

COPY

April 22, 1942

Summary
Com.MEMORANDUM RE HEARING OF WEDNESDAY
APRIL 22, 1942:

The witnesses at today's hearing in Room 318 will be Rayford Alley, James Curley and Robert Thach. The subject will be the activities of a corporation known as Engineers' Group, which was managed by James Fuller.

Fuller had a long criminal record, but he also had many ideas as to how to obtain profits out of the war effort and succeeded in interesting many well-known people in participating in easy profits.

Engineers' Group engaged in a great many different transactions. There will not be time to cover most of them, but we can develop the nature of the company and some of the details with respect to one type of transaction involving housing. The F. H. A. is authorized to insure up to 90 per cent of its appraised valuation, but by inflating the valuation the insured amount was to exceed the actual cost. The plan was for Engineers' Group to organize a housing corporation with practically no assets, which in turn would contract for the erection of, say, 100 houses at \$3,000. each, plus a \$30,000. fee to the contractor. The contractor could either subcontract without risk and pocket the \$30,000. fee, or he could build and take in addition whatever he could save on the \$3,000. figure.

In order to get such a lucrative contract, the contractor would pay Engineers' Group \$15,000. for "services." So far as the F. H. A. was concerned, the value of the 100 houses would be represented as \$330,000, actual cost

COPY

plus an inflated value of farm land purchased by the acre and valued by the lot.

A number of such fees were collected by Engineers' Group from greedy, would-be contractors, and the Committee started an investigation, as a result of which Fuller fled to Mexico. The fees were not returned to the would-be contractors, and have been dissipated. Engineers' Group is therefore in the dilemma of either intending to defraud the F. H. A. in connection with defense housing or of intending to defraud the would-be contractors. Either fraud would be a felony.

Those associated with Engineers' Group now are trying to blame everything on Fuller in Mexico and to minimize their own connection. Each claims to have been a dupe and to have relied on the others, and there are a great many conflicting stories.

Other transactions of Engineers' Group will be taken up at a later date. They involve such things as priorities and government contracts.

HUGH A. FULTON