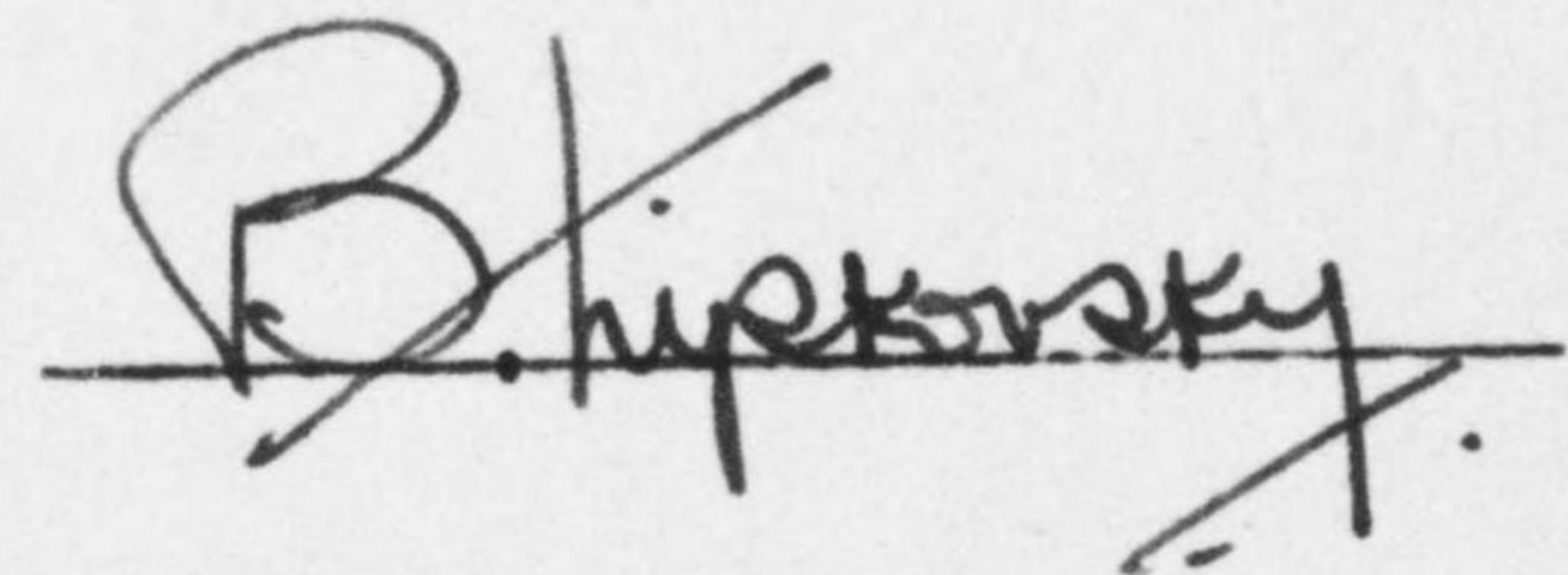
I am the son of Moses Lipkovsky who owns the Cathay Jewellery, 272 Kiangse Road, Shanghai, China. I met Mr. Joseph Goldstone and Mr. Howard MacGowan shortly after their arrival in Shanghai toward the end of November 1945.

My father and I accumulated from various sources a large quantity of pearls for Mr. Goldstone. One shipment he was to take with him by airplane back to the United States. This was just over \$20,000.00. Another shipment, of about \$8500.00, we were going to ship to him in the United States by water.

I helped Mr. Goldstone get the shipment through the Chinese customs and also helped him to get the invoices from the American Consulate. Mr. Goldstone paid for the pearls in cash.

We also introduced Mr. Goldstone to some other dealers in pearls but I do not know whether he did any business with them or with anyone else. Mr. MacGowan was usually with Mr. Goldstone on the different occasions when we arranged to sell the pearls, but I do not know whether he had any interest in the transaction or not. Mr. MacGowan and Mr. Goldstone told us that they had come to China for the United States Senate.

