

# **Wall Street, the Supermob, and the CIA**

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**A**lliances between the Central Intelligence Agency and organized crime in the United States remain some of the most closely guarded secrets of the Cold War era. The Agency went to extraordinary lengths to cover up its recruitment of leading U.S. mobsters in 1960 to assassinate Cuban revolutionary leader Fidel Castro, a fact made public only in 1975.<sup>1</sup> In contrast, the CIA's relations with mob-linked banks and insurance companies in Florida and the Bahamas, which may have compromised major law enforcement investigations of organized crime, drug trafficking, and tax evasion, have left only suggestive traces.<sup>2</sup> Also mysterious but important were the mob contacts of the CIA's longtime counterintelligence chief, James Jesus Angleton. Peter Dale Scott notes that

Angleton used a go-between – the New York lawyer Mario Brod – who, according to a CIA memo, was a CI Staff agent in New York City from 1952 to 1971. One of the sensitive CI Staff agents handled by Brod in New York was Jay Lovestone, the AFL-CIO International Affairs Chief who transmitted funds to strong-arm gangs in Marseille allied with Corsican drug traffickers who were part of the Lansky-Luciano global drug connection. . . . Like Brod, Angleton himself allegedly had mafia contacts, and on at least one occasion intervened to prevent another part of the CIA from investigating the banking of illegal Lansky skim from Las Vegas. A senior official in Robert Kennedy's Justice Department asked John Whitten, the CIA's one time chief of the Mexico/Panama desk in Western Hemisphere Division, to investigate numbered bank accounts in Panama because Las Vegas gamblers were using them to smuggle cash, "which they skimmed off the top of their daily take". Using his CIA pseudonym "John Scelso", Whitten testified to the Church Committee about Angleton's actions: "At that time we were in an excellent position to do this . . . I thought it was a great idea. And promptly this came to Mr. Angleton's attention, and we had to brief him on it, and he said, well, we're not going to have anything to do with

this. This is the Bureau's [FBI's] business. And whammo, end of conversation. We were called off. I went to Colonel J. C. King, who was at that time the Chief of the WH Division, and told him this, and J. C. King said . . . well, you know, Angleton has these ties to the Mafia, and he is not going to do anything to jeopardize them. And then I said, I didn't know that. And he said, yeah, it had to do with Cuba.<sup>3</sup>

This article probes hitherto overlooked evidence of CIA connections to underworld-linked private foundations used by the Agency to launder funds to seemingly independent student, labor, religious, publishing, and other organizations involved in international operations. The Albert Parvin Foundation, for example, was founded by casino decorator and owner Albert Parvin from his sale of the Flamingo hotel and casino in Las Vegas in 1960 to a syndicate fronting for Meyer Lansky and other notorious gangsters. Parvin's foundation funded CIA agent Sacha Volman in the Dominican Republic in the turbulent years of the early 1960s, immediately following the collapse of the Trujillo dictatorship. Volman, a social democrat from Romania, had worked for a CIA-backed union in France in the 1940s and then for the CIA's Radio Free Europe. In the late 1950s he began working with the reformist, anti-Communist democrat José Figueres in Costa Rica. By the early 1960s, with funding from the Parvin Foundation and another CIA conduit, the J. M. Kaplan Fund, Volman trained pro-U.S. cadres for Juan Bosch, the Kennedy administration's great democratic hope in the Dominican Republic. (Elected president in 1962, Bosch was toppled by a military coup in the fall of 1963. His return to power was blocked in 1965 by President Johnson, who sent thousands of U.S. Marines to occupy the Dominican Republic.)<sup>4</sup>

Of key concern to this article are CIA ties to mob-linked New York stockbroker David G. Baird, who conducted many of his high-level corporate deals during the 1950s and early 1960s through three tax-exempt charitable foundations.<sup>5</sup> One of them – the David, Josephine and Winfield Baird Foundation Inc. – was identified by reporters in 1967 as a financial agent of the CIA's International Organizations Division, along with several dozen other foundations. From 1961 to 1964, Baird's foundation gave five and six figure contributions to the African American Institute, American Friends of the Middle East, International Development Foundation, Inc., National Council of Churches, and the Synod of Bishops of the Orthodox Church Outside Russia – all CIA-favored organizations.<sup>6</sup>

