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# FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE SAN DIEGO	OFFICE OF ORIGIN SAN DIEGO	DATE 10/7/74	INVESTIGATIVE PERIOD 6/20/74 - 10/1/74
TITLE OF CASE DALTON CARL SMITH		REPORT MADE BY ALFRED A. REGINATO	TYPED BY sg
CHARACTER OF CASE BF & E-FALSE STATEMENT; AR			

REFERENCE: San Diego report of SA ALFRED A. REGINATO, 6/25/74;  
 San Diego letter to Mobile dated 7/17/74;  
 San Diego letter to Houston dated 8/8/74;  
 Phoenix letter to San Diego dated 8/12/74;  
 Little Rock letter to San Diego dated 8/21/74;  
 Houston letter to San Diego dated 9/9/74.

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### ADMINISTRATIVE:

Although the investigative period of this report is lengthy, investigation has been kept current through interoffice communications.

### IDENTITY OF SOURCE

SD T-1 is HO 1126-C. Contacting Agent unknown.

ACCOMPLISHMENTS CLAIMED					<input checked="" type="checkbox"/> NONE	ACQUIT-TALS	CASE HAS BEEN:
CONVIC.	FUG.	FINES	SAVINGS	RECOVERIES			
							PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

APPROVED <i>RA/cwb</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN SPACES BELOW	
COPIES MADE: 1 - Bureau (3) - 92-11741(1 - 29-67503) 1 - USA, San Diego (74-1153) 2 - Los Angeles (92-1278)(1 - Strike Force Attorney, LA) 2 - San Diego (1 - 92-577)(1 - 29-1040)		92-11741-20 OCT 11 1974 EX-103	

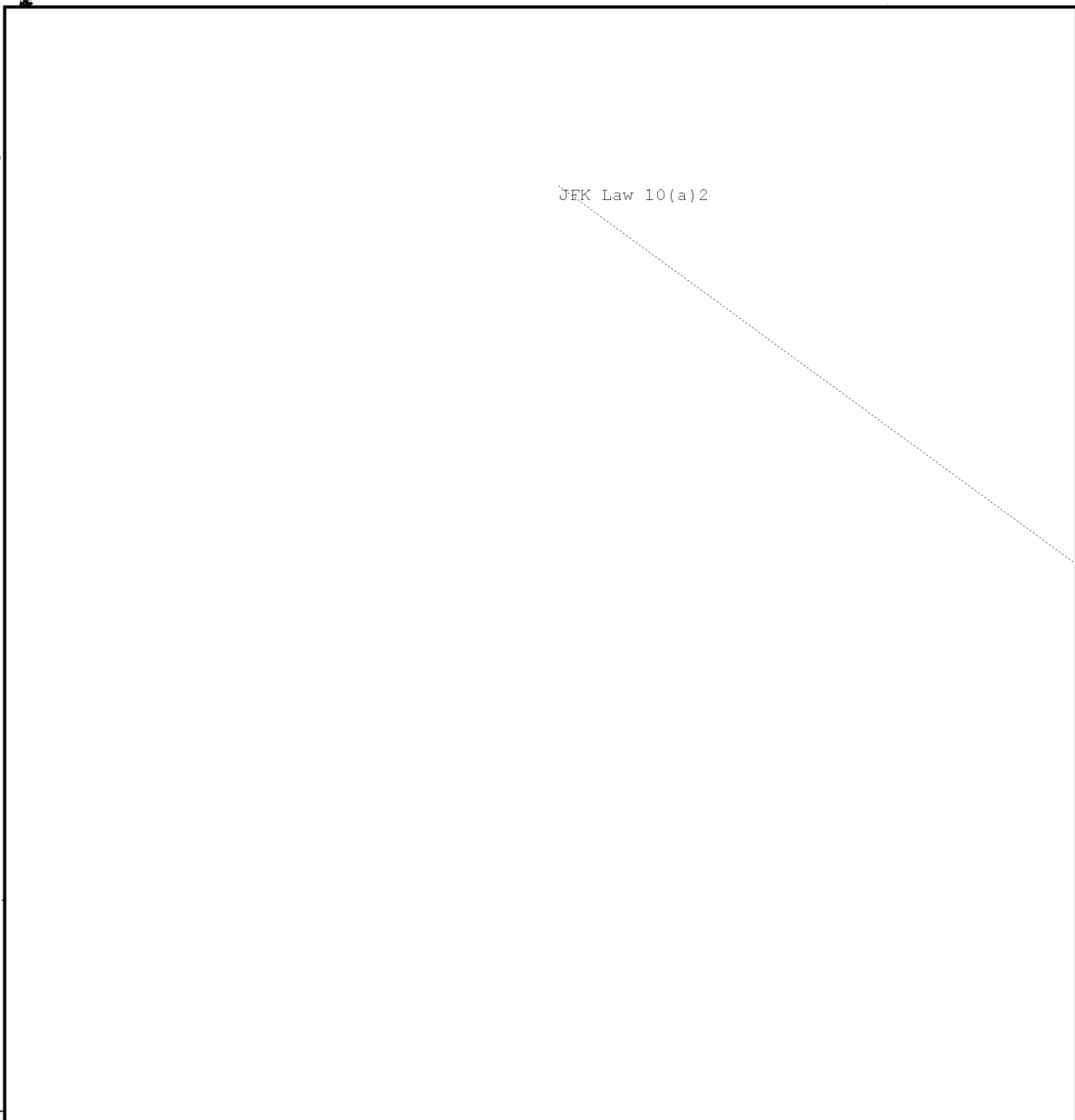
Dissemination Record of Attached Report				Notations
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FEDERAL BUREAU OF INVESTIGATION