I understood that Mr. Goldstone was to leave China on Monday, 17 December 1945. On 18 December 1945 he and Mr. MacGowan came to our store and told us that an investigation was being made of the purchase of the pearls.



~~Sworn to and~~ Subscribed before me this

18th day of December, 1945.

George P. Lottis, Int. St., C.M.P.

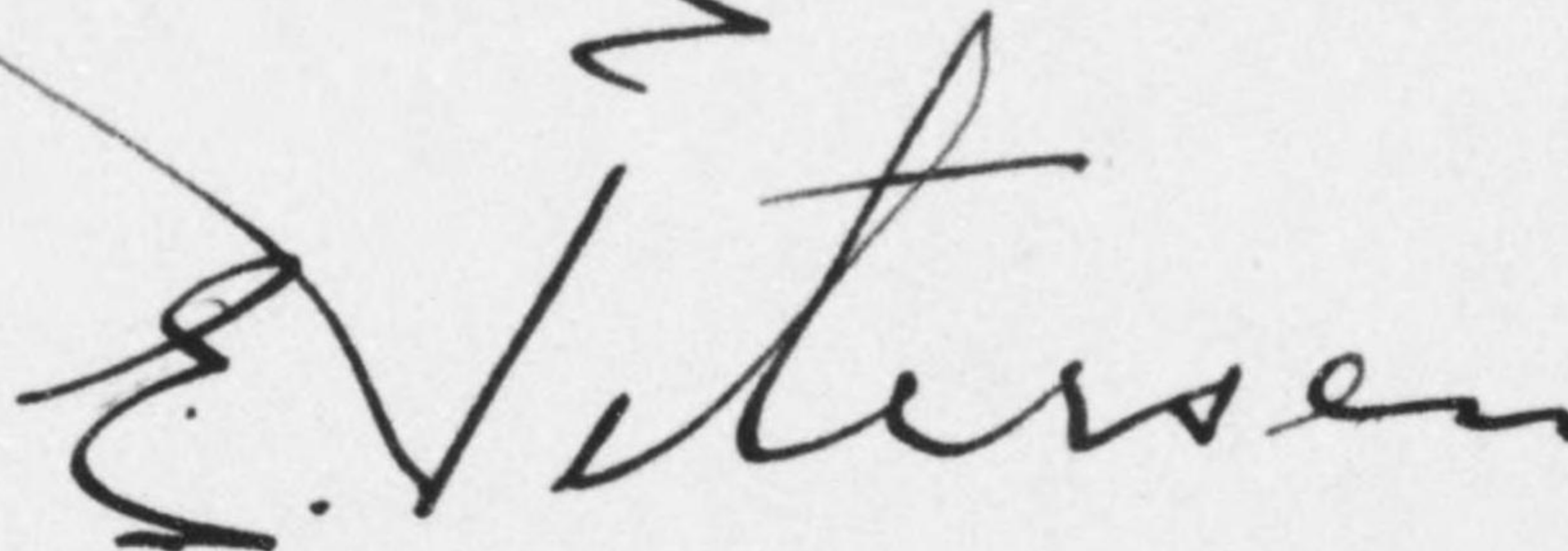
SECRET

Statement of ERIC A.G. PETERSEN, Chase Bank, 99 Nanking Road, Shanghai.

I am the manager of the Shanghai branch of the Chase Bank. I met Mr. Joseph Goldstone and Mr. Howard MacGowan about the beginning of December 1945 at the Chase Bank in Shanghai. They informed me that they were representing the United States Senate Small Business Committee and showed me a letter of introduction from the First National Bank of Chicago.

Mr. Goldstone had a Traveller's letter of credit in the sum of \$50,000.00 and a commercial documentary letter of credit in the sum of \$50,000.00. He said he also had some traveler's checks. I was unable to cash any of these. However, I cashed two drafts for him, one in the sum of \$7500.00, and one in the sum of \$9100.00, making a total of \$16,600.