Media reports of these foundation activities failed to examine the motives of individuals like Baird in becoming fronts for the CIA's international financial operations. No doubt Baird was moved in part by a sense of patriotism, but he certainly valued the political benefits of wrapping his shady business operations in the protective mantle of national security. An example was his service as vice chairman of the Navy League's 71<sup>st</sup> anniversary dinner in 1975, honoring CIA Director William Colby and former chairman of the Joint Chiefs of Staff, Admiral Thomas Moorer. The Navy League, a civilian pressure group founded in 1902 to promote U.S. naval supremacy, was the very incarnation of what President Eisenhower later called the 'military industrial complex'. Investigative columnist Drew Pearson once called the Navy League 'the most powerful backstage lobbying organization ever to buttonhole Congress for a Government bureau'. Other sponsors of the dinner included Baird's foundation partner Lawrence Brinn; several of his business partners (investment banker Charles Allen, Jr., oil and banking investor Robert B. Anderson, Consolidated Foods CEO Nathan Cummings, etc.); mob-linked union leaders (Teamster President Frank Fitzsimmons, Longshoremen's union President Thomas W. Gleason); and industries profiting from Navy contracts (Todd Shipyards, Northrop, General Dynamics).<sup>7</sup> Given his lack of any discernable history of interest in the Navy, Baird's participation in the Navy League smacked of political opportunism.

The timing of the Baird foundation's involvement with the CIA is equally telling of his motives. In 1959, the Manhattan district director of the Internal Revenue Service recommended assessing steep penalties and revoking the tax-exempt status of all three of Baird's foundations – the Lansing Foundation, Winfield Baird Foundation, and David, Josephine & Winfield Baird Foundation. IRS investigators determined that Baird was using them to evade taxes on tens of millions of dollars worth of commercial securities transactions, and engage in speculative investments, heavy borrowing, improper accumulation of profits, and comingling of personal and charitable funds. (The Securities and Exchange Commission would later affirm that Baird and his foundations had willfully and blatantly violated the securities laws by engaging in unregistered broker dealings, improperly extending credit, and failing to file ownership reports.) Yet in 1962, after Baird began cooperating with the CIA, the IRS Commissioner rejected his district director's recommendations. The IRS did penalize the smallest of Baird's three tax-exempt entities, the Lansing Foundation, but left the other two

strangely untouched, except to require that their assets be rolled into genuine charitable foundations by the end of 1965. The IRS inexplicably dropped even that requirement when the time came – giving Baird license to portray himself as an unblemished ‘philanthropist’ for the rest of his life.<sup>8</sup>

Details of the tax agency’s remarkable leniency emerged in 1964 hearings held by a subcommittee of the House Select Committee on Small Business, chaired by Texas Democrat Wright Patman, to study the impact on the U.S. economy of tax-exempt foundations and charitable trusts. The subcommittee’s study director, H. A. Olsher, struggled to deal with extraordinary obstacles that Baird put in the way of his attempts to obtain and study the foundations’ records. Regarding the final disposition of the IRS investigation, Olsher declared, ‘In my view, the IRS-Baird Foundation tax deal will earn a secure place in the annals of IRS activities which favor tax exempt foundations at the expense of the taxpayers.’

During the subcommittee’s investigation, the IRS was defended by its senior counsel Mitchell Rogovin. He claimed the agency’s settlement with Baird was simply a professional decision by district IRS agents and officials in its Exempt Organizations Branch.<sup>9</sup> Only later in the hearings did it emerge that Rogovin was the tax agency’s official liaison to the CIA, and that the CIA had asked him to ensure that IRS investigations did not interfere with its covert foundation operations.<sup>10</sup> Rogovin did not mention that he had been trusted with helping to negotiate the release of prisoners after the CIA’s disastrous Bay of Pigs invasion of Cuba in 1961. In 1975-76, during the most intense Congressional review of intelligence abuses, Rogovin would serve as special counsel to the CIA. For his various services throughout his career, Rogovin received the CIA’s Distinguished Intelligence Medal.<sup>11</sup>

Months before the IRS hearing, the subcommittee released an almost impenetrably detailed study of the Baird foundations’ complex business transactions. It illustrated the ‘interlock between foundations and their founders, business associates, and friends, as well as the benefits derived by the parties involved’. The report condemned Baird’s use of his foundations as ‘multi-million-dollar, tax-free securities dealers – dispensing millions of dollars of credit to prominent businessmen customers.’<sup>12</sup> Baird’s several dozen beneficiaries included such captains of business as Conrad Hilton of the Hilton Hotel Corp.; Spyros P. Skouras, president of 20<sup>th</sup> Century-Fox Film Corp.; Jack Warner of Warner Brothers; Walter J. Touhy, president of Chesapeake & Ohio Railway; Harold E. Talbott, Secretary of the Air Force

under President Eisenhower; and New York real estate mogul William Zeckendorf.

