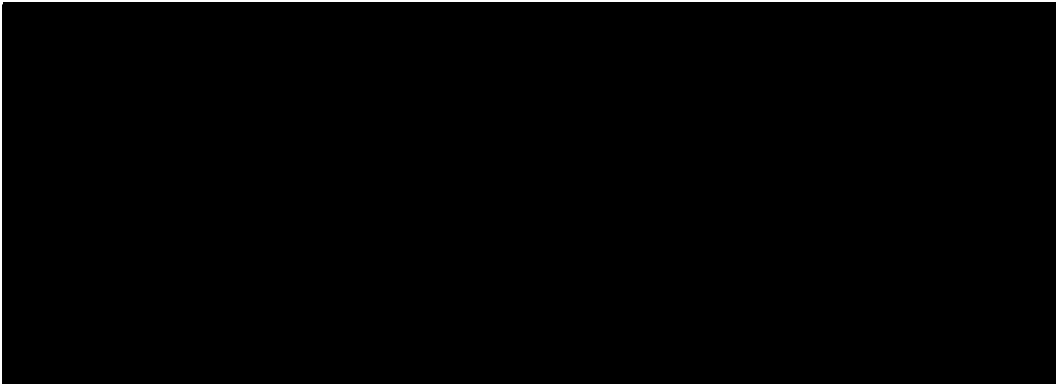




U. S. Department of Justice

Pardon Attorney

Washington, D.C. 20530



This is in further response to the above-referenced Freedom of Information Act ("FOIA") request, in which you sought access to a copy of the letter of advice from the Attorney General to the President on the clemency request of John Factor, who was pardoned by President Kennedy in December 1962. Although we previously withheld the document in full pursuant to Exemption 5 of the FOIA, we have determined that a discretionary release is appropriate at this time. Accordingly, I have enclosed a copy of the document.

Sincerely,

Roger C. Adams
Pardon Attorney

By: Samuel T. Morison
Attorney

Enclosure

This document is made available through the declassification efforts
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The Black Vault



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81-388 Factor
RC/11
December 17, 1962

IN THE MATTER OF THE APPLICATION FOR PARDON OF

**JOHN FACTOR
also known as
Jack Factor, Jake Factor, J. Franklyn
and "Jake the Barber"**

The President

Sir:

This petitioner was convicted in the United States District Court for the Northern District of Iowa on an indictment (No. 2076), containing 24 counts and charging violations of Sections 88 and 338, Title 18, United States Code, and on February 2, 1943, a sentence of 10 years' imprisonment and a \$10,000.00 fine was imposed. The fine was duly paid.

The petitioner was committed to the Federal Correctional Institution, Milan, Michigan, on February 16, 1943; subsequently transferred to the United States Penitentiary, Leavenworth, Kansas; and later was transferred to the Federal Correctional Institution,

Sandstone, Minnesota, from which he was released on parole February 7, 1949. He was finally discharged, by expiration of sentence, on February 9, 1953.

The attached file contains a lengthy and complete description of the facts in the case prepared by former United States Attorney Tobias E. Diamond in 1945 after the petitioner had filed an application for Executive clemency. The facts have been summarized, however, by former United States Attorney F. E. Van Alstine, as follows:

Prior to his conviction in this district, John Factor had emigrated from England to Chicago, Illinois. He was prominent in demi-mode circles of that area during the 1920-42 era. In 1925, he was indicted by the federal grand jury for the Northern District of Illinois for mail fraud, but this indictment was dismissed. In 1931, he was arrested for extradition on a British request, but no disposition followed. During the Thirties, he figured as a victim in a sensational gangster kidnapping.

Circa 1938, he participated in the swindle of an elderly widow in Florida, whereby the old lady was relieved of \$280,000.00. His share of this transaction was \$100,000.00. With this capital, he purchased some retail liquor stores in Chicago and organized the operation resulting in the indictments above mentioned.