Altogether I believe I saw Mr. Goldstone about three four times, and on all of these occasions, except perhaps once, Mr. MacGowan was present. Mr. Goldstone introduced me to a Mr. Lipkovsky who he said was to be his Shanghai representative for the purpose of procuring pearls and shipping them to the United States. Mr. Goldstone said that he intended to deposit \$100,000.00 in the Chase Bank out of which Mr. Lipkovsky would be paid upon presentation of documents showing that he had made a shipment.



~~Subscribed~~
Subscribed and sworn to before me this

19th day of December 1945.

George Plotkin, 1st St., C.M.P.

SECRET

Statement of ANATOLE BEERBRAYER, 241 Cardinal Mercier, Shanghai, China.

I am a wholesale dealer in gems, particularly in cultured pearls. One of the dealers to whom I sell is Mr. M. Lipkovsky, owner of the Cathay Jewellery. About the middle of November 1945, Mr. Lipkovsky told me that a dealer was coming over from the United States to buy pearls. Mr. Lipkovsky asked me to give him some sort of option on my entire stock for this dealer, and I agreed to hold it for a few days until he could get some instructions.

About ten days later, near the end of the month, Mr. Lipkovsky called to tell me that the dealer had arrived and he arranged to bring him over to look at my stock of pearls. He came over with Mr. Joseph Goldstone, who he introduced to me as being the biggest pearl dealer in the United States, and Mr. Howard MacGowan, who he told me was a member of the United States Senate and a very important man.

Mr. Goldstone told me that he wanted to buy my entire stock of pearls because he wanted to corner the whole market on pearls. He showed me two letters of credit for \$50,000.00 each and traveller's checks for about \$20,000.00.

After we agreed on the prices we found that my stock of pearls was worth about \$400,000.00. Mr. Goldstone told me that he could get all the money he wanted from the United States. I told him that I would have to have payment in cash in U.S. dollars.

On 2 December 1945, I gave Mr. Goldstone a written option to purchase my stock of pearls consisting of approximately two hundred ten thousand momme (over 1900 pounds) of loose pearls at \$1.50 per momme and about 5693 pearl necklaces at \$12.00 each. The option was to expire on 10 December 1945. This was to let Mr. Goldstone have enough time to cable to the United States to make arrangements for payment. I have turned over my copy of this agreement to Lt. George Plotkin, United States Army Criminal Investigation Division, after he and I had marked it with our initials for identification.

Mr. Goldstone later showed me a cable from his bank in Chicago saying that they would advance \$300,000.00 against the merchandise. I said that this would be satisfactory to me and that I would accept payment in the United States upon delivery of shipping documents to the bank there.

Then we found that Mr. Goldstone could not cash his letters of credit in Shanghai because of restrictions put on the banks by the Chinese Government. He wanted me to forward the pearls without any payment here but I refused to do this and the option expired.

I saw Mr. Goldstone and Mr. MacGowan concerning this transaction about six times altogether. Mr. Goldstone did all the talking and arranging and Mr. MacGowan seemed to be a sort of silent partner.

I understood that Mr. Goldstone and Mr. MacGowan went to Japan also to find out about the pearl industry there. I do not know whether they did any business there, but I understand that at the present time nothing can be exported out of Japan.

SECRET

Statement of ANATOLE BEERBRAYER (Page 2)

I was told that Mr. Goldstone did buy a quantity of pearl necklaces from Mr. Lipkovsky. Most of these I had previously sold to Mr. Lipkovsky myself when prices were much lower.

A. Beerbrayer

~~Sworn to and~~ subscribed before me this

18th day of December, 1945.

George F. Plotkin, 1st Lt. CAP

COPY

SECRET

Shanghai, December 14th 1945

CATHAY JEWELLERY
272 KIANGSE ROAD
TEL. 12274

No. 1066

Messrs.....Imperial Pearl Syndicate.....
Address...5 North Wabash Ave, Chicago, Ill, U.S.A....