### **Baird and the Supermob**

**A**lthough highly critical of the failures of IRS oversight, the subcommittee's staff report was ignorant of the CIA connection, which had not yet surfaced (briefly) in Patman's hearings. It was also ignorant of Baird's many organized crime connections, a failing that later hearings and news accounts never corrected. Today, with the benefit of facts gleaned from FBI files, subsequent Congressional investigations, and journalistic investigations of organized crime, it becomes clearer that Baird was engaged in profitable insider transactions with a long-lasting and densely interlinked network of business colleagues who blurred the lines between legitimate and criminal enterprises. The synoptic stories below demonstrate how CIA-protected foundations helped seemingly upstanding business leaders and Wall Street institutions collaborate with shady operators and outright criminals in pursuit of profit and political advantage.

The deals that Baird's foundations facilitated helped drive the wild bull market of the 1960s. Those boom times in financial markets, dubbed the 'go-go years' by one chronicler, fed on easy money pumped into the U.S. economy by federal spending on the Vietnam War. They also produced the largest wave of corporate mergers since the beginning of the 20<sup>th</sup> century, when a surge in industry monopolies led to passage of a major antitrust law called the Clayton Act. Although the 1960s merger wave has been the subject of many academic studies, none has identified the role of criminal money in fueling its progress.<sup>13</sup> The stories that follow, using Baird's portfolio as an anchor, illustrate the infiltration of organized crime investments into the legitimate economy, using Baird's CIA-protected foundations as some of their conduits.

Some of Baird's investment associates, especially in New York City, built their businesses in collusion with typical Italian-American Mafia-type criminals – loan sharks, bookies, 'numbers' operators, and labor racketeers. Several of his more prominent colleagues, however, had less visible connections to Prohibition-era liquor and gambling fortunes, which they helped launder into legitimate businesses over the course of the following decades. These businessmen used well-hidden criminal funds as seed capital to build new fortunes in fast-growing industries such as leisure, real estate,

media, and entertainment. Some were part of a milieu that crime historian Gus Russo calls the 'Supermob'. In his authoritative study of that circle, Russo defined it as 'a group of men from the Midwest, often of Russian Jewish heritage, who made fortunes in the 20<sup>th</sup> century American West in collusion with notorious members of organized crime'.<sup>14</sup> As his own work demonstrated, however, and as this study of Baird confirms, their tentacles extended eastward as well, to New York City, southern Florida, Cuba, and the Bahamas. Russo observed:

They became quintessential capitalists, exerting such far-flung influence that the repercussions were felt by practically every American of their era, with an economic impact that could only be measured in the trillions of dollars. Through deniable, often arm's-length associations with the roughneck Italian and Irish mobsters imprinted in the popular imagination, the Supermob and the hoods shared a sense of entitlement regarding tax-free income. [They] stressed brains over brawn and evolved into a real estate powerhouse, an organized-labor autocracy, and a media empire.<sup>15</sup>

Just how Baird first joined forces with the Supermob remains unclear. His life is virtually a blank. Born in 1895, he began working at 14 for Liberty Mutual Life Insurance Company in New York. Nine years later he was managing the insurance department of Guaranty Trust Co. of New York, only to leave and found his own small insurance firm. After running into trouble with state insurance regulators, he signed on with Marsh & McLennan, a nationally prominent insurance broker. By the early 1930s he was a highly paid vice president of the firm. In 1936 he formed the Winfield Baird Foundation, named after his late brother. Four years later he created the David, Josephine, and Winfield Baird Foundation. By then he was already prominent enough in business and political circles to meet President Roosevelt, supposedly on philanthropic matters, at Warm Springs. No doubt it was pure coincidence that Baird had lent \$120,000 to bail out FDR's wayward son Elliott. A decade later, in 1950, he founded the stock brokerage firm Baird & Co. By the early 1960s, his annual taxable income exceeded \$1 million, a huge sum for the era.<sup>16</sup>