Date of transcription April 8, 1974



JEK Law 10(a)2

Interviewed on 3/27/74 at Atlanta, Ga. File # Atlanta 92-362

by SA PAUL V. KING, JR. :lp Date dictated 4/2/74

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is now trying to re-establish the company and recoup its losses. WORK advised that during the period in which the Patterson Corporation had control of his company they took approximately \$105,000.00 out of the company's accounts and he has been unable to obtain any of this money from them.

WORK advised that with some of the money he initially obtained in cash from the Patterson Corporation he built a retirement home of some size in a rural area of North Georgia. A short time prior to the completion of the house, it was destroyed by fire and the local sheriff's department in Fannin County advised that the fire was caused by arson. WORK stated that it was not his belief that the burning of his house was associated with his attempt at that time to sue the Patterson Corporation as the sheriff stated that numerous houses in that area had been burned to cover up burglary. Investigation in the ruins of the house did determine that all the large appliances in the home were removed prior to the fire. The sheriff's department has since advised WORK that although they cannot prove it they believe a local appliance store which sold a number of the builders appliances would go into new houses similar to his, take the appliances out, and thereafter burn the houses to cover up the theft. WORK stated that the sheriff's department advised him that a stove and range similar to the one taken from his house was later found on the showroom floor of the appliance company and it had scratches on the back of it as if it had been installed somewhere and later removed. WORK advised that since he had not assumed title to the house he did not have the serial numbers of the appliances nor did the builder constructing it, therefore, the items could not be verified as having been taken from his residence. WORK dismissed the fact completely, although he advised there were some rumors to the effect, that persons associated with the Patterson Company had purposely burned his house.

WORK advised he first heard of the Patterson Corporation through a former employee of his who he at one time considered a close friend by the name of JOE STEWMAN. STEWMAN was hurt financially in the transaction with the Patterson Corporation as he agreed to go with them in exchange for a sum of stock in the Patterson Corporation which turned out

to be worthless. STEWMAN, after his serious financial setback, was fired from Midland Service Underwriters and now has an office in Atlanta attempting to set up an insurance underwriting company of his own. STEWMAN currently resides at 72 Huntersbranch Drive, N. E., Atlanta, Georgia. His home telephone number is 394-0436 and his telephone at work is 252-7910. WORK advised that STEWMAN was quite close with DALTON CARL SMITH and could no doubt supply information concerning SMITH and his activities. WORK stated that STEWMAN was not the only one to suffer financially as a result of the transactions with Patterson as WORK himself lost \$17,000.00 in personal funds. WORK advised that SMITH was never in his office even after the Patterson Corporation "set up shop there" and he was described by WORK as the power behind the company as he owned a great deal of stock in it.

WORK, as was previously stated, was introduced to the Patterson Corporation by JOE STEWMAN. STEWMAN first brought people representing Patterson to Mr. WORK in June of 1973. They showed him a prepared balance sheet and a projection of assets and also a complete net worth statement. Inasmuch as WORK was trying to prepare himself for retirement he was willing to go along with Patterson and they first proposed to him a transfer of stock to cover the cost of their purchase of the company. However, WORK refused to accept this and that is when the \$25,000.00 per year for 10 years price was arrived at. STEWMAN himself was to have received 25,000 shares of Patterson stock and an employment contract with the company in return for his help in securing the deal for Patterson.