PARTICULARS

1.	150	Strands	Cul. Pearls	@	U.S.	\$7.-per		U.S.\$	1050.	-
2.	642	"	"	"	"	4.25 "			2728.	50
3.	307	"	"	"	"	9.- "			2763.	-
4.	100	"	"	"	"	11.- "			1100.	-
5.	25	"	"	"	"	7.- "			175.	-
6.	200	"	"	"	"	7.25 "			1450.	-
7.	48	"	"	"	"	8.75 "			420.	-
8.	48	"	"	"	"	8.50 "			408.	-
9.	100	"	"	"	"	7.00 "			700.	-
10.	148	"	"	"	"	5.50 "			814.	-
11.	43	"	"	"	"	4.50 "			193.	50
12.	50	"	"	"	"	3.25 "			162.	50
13.	36	"	"	"	"	2.50 "			90.	-
14.	934	"	"	"	"	7.50 "			7005.	-
15.	70	"	"	"	"	3.- "			210.	-
16.	69	"	"	"	"	7.- "			483.	-
17.	32	"	"	"	"	8.- "			256.	-
									U.S.\$20,008.50	

/s/ B. Lipkovsky

RECEIVED PAYMENT

CERTIFIED A TRUE COPY:

George Plotkin
GEORGE PLOTKIN
1st Lt., CMP

SECRET

C O P Y

No. 759.F.D:...

Job No. 89925.....

Shanghai, ...15th..December...1945...

Messrs. Cathay Jewellery.....

.272, Kiangse Road,.....

.Shanghai.....

DR. to G. E. MARDEN & CO., LTD.
125, Hankow Road

		<u>1 Case Pearls by Airplane for U. S. A.</u>	
Dec. 15	To	Customs Clearance (Import & Export)	CNC\$ 10,000.00
		Duty - G.U.257,250.-)	
		Surtax - 25,725.-(-G.U.293,265.00	
		Dues - 10,290.-)	
		Additional - 2.50	
		G.U.293,267.50 @ 20	-5,865,350.00
		Interest on CNC\$ 5,000,000.00 for 1 Day @ 12%	<u>20,000.00</u>

		CNC\$ 5,895,350.00
Less Received on 14/12/45. -		<u>5,870,000.00</u>

K.	Total	C.N.C.Dollars Twenty-Five Thousand Three Hundred Fifty Only-----	<u>CNC \$ 25,350.00</u>
----	-------	---	-------------------------

E. & O. E.

/s/ K C King

CERTIFIED A TRUE COPY:

George Plotkin
GEORGE PLOTKIN
1st Lt., CMP

R

COPY

SECRET

0032

PERMIT TO SHIP

Shanghai Customs
14th December, 1945.

Application No.

Cargo-boat No.

Vessel....Air.Plane.....

Fer. Chicago, Ill, via Chungking

Applicant.....G.R. Marden & Co.,

This Permit is to be delivered to the Customs Officer on duty on board of the Vessel concerned prior to the shipment of the Goods.

MARKS.	PACKAGES	DESCRIPTION OF GOODS.	PIECES	WEIGHT
	1 C/s	Cultured pearls	Strands 3002	G.U.857,507.00
		Box Sealed No. Shanghai Custom AT70.		
		Say One Packages only.		

(Stamped) "DUTY -Paid- Free

This Permit may be retained by applicant to be surrendered to the Customs Officer at destination.

/s/ Illegible
B/O Commissioner of Customs"

CERTIFIED A TRUE COPY:

George Plotkin
GEORGE PLOTKIN
1st Lt., CMP

SECRET

INVOICE OF PURCHASED MERCHANDISE

(Corrected May 1924)

Shanghai China December 15th 1945
(Place and date)

Invoice of Pearls Cultured purchased or agreed to be purchased
 by Imperial Pearl Syndicate, of 5 North Wabash Ave. Chicago Ill
 from Cathay Jewellery, of 272 Kiangse Rd. Shanghai China
 as per order accepted December 10th 1945 (Date)
 to be shipped per Baggage of Mr. Joe Goldstone