Factor gathered a group of competent swindlers. He opened a suite of offices in the Chicago loop area under the name of A. A. Slater and Company and organized another firm known as the United Bottling Company. He bribed salesmen for legitimate security firms to provide names of people who had purchased whisky warehouse receipts as investments. Then Factor

and his crew started gathering whisky warehouse receipts from these investors by representing that A. A. Slater and Company was a legitimate dealer in that type of security which had an arrangement with the United Bottling Company and Factor's liquor store to bottle, brand and merchandise whisky, bypassing the established jobbers, bottlers and wholesale channels of the trade. They represented that by this means, they could get a better price for the whisky represented by the warehouse receipts, to the mutual advantage of the investors, A. A. Slater and Company and its associates.

Instead of carrying out the plan as represented, Factor and his crew offered the whisky warehouse receipts for resale on the same false representations, to new investors, at substantial mark-ups over the actual market value of the receipts. But instead of delivering the whisky warehouse receipts, they would deliver so-called bottling contracts, upon representations that the victimized investors would receive the yield of the whisky when it was withdrawn from storage for bottling. These bottling contracts were in fact a meaningless composition of legalistic 'gobblegook.'

By these tricks, Factor and his crew obtained substantial assets. Subsequent investigation by postal authorities traced receipts for over 7,400 barrels of whisky, which were gathered on false representations that they would be held by A. A. Slater and Company for a term of years, until the whisky was matured for market. These receipts were held by Slater and Company for terms ranging from three to thirty days before they were cashed on the market.

During their operations these swindlers banked \$1,045,075.60 which was traced by Government agents. It is probable that they collected substantial sums in addition to this which were never banked or traced.

In conducting these operations, Factor and his associates were absolutely ruthless. They never dropped a victim until the

victim was completely stripped. They specialized in gullible, elderly people who had worked hard and saved a competence and who were dazzled by false promises of fabulous profits to be derived by entrusting their savings to these swindlers. Every operation was a complete personal tragedy for the victim.

The petition for Executive clemency was denied administratively, and on August 8, 1956, a petition for a pardon was submitted and was carefully reviewed in the Department. At that time, United States Attorney Van Alstine strongly recommended denial of the petition because of the nature of the offense and because the petitioner had not paid the costs in the case. He also felt that he had misrepresented the facts in the case. This petition was denied administratively.

A new petition for a pardon was submitted on February 16, 1959, and it also was subjected to review. Former United States Attorney Van Alstine recommended denial for the reason that petitioner, although now very wealthy, had made no effort whatsoever to make restitution to the victims of the mail fraud scheme, which he devised, and again, the petition was denied.

Mr. Factor then employed prominent attorneys of Sioux City, Iowa, and furnished them with \$100,000.00. He authorized them to attempt to locate the victims in the case and make restitution.

After a considerable amount of effort, many of the victims were located, and in other instances, some of their heirs were contacted. On April 19, 1960, his attorneys submitted a report of the funds which they disbursed to the victims and their heirs. There was evidence that many of these victims were extremely surprised and pleased at the receipt of funds that they had long since maintained as lost.

The petition was again subjected to review, and in the course of the review, it was discovered that the petitioner was engaged in a controversy with the Government over the amount of his income tax liabilities for the calendar years 1935, 1936, and 1937. The reports indicate that Factor was guilty of outright fraud during those years by failure to report his income adequately. The United States Attorney was again disposed to recommend denial of the petition because he felt that Factor was perpetrating fraud by contesting the payment of taxes assessed against him by the Government for those years. In a later letter dated January 20, 1961, he makes the following statement:

Any opinion I may have expressed as to Mr. Factor's moral prognosis, as reflected by his participation in recent tax litigation, was founded upon the views expressed by Judge Yankevich,* in his opinion, as adopted by the Ninth Circuit. I have not, and do not pretend to specific knowledge of facts dehors that interpretation of the record. If, in truth, Judge Yankevich's views are not a reliable reflection of that record, I would regret being a party to any miscarriage of grace.

Since the above letter was written, the petitioner has submitted evidence that he has now paid all of his tax liabilities for the years 1935, 1936, and 1937. He paid \$240,000.00 in 1959 and \$375,360.95 on February 21, 1961. Incidentally, it may be of interest that the petitioner's accountants advised that in addition to the tax payments above reported for the years 1956 through 1960, inclusive, he has paid to the United States \$1,711,685.66 in income taxes and estimates that his 1961 federal tax liabilities will be \$1,100,000.00 which is 25% of his estimated capital gains of \$4,400,000.00 for that year.

