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NEWS RELEASE

RELEASE P.M. NEWSPAPERS
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A "get rich quick scheme" of a New York broker in handling an estimated \$750,000, -a major portion of which is reported to have been transferred in paper grocery bags on a Wall Street corner, was disclosed today by Attorney General Louis J. Lefkowitz.

The Attorney General obtained an order in Supreme Court, New York County, permanently enjoining Empire State Mutual Sales, Inc., of 154 Nassau Street and its president, Lowell Messer of 79 West 182nd Street, Bronx, New York, from engaging in the Securities Business in New York State.

The order was signed by Justice Joseph A. Cavagan. Messer consented to the order.

In his affidavit, Special Deputy Attorney General David Clurman, who is in charge of the case, stated:

"During 1958, Lowell Messer, a 29 year old resident of the Bronx, and president of a New York securities firm, induced several customers to enter a 'get-rich-quick scheme'. As a result, Messer became personally involved in a series of mysterious transfers of cash, largely in small bills, which, according to his testimony, could amount to \$750,000.

"Testimony of investors leaves no doubt but that large sums of cash were given to Messer during 1958. Messer has testified under oath that on several occasions he handed large sums of cash, contained in an ordinary grocery bag, to an over-the-counter broker who met him on the sidewalk in the Wall Street area of New York City.

"According to Messer, the same broker usually

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returned large sums of cash plus an additional handsome profit in only four or five days. Again, the receipt of the moneys by Messer was supposed to have taken place on the street by transfer of grocery bags laden with cash in small bills. Customers of Messer have stated that during 1958 large sums of cash given to Messer were returned on several occasions with large profits in a few days.

"The broker named by Messer has flatly denied this story. Messer has not been able to substantiate his testimony beyond his own words. The true nature of the transactions enumerated remains under investigation by this office.

"Among the transactions was one involving \$80,000 in cash of customers' money, which came into Messer's hands in the late fall of 1958. It is Messer's testimony that he was promised \$132,000 in a short period of time for \$80,000 and that \$80,000 in small bills in a grocery bag was transferred on the street to the broker. The broker completely denied this. The disposition of this \$80,000, which has never been returned to customers by Messer, remains a mystery which is under investigation by this office.

"A few customers of Messer have testified that they were told by Messer that the money was to be employed in fast over-the-counter trading. Messer, on the other hand, has testified that he never represented or even knew the manner in which the cash was to be used."

The affidavit of Mr. Clurman alleges that books of account of Empire State Mutual Sales, Inc. contained many false entries written in the handwriting of Messer; that Messer and Empire State Mutual Sales, Inc. issued several false con-

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firmations of securities transactions to customers to cover some of the cash transactions; that Messer had personally transferred cash in small bills in the total amount possibly as high as \$750,000 in 1958 without being able to establish in the slightest way the securities transactions in which these large sums of money were used; that false financial statements of Empire State Mutual Sales, Inc. were exhibited to customers by Messer; and that checks amounting to at least \$20,000 which were given to customers by Messer, were returned for insufficient funds.

The Attorney General's office also alleges that Messer was successively dismissed by two securities firms, for violation of firm rules and issuance of bad checks.

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From: Charles W. Stickle, Executive Assistant to the Attorney General
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