STATE WHETHER PRICES IN THIS INVOICE ARE IN GOLD, SILVER, OR PAPER CURRENCY

MARKS, NUMBERS, AND QUANTITIES	MANUFACTURER'S NOS. (See Note 1 below)	FULL DESCRIPTION OF GOODS (N. B.—Always state the cost of packing, and all other costs, charges, and expenses)	PURCHASE PRICE PER UNIT	TOTAL INVOICE PRICE	CONSULAR CORRECTIONS OR REMARKS
		Pearls Cultured as per attached Invoice. (loesley strung)		U.S.\$ 20,008.	50
		Charges			
		Consular Invoice		2.	50
		Shinsee Export duty c.g.u. 857.507.-@20% at market rate of 1.200-		4,887.	80
		Air Expense (approx)		450.	-
			US\$	25,348.	80
		Country of origin: Japan			
		No freight. Taken as Baggage as AIR EXPRESS. Insurance covered in U.S.A.			

NOTE 1.—“Manufacturer’s Numbers.” This column must include manufacturer’s grade, quality, marks, numbers, or symbols.
 NOTE 2.—If any taxes to which the merchandise is subject are not included in the unit prices given in the column headed “Purchase Price Per Unit”, such taxes must be set forth separately and clearly at the foot of the invoice.
 NOTE 3.—Items of commissions in the invoice must specify nature of commission, as, “buying”, “selling” commission, etc.

(Signature of seller or shipper or agent of either signing in the name of his principal.)
 Signature of Seller or Shipper Cathay Jewellery /s/ M. Lipkevsky
 By (authorized agent) By M. Lipkevsky Manager

PURCHASED MERCHANDISE

Invoice No. 115 Issued in QUADRUPPLICATE
Certified Dec 15 1945 (Date)

AMERICAN CONSULAR SERVICE

AT

Shanghai China

December 15th 1945

Seller Cathay Jewellery
272 Kiangse Road
Cathay Jewellery
Shanghai, China

Purchaser Imperial Pearl Sydicate
North Wabash Ave.,
Chicago, Ill. U.S.A.

Carrier Baggage (Vessel or railroad)
Joe Goldstone

Port of shipment Shanghai China

Destination of goods Chicago Ill

Port of arrival San Francisco Cal

Port of entry Chicago Ill

Amount of invoice US\$25,348.80

Kind of goods Pearls, Cultured

Japan

Form 138 (Corrected May 1924)

DECLARATION OF SELLER OR SHIPPER, OR THE AGENT OF EITHER, WHEN MERCHANDISE IS SHIPPED IN PURSUANCE OF A PURCHASE OR AN AGREEMENT TO PURCHASE

I, M. Lipkevsky
We, acting in the capacity described below, truly declare that
Cathay Jewellery
Shanghai, China

of is the seller or shipper of the merchandise described in the within or attached invoice; that the merchandise is sold or agreed to be sold; that there is no other invoice differing from the within or attached invoice, and that all the statements contained herein and in such invoice are true and correct.

I We further declare that

and that it is intended to make entry of said merchandise at the port of Chicago, Ill

in the United States of America.
Dated at Shanghai China this 15 day of December 1945

Cathay Jewellery (Seller)

/s/ M. Lipkevsky (Agent of seller)

(Agent of shipper)

CONSULAR CERTIFICATE

Form 140 (Amended June 1934)

(Fee Stamp Affixed)

Dec 15 1945 (Date)

I do hereby certify that this invoice was this day produced to me by the signer of the above declaration.

I do further certify that I am satisfied that the person making the declaration above is the person he represents himself to be, and that a fee of \$2.50 United States currency equal to

has been paid by affixing (Local currency) stamps to the original copy of this document.

Witness my hand and seal of office the day and year aforesaid.