The petitioner's present application is supported by affidavits and letters from prominent people in the Los Angeles-- Beverly Hills area where he resides. They all attest to his unselfish devotion to charities, to civic affairs, to the synagogue, to Jewish welfare activities, and to his efforts for the betterment of his community in every way. Evidence was submitted that he

*Judge Yankevich rendered an opinion on June 20, 1960, in which he stated that Factor committed fraud by wilfully concealing income.

has contributed \$250,000.00 to a mental hospital, \$250,000.00 to a children's center and that he has made contributions to other various and numerous charities. He lists 57 separate organizations and institutions to which he has contributed. He is President of the Boy Scouts Council in the area in which he resides. He appears to be on the board of directors of many charitable institutions. Many prominent people have written letters in his behalf and all of the letters are in the accompanying file.

The petitioner's conduct, since his release from confinement, has been investigated on two occasions by agents of the Federal Bureau of Investigation. The original investigation was made in October 1956 and the last one in April 1959. According to the reports submitted, Factor was born in Hull, England, on October 8, 1892, and is still a citizen of Great Britain. He is married to Rella Factor, and they have two sons, Jerome and Alvin. Factor resides in Beverly Hills, California, and one of his sons resides there and the other in Chicago. He, his wife, and sons have several large profitable businesses. One is an insurance business in Chicago, another is an insurance business in Kansas City, Missouri, and one is an advertising, real

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estate and insurance business in Beverly Hills. He also owns the controlling interest in the Star Dust Hotel, one of the largest enterprises of Las Vegas, Nevada. This hotel is leased, however, and he has no personal connection with its operation and gambling activities. Numerous business associates, neighbors, professional men and women, and references have been contacted without the discovery of any adverse information concerning the petitioner. He is described as being a competent and successful businessman whose enterprises are legitimate, and it is reported that he conducts his affairs in an ethical manner. He appears to be generous with his funds and contributes to charities and institutions of all faiths, and his personal life is described as being exemplary. He is seeking naturalization, but he probably will not become a citizen until he receives his pardon.

The investigation included England, Canada, and West Germany. There was no record of any arrest or conviction in Germany or Canada. It was reported that he has not been convicted in England on any charge although there was some indication that before he came to America, he may have been charged with some swindling offense, but there is no verification of such charge.

* Under a recent court decision, he is possibly now subject to deportation and has been ordered to appear for a hearing to determine the matter. A pardon, if granted, would probably remove the grounds for deportation.

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At one time, prior to his conviction in this case, Factor was kidnapped and paid a ransom to the so-called "Touhy" gang in Chicago at which time he was nicknamed "Jake the Barber." He testified against the Touhys, and they were convicted. Just recently, after one of the Touhys was released from prison, he wrote a book charging that Factor was never kidnapped and that the matter was a complete "hoax." Touhy was later assassinated, but there is no indication that the petitioner had any connection with it. He is now suing the publisher of the book and the Touhy estate for damages.

United States Attorney Donald E. O'Brien, after reviewing the record in the case, including reports of restitution, payment of taxes, etc., interposes no objection to the granting of a pardon.

This is the case of a substantial swindler, now 71 years of age, who, according to his contemporaries, has become rehabilitated. He is a successful businessman who bears a good reputation and who apparently needs a pardon of a conviction recorded against him eighteen years ago in order for him to become a citizen of the United States. The offense was very substantial. After a considerable amount of prodding, he has attempted to make restitution to the victims of the fraudulent scheme. He apparently defrauded the

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Government of taxes during the years 1935, 1936 and 1937, inclusive, but he recently settled the tax penalties and interest in the amount of \$600,000.00. Investigative reports indicate that he has not been engaged in any illegal activities since his release from confinement some twelve years ago. It is reported that his business dealings are ethical and legitimate. Unquestionably, he has been extremely generous with his charities. It would appear that the ends of justice would not be ill-served by extending clemency to him at this time. I advise that he be granted a full and unconditional pardon.

Respectfully,

Attorney General