From the early 1950s to the mid-1960s, Baird particularly acted as a financial consultant to investors in real estate and entertainment. Although never mentioned in traditional business histories, he helped to shape the

modern evolution of those industries, in partnership with investors associated with the Supermob. Among the firms he did business with, I will focus here on the hidden histories of ABC Vending Corp., American News Co., City Investing Co., Hilton Hotels, Madison Square Garden Corp., and Stanley Warner Corp. Key individuals of interest include Boston banker Serge Semenenko, Toronto stock promoter Louis Chesler, New York investment banker Charles Allen, studio chief Jack Warner, Chicago business tycoon Henry Crown, Nathan Cummings of Consolidated Foods, New York real estate magnates Lawrence A. Wien and William Zeckendorf, and the Chicago Outfit's most powerful attorney, Sidney Korshak.

### **Feeding Hungry Mouths: ABC Vending Corp.**

One Baird-connected firm with strong mob associations was ABC Vending Corp. of New York, the leading U.S. distributor of candy, cigarettes, newspapers, soft drinks and other items at street stands and vending machines. The company made its mark on the industry by introducing popcorn to New York theaters shortly after World War II.<sup>17</sup> Its extensive vending concessions in movie theaters (particularly those owned by Warner Brothers) helps explain Baird's involvement with the company. He was elected to its board in 1956 and appointed chairman of its newly created finance committee.<sup>18</sup> At that time, the company agreed to sell to him 50,000 new shares of common stock for about \$600,000. Baird arranged for his Winfield Baird Foundation to purchase the shares. He then almost immediately resold them, at a slight profit, to several individuals in his close circle, including Lawrence Brinn, his partner in the Navy League who took over managing Baird's foundations in the 1970s, and Nathan Cummings, head of Chicago-based Consolidated Foods, who was doubtless interested in selling his packaged foods through ABC's vending machines.<sup>19</sup> In all, over a period of several years, the Winfield Baird Foundation handled ABC Vending stock transactions for 28 people and organizations.<sup>20</sup>

In 1959, the Federal Trade Commission charged ABC Vending with violating federal antitrust laws by buying out major competitors and using unfair methods to obstruct their business opportunities. The Commission charged that the company used its domination of movie theater concessions 'to demand favored treatment from suppliers'.<sup>21</sup> Such actions did little to slow the company down, however. In 1960, in a smart political move, ABC Vending secured the main food concession at the Democratic Convention in Los Angeles.<sup>22</sup> Four years later, the company changed its name to ABC

Consolidated Corp. to reflect its expanded scope as a 'nationwide food and refreshment service organization'. In 1967, the former vending company was sold for \$100 million in stock to Ogden Corp., a conglomerate built by Wall Street investment banker Charles Allen, a close business associate of Baird.<sup>23</sup>

The vending machine industry catered to customers as a clean, sanitary means of distributing food, candy, and other small items. The industry itself was anything but clean, however. Coin-operated vending machines, like juke boxes and slot machines, quickly became one of the favorite legitimate fronts for organized criminals. As cash businesses, with no paper records, they made it easy to launder profits from illegal rackets (by reporting it as legitimate vending income), or to evade taxes (by not reporting cash receipts to the IRS). And since profits depend on access to prime locations, mob owners could apply muscle to push competition out of the way. Control of juke boxes had the added attraction of giving mobsters a means of promoting record labels they owned and musical talent they represented – both lucrative businesses.<sup>24</sup>

Of the more than five dozen leading mobsters who attended a particularly infamous crime summit in upstate New York in 1957, 'at least nine were in the coin-operated machine industry', according to former Justice Department attorney G. Robert Blakey.<sup>25</sup> In 1959, the Senate Select Committee on Improper Activities in the Labor or Management Field held months of hearings into jukebox rackets in Chicago, New York, New Orleans, Detroit, St. Louis, and other cities, focusing on extortion of operators by mob-controlled unions. The head of the New England Mafia, Raymond Patriarcha, ran his outfit 'from his vending-machine business on Federal Hill in Providence', one journalist recalled. 'In the front of Mr. Patriarcha's drab store sat broken cigarette machines and old arcade games, and in the back, the cluttered desk where he collected tributes, co-opted elected officials and ordered people dead.'<sup>26</sup>