/s/ W.R. Lynch

Vice Consul of the United States of America at Shanghai, China

CERTIFIED A TRUE COPY:
GEORGE FLOTKIN
1st Lt., CAP

67-11

REQUIRED CONTENTS OF THIS INVOICE

- (1) The port of entry to which the merchandise is destined.
- (2) The time when, the place where, the person by whom, and the person to whom the merchandise is sold or agreed to be sold.
- (3) A detailed description of the merchandise, including the name by which each item is known, the grade or quality, and the marks, numbers, or symbols under which sold by the seller or manufacturer to the trade in the country of exportation, together with the marks and numbers of the packages in which the merchandise is packed.
- (4) The quantities in the weights and measures of the country or place from which the merchandise is shipped, or the weights and measures of the United States.
- (5) The purchase price of each item in the currency of the purchase.
- (6) The kind of currency, whether gold, silver, or paper.
- (7) All charges upon the merchandise, itemized by name and amount when known to the seller or shipper; or all charges by name (including commissions, insurance, freight, cases, containers, coverings, and cost of packing) included in the invoice prices when the amounts of such charges are unknown to the seller or shipper.
- (8) All rebates, drawbacks, and bounties, separately itemized, allowed upon the exportation of the merchandise.

INSTRUCTIONS ISSUED BY THE SECRETARY OF THE TREASURY RELATIVE TO THE REQUIRED CONTENTS OF INVOICES

When special form of invoice is required by the United States customs authorities, and when the required information cannot be given on the face of this invoice form, it should be attached to and be in lieu of the printed invoice form.

CERTIFIED A TRUE COPY:

George Plotkin
 GEORGE PLOTKIN
 1st Lt., CMP

Form 138 (Corrected May 1924)

DECLARATION OF SELLER OR SHIPPER, OR THE AGENT OF EITHER, WHEN MERCHANDISE IS SHIPPED IN PURSUANCE OF A PURCHASE OR AN AGREEMENT TO PURCHASE

I, M. Lipkevsky, acting in the capacity described below, truly declare that Cathay Jewellery of Shanghai, China is the seller or shippers of the merchandise described in the within or attached invoice; that there is no merchandise is sold or agreed to be sold; that there is no other invoice differing from the within or attached invoice, and that all the statements contained herein and in such invoice are true and correct.

I, We, further declare that Chicago, Ill and that it is intended to make entry of said merchandise at the port of Shanghai, China in the United States of America.

Dated at Chicago, Ill this 15 day of December 1945

Cathay Jewellery (Shipper)

/s/ M. Lipkevsky (Agent of shipper)

CONSULAR CERTIFICATE

Form 140 (Amended June 1934)
 Dec 15 1945 (Date)

I do hereby certify that this invoice was this day produced to me by the signer of the above declaration. I do further certify that I am satisfied that the person making the declaration above is the person he represents himself to be, and that a fee of \$2.50 United States currency equal to has been paid by affixing stamps to the original copy of this document. Witness my hand and seal of office the day and year aforesaid.

/s/ W.A. Lynch of the United States of America.
 Vice Consul of the United States of America at Shanghai, China

PURCHASED MERCHANDISE

Invoice No. 115 Issued in Shanghai, China
 Certified Dec 15 1945 (Date)

AMERICAN CONSULAR SERVICE

AT Shanghai, China
December 15th 1945

Seller Cathay Jewellery
272 Klange Road
Cathay-Jewellery
Shanghai, China

Purchaser Imperial Pearl Syndicate
North Wabash Ave.,
Chicago, Ill. U.S.A.

Carrier Baggage (Vessel or railroad)
Joe Goldstone

Port of shipment Shanghai, China

Port of arrival San Francisco Cal

Port of entry Chicago Ill

Amount of invoice US\$25,348.80

Kind of goods Pearls, Cultured

Japan

SECRETC O P YShanghai, China
Dec 2/1945

I agree to purchase from A. Beerbrayer (illegible word)
Viterism approximately 210 thousand nome of loose cul-
tured pearls at \$1.50 gold per nome - and approximately
5693 pearl necklaces at \$12.00

It is mutually agreed that the payment is to (be) made
in U.S. Dollars.

It is mutually agreed and understood that these cul-
tured pearls can be legally shipt from China and legally
recevd in U.S. of America.

accepted - (/s/) Joe Goldstone

This expires Dec 10 - 1945

CERTIFIED A TRUE COPY:

George Plotkin
GEORGE PLOTKIN
1st Lt., CMP

T