Around October 1, 1973, an individual named ANDERSON who resides in San Diego contacted WORK and advised that the Patterson Company wanted to establish a line of credit at the Wells Fargo Bank and that they needed \$50,000.00 to do this. Shortly thereafter, STEWMAN sent the \$50,000.00 in a certified check to ANDERSON and WORK had assumed in view of this transaction that the line of credit was established. Sometime at a later date another \$50,000.00 was sent to this account and shortly after that check, when WORK attempted to cash a check on the account number which he had been pro-

vided at the Wells Fargo Bank, he was informed by bank officials that none of the money he had sent had been deposited in that account but had gone to a private Patterson Company account in the same bank.

WORK stated that an individual known as GENE MC FARREN was the one who first contacted STEWMAN in regard to the Patterson Corporation and MC FARREN is known throughout the insurance business as a "crook."

LARRY CARR became involved in the Patterson Corporation when they purchased his companies which were a rather successful mobile home manufacturing and sales organization. CARR, at that time, owned several mobile home manufacturing companies and also 22 sales lots throughout the Southeast United States. Patterson's arrangement with CARR was to provide him with an extensive amount of stock in exchange for his company. CARR received no money in the deal and assumed the presidency of the Patterson Corporation after SMITH stepped aside on October 31, 1973, in an effort to establish a legitimate company and recoup some of his losses. It is WORK's personal opinion that although SMITH had spread the word that he has divested himself of all stock in the Patterson Corporation that he still owns a substantial portion of the stock in other individuals' names. WORK advised that CARR is presently residing in El Salvador and that he, himself, went there at CARR's request to discuss a transfer of helicopter parts from the United States to the El Salvador Government in exchange for a one million dollar cash settlement. Some of this one million dollars was to be given to WORK to pay off some of the losses that he lost to the Patterson Corporation and that was the reason he went to El Salvador at CARR's request. WORK stated that he saw most of the parts prior to the proposed shipment time and that he believed them to be a "pile of junk." WORK advised that from his knowledge of the parts you could not make one complete helicopter from all of them. WORK stated that when CARR was living in Atlanta he lived at the Cross Keys Apartments, however, he has since moved to El Salvador and rents a house there. WORK provided his address as LARRY A. CARR, Avenida Las Camelias 15, Colonia San Francisco, San Salvador, El Salvador CA. WORK advised in exchange for his efforts with CARR to get the helicopter

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dealer to go through he has obtained two notes from the Patterson Corporation to help him recover some of the money lost. CARR's business prior to its takeover by the Patterson Corporation was known as Homes of America. CARR and his employees first moved into some of WORK's space at Midland Service Underwriters in September of 1973 at which time CARR employed approximately five to seven people. They used a portion of his office space and also had free access to his phones and company funds. WORK advised that one of the worst results of his association with Patterson is that he lost a large insurance contract with the Old Reliable Insurance Corporation. CARR's position with the Patterson Corporation was that of a vice president prior to his takeover after DALTON CARL SMITH supposedly left the company.

WORK advised that of the \$105,000.00 in assets and money his company lost, some went to the Patterson Company itself, some of the assets were transferred directly to the Homes of America and later absorbed by the Patterson Corporation. Midland Service Underwriters has a commercial account at the Trust Company of Georgia, Lenox Square Branch, and prior to the time when he regained control of Midland Service Underwriters the following individuals were authorized to write checks on his company's account: LARRY CARR, a RON HALEY, and a JOE HART, besides Mr. WORK, himself.

Mr. WORK stated that an individual named LARRY MILLS, a representative of the Patterson Corporation, has raised a considerable amount of money recently to help keep Patterson going; however, WORK is not sure of MILLS' connection with the company.

In regard to the individual named MC FARREN previously mentioned by WORK, MC FARREN has the reputation of being "a bag man for the Mafia in Florida." WORK stated that MC FARREN voluntarily left Texas and Baton Rouge, Louisiana, where he had previously owned insurance businesses and "voluntarily surrendered his insurance licenses there, prior to them being revoked by the local authorities."

The Patterson Corporation was originally chartered