An FBI report in 1964 called ABC Vending the 'largest coin machine company in the country, owned and controlled by Cosa Nostra'.<sup>27</sup> ABC's precursor, Sanitary Automatic Candy Corp., was founded in 1926 by Benjamin Sherman, the 37-year-old owner of a New York trucking business and movie theater chain.<sup>28</sup> Ben was by all appearances a respectable civic leader in his later years, president of the United Home for Aged Hebrews in New Rochelle, N. Y., and honorary president of the Hebrew National Orphan's



Home. Only those with long memories recalled that he, along with the convicted kidnapper, extortionist and labor racketeer Jacob Bernoff, had been named in a 50-count indictment in 1951 for directing a \$40,000-a-year kickback operation in New York theaters.<sup>29</sup> Bernoff's brother Charles, one of the largest juke box operators in New York, refused to testify before the Senate rackets committee in 1959 after a former partner described him as a mob-connected loan shark.<sup>30</sup>

Benjamin Sherman also had a brother named Charles with a shady side. He became chairman of ABC Vending in 1959, but an FBI informant said he was also 'connected with the operation of pinball machines and numbers racket in New Jersey'.<sup>31</sup> The darkest sheep of the Sherman family was their brother George. FBI reports described him as a 'big-time gambler' and bookmaker from New York. He allegedly fronted for Michael 'Trigger Mike' Coppola, the powerful underboss one of New York City's five Mafia clans, the Genovese family. In the late 1950s, George looked after Coppola's interests in the Plaza hotel and casino in Havana, Cuba. Other notorious gangsters with interests in the Plaza included South Florida Mafia boss Santo Trafficante, Jr., and Philadelphia Mafia don Angelo Bruno.<sup>32</sup>

### **Controlling the Media: American News Company**

The Winfield Baird Foundation was also a major shareholder in American News Company, one of the country's largest distributors of magazines, newspapers, books, and comic books. American News was a competitor of ABC Vending, with vending concessions in dozens of Loew's and RKO theaters.<sup>33</sup>

American News was taken over in 1955 by an up-and coming news distributor named Harry Garfinkle. His privately owned wholesale businesses, Manhattan News Co. and Greater Boston Distributors, Inc., had a lock on magazine distribution in those leading East Coast cities. At the time of his takeover, American News owned a chain of 1,500 newsstands through its subsidiary, Union News. It was also one of the country's largest restaurant operators, and a substantial owner of drug stores, bookstores, tobacco shops and shoe repair businesses. With annual sales of almost \$180 million, it had 16,000 employees.<sup>34</sup> After years of strong growth, the company was renamed Ancorp National Services in 1969. Like many other 'conglomerates' in the 1960s, it diversified broadly out of its core business into restaurants, catering services, and hotels. Owing in part to its

overextension, however, the company fell into bankruptcy in 1973.<sup>35</sup>

Baird was represented on American News's board by his brokerage partner Joseph A. Patrick. In January 1956, Baird sold 20,000 shares of American News on credit to Serge Semenenko, senior vice president and director of First National Bank of Boston, who replaced Patrick on the company's board. The Odessa-born Semenenko, son of a Russian nobleman who fled to Turkey after the Revolution, was sometimes described in the media as the 'Mystery Man of the Banking World'. He was the nation's leading entertainment-industry financier,<sup>36</sup> and a prominent GOP funder,<sup>37</sup> with extensive CIA connections.<sup>38</sup> His name will appear repeatedly below, reflecting the importance of finance as the common nutrient of Baird's business ecosystem. It is worth noting here that First National Bank of Boston also laundered criminal profits of the New England mafia family of Raymond Patriarcha for many years.<sup>39</sup>

Over the next few years, Semenenko continued buying and selling thousands of shares of American News Co. through the untaxed Winfield Baird Foundation, often on credit, while earning Baird & Co. thousands of dollars in commissions.<sup>40</sup> Aside from seeking to profit personally from these transactions, Semenenko may also have appreciated what a major investment in the country's leading news distributor could do for banking clients such as Hearst Corp. and Curtis Publishing Co. (*Saturday Evening Post*, *Ladies' Home Journal*, etc.) In recognition of Semenenko's large holdings, Garfinkle brought onto American News's board a former president of RKO Theatres, Inc., which Semenenko had financed, and the chairman of the executive committee of Chemway Corp., a drug manufacturer controlled by the Boston banker. Baird handled securities transactions for both Garfinkle and Semenenko.<sup>41</sup>

The company had its strongest base in New York City, where it controlled lucrative concessions at strategic locations like the Empire State Building and all Transit Authority properties. Its master lease for control of newsstands in the city's subway system and bus, ferry, train, and airport terminals was a privilege that the Transit Authority renewed every three years without competitive bidding. Garfinkle supplied these and other newsstands through his privately owned wholesaler, Manhattan News.<sup>42</sup> According to New York journalist Dennis King:

The monopoly was held together by a combination of political

connections and 'muscle'. Somehow, Garfinkle rarely faced competitive bidding for under-roof stands; things were arranged through 'negotiations'. As to Garfinkle's magazine distribution business, many veterans of those years say that intimidation was used. If a newspaper operator decided to break away and start getting his papers from a pirate distributor, there would be an accident: somebody would tip over his stand or a truck would back into it . . .

At the height of its power, Ancorp was a very crude organization, demanding and receiving special pay-offs from the major dailies. But there were advantages for the latter; they could always come to an arrangement with Ancorp to stifle any potential competition. When the *New York Mirror* tried to establish a fourth daily in 1971-72, Ancorp would not allow it on the indoor stands. The former owners of the *Mirror* believe this was the main factor in their paper's failure.<sup>43</sup>

Over the years, American News Co. was hit with federal lawsuits and investigations for monopolizing the news distribution business, paying off unions, and extorting its customers.<sup>44</sup> In 1973, the year of its bankruptcy, Ancorp was fined \$204,200 for abusing its market power to receive tens of thousands of dollars in 'discriminatory promotional allowances' – a polite term for kickbacks – from the *New York Times*, *Daily News*, and *New York Post*. Ancorp was in brazen violation of a 1964 FTC order barring such payments.<sup>45</sup>

The company's practices reflected the scrappy tactics of its ambitious owner. Garfinkle was the oldest of eight children born to poor Russian immigrant Jews in the Lower East Side of Manhattan. He worked his way up from running a newsstand at the Staten Island Ferry Terminal to his regional chain of stands with a \$3,000, no-interest loan from legendary publisher Samuel Newhouse, whose flagship newspaper was the *Staten Island Advance*.<sup>46</sup> Garfinkle's takeover of American News Co. in 1955 was reportedly financed by William Molasky, who controlled the news distribution business in St. Louis and Toronto, Canada, where Garfinkle ran subway newsstands.<sup>47</sup> Molasky also controlled a major share of the racing news business in St. Louis, Kansas City, and New Orleans. A leading shareholder in Western Union, Molasky was indicted in 1940 with that company and several 'big time racketeers' from Chicago for illegally supplying racing news to bookies. The federal government lost its case based on a judge's legal interpretation of the Federal Lottery Law but convicted Molasky in 1941 of

income tax evasion. Molasky was later pardoned by President Truman and became head of the Israel Bond campaign in St. Louis.<sup>48</sup>

Garfinkle's takeover of American News was also facilitated by an aggressive shareholder lawsuit launched by his take-no-prisoners New York attorney, Roy Cohn.<sup>49</sup> Cohn had recently been forced to resign from his controversial job as chief counsel to Senator Joseph McCarthy's Communist-hunting committee, after being accused of misusing his power to win special privileges for his 25-year-old friend and 'psychological warfare' expert, David Schine. Cohn joined Garfinkle's company as its chief counsel – and many years later would take control of it through disguised corporate shells and connections with New York City franchise officials.<sup>50</sup>

Cohn was a shrewd, unscrupulous, and pugnacious attorney. He represented the Catholic Archdiocese of New York, developer Donald Trump, and such notorious New York and New Jersey Mafia underbosses as Anthony ('Fat Tony') Salerno and Carmine Galante. Starting in the early 1960s, three federal trials of Cohn on charges of fraud, bribery, and conspiracy resulted in no conviction, but established his personal and business relations with various mobsters, including Moe Dalitz and Meyer Lansky.<sup>51</sup>

Like Garfinkle, Cohn was a financial beneficiary of publisher Samuel Newhouse (to the much greater tune of \$500,000). Cohn was also 'best friends' from school days with the publisher's son and heir, Si. The political power Cohn enjoyed from his association with the Newhouse media empire, with its 22 newspapers, cable TV companies, and prestige magazines like *The New Yorker*, *Vanity Fair*, and *GQ*, was 'of inestimable value to Roy', according to his biographer. In return, Cohn offered the Newhouse family ruthless legal services on tough, dirty issues like union disputes.<sup>52</sup> The Newhouses benefitted as well from Garfinkle's gratitude by having a close friend in charge of the country's biggest news distributor. They never had to make payoffs to ensure the favorable placement of their publications on its newsstands.<sup>53</sup>

Just weeks after taking over American News, Garfinkle appointed to its board of directors Cohn's mentor Ed Weisl, Sr., a corporate lawyer for the motion picture industry, close friend of Chicago mob superlawyer Sidney Korshak, and confidante of Senator Lyndon Johnson.<sup>54</sup> Within months, Garfinkle also appointed the Boston banker Semenenko to his board.<sup>55</sup>

These associations just hinted at the depths of Garfinkle's ties to both

organized crime and high political circles. A page one story in the *Wall Street Journal* in 1969 branded Garfinkle a 'rough dealer' who wielded 'power over publishers'.<sup>56</sup> Citing federal investigators, the story noted that his Manhattan News Company employed convicted New York Mafia lieutenant Joseph Notaro as an inspector. Following Notaro's death in 1966, the company hired his son as a labor attorney. The article continued:

Another member of the Bonnano Mafia family, Salvatore Giglio, in the early 1960s was a partner with his brother John in E&M Trucking Co., which had no trucks but did work for Manhattan News. Sal Giglio has been a fugitive from a Federal narcotics indictment since 1962. John Giglio still works for Manhattan News, as Mr. Garfinkle's chauffeur.

A former officer of E&M Trucking, and an acknowledged long-time friend of Sal Giglio, was William Levine, 54, Mr. Garfinkle's brother-in-law and right-hand man . . . Mr. Levine is now vice president of Manhattan News . . . Though Mr. Levine denies knowledge of the transaction, his East Meadow, Long Island, N.Y. home was sold in 1966 to Salvatore Bonnano, son of [Mafia boss] Joe Bananas. Salvatore Bonnano currently is under indictment on a charge of mail fraud.

Garfinkle's other brother-in-law, Solomon Levine, was secretary-treasurer and director of Manhattan News. Called before a Senate committee investigating labor racketeering in 1959, Levine pleaded the Fifth Amendment to avoid testifying about alleged payoffs to union officials and his relations with a former criminal who received a large loan from Manhattan News.<sup>57</sup>

The *Wall Street Journal* article also cited a civil antitrust suit against Manhattan News, which elicited testimony about extortion by the Newspapers and Mail Deliverers Union to keep publishers from distributing periodicals through other wholesalers in New York City. As later criminal convictions would demonstrate, the union was controlled by one of New York's premier Mafia families, although it had strong historic ties to Jewish racketeers.<sup>58</sup>

None of these associations got in the way of Garfield's friendships with political figures like New York County District Attorney Frank Hogan, federal appeals court judge Irving Kaufman, or Nixon White House aide Patrick Buchanan.<sup>59</sup> In February 1970, the *Washington Post* reported that Garfinkle had been invited by President Nixon to attend 'an evening of entertainment

and champagne for “official and personal friends of the President” at the White House’. The paper added:

The operation of [his] companies has been under investigation since last summer by the joint organized crime strike force of the southern district of New York, which includes attorneys from the Justice Department’s antitrust division. According to federal officials, the focus of the probe has been possible antitrust aspects of the operations, as well as Mafia ties of some of Garfinkle’s companions and representatives. The officials said evidence is expected to be presented to an anti-trust grand jury in New York later this year. The Justice investigation of Garfinkle, taking place both in New York and Washington, stems from charges by publishers and distributors that sale of such publications as *Time*, *Newsweek*, *Life*, *Fortune*, *Readers Digest* and the *New York Times* was sometimes halted at the retail Union News Stands for the purpose of forcing publishers to deal with Garfinkle’s wholesale operations or of extracting special subsidies . . . In addition to those probes, FBI agents attached to the Boston organized crime strike force have been investigating allegations that a former Greater Boston distributors employe was the victim of an extortion plot, including threats, with a revolver, by Willie Levine, Garfinkle’s brother-in-law, and a man hired by Levine. Whether White House officials or the president had knowledge of the investigations could not be determined.<sup>60</sup>

Garfinkle’s mob associations extended far beyond New York. In 1958 he joined legendary Jewish mobster Meyer Lansky and several public partners to form Airway Hotel Inc., a publicly traded company founded to develop hotels at growing domestic airports.<sup>61</sup> Saul Cohen, a Lansky-linked Miami Beach hotel owner, presided over the venture; Garfinkle and his brother-in-law Solomon Levine became vice presidents.<sup>62</sup> The company’s first project, financed with a \$2 million loan from the mob-dominated Teamster Central States Pension Fund, was construction of the 264-room Miami International Airport Hotel. The hotel contracted with Garfinkle’s Union News Company to operate its restaurants and cocktail lounges.<sup>63</sup> Garfinkle and Cohen also won a separate parking concession at Miami airport, despite submitting the weakest bid and having no previous experience with airport parking.<sup>64</sup>

In December 1961, the partners renamed their company International Airport Hotel System as they expanded to other major airports around the

country, including Birmingham, Washington-Dulles, Houston, and Los Angeles. Taking over as the venture's new chairman was Maxwell Rabb, former secretary to President Eisenhower's cabinet and a director of Garfinkle's American News Company. The management contract for the Miami airport hotel was awarded to Meyer Lansky's accountant, Harry Blumin.<sup>65</sup> According to one authority, 'the majority of the investment capital was skimmed gambling money from Havana and similar funds from the Sands Hotel and the Fremont Hotel in Las Vegas. Other investment came from a group of Los Angeles lawyers and from international entrepreneur Jack Cooper, who held much stock in the West Flagler Dog Track in Miami and the baseball team the Miami Marlins.'<sup>66</sup> Cooper was a Lansky front-man who occasionally served as a courier for Las Vegas casino profits distributed as untaxed cash to secret mob owners.<sup>67</sup> The Molasky family, which financed Garfinkle's takeover of American News Co., may also have had an interest in the hotel company, as indicated by the presence of Jerome Molasky on its board in 1965.

Another partner in the hotel venture was Los Angeles attorney Bryant R. Burton, who managed investments for Lansky's close underworld friend and Prohibition-era partner, Joseph 'Doc' Stacher. Stacher had hidden stakes in the Sands and Fremont hotel casinos in Las Vegas, among other holdings. The Fremont's president and principal stockholder, Ed Levinson, controlled the drugstore concession at the Los Angeles International Airport Hotel. Levinson had previously run illegal gambling operations associated with Lansky in Kentucky and Florida, and later pleaded guilty in federal court to illegal skimming of cash from the Fremont's casino.<sup>68</sup> In 1968 the airport hotel partners would have a falling out, as trustees for Levinson's grandchildren sued Garfinkle, Rabb, Levine, and others for improperly selling 100,000 shares to Garfinkle at far below market value.<sup>69</sup>

Garfield was also the largest single shareholder in Boston Herald-Traveler Corp. It operated Boston's Channel 5 and owned one of the three daily newspapers in Semenenko's hometown. The *Herald-Traveler* was sold, of course, on newsstands run by Garfinkle's Greater Boston Distributors.<sup>70</sup> A smaller but still significant shareholder was the prominent Boston businessman and philanthropist Joseph Linsey. Like his close friend Garfinkle, Linsey was a Jewish school-dropout-turned-millionaire. He owned a large array of businesses, including a Schenley liquor distributorship, a Ford dealership, a cable TV company, two dog-racing tracks, and an interest

in the Suffolk Downs horseracing track in Boston. He also owned shares in International Airport Hotel System.<sup>71</sup> One of the most prominent fundraisers in Boston for Israel, he joined the family of Maxwell Rabb – also a partner in International Airport Hotel System – in donating handsomely to the Hebrew Home for the Aged.<sup>72</sup> Linsey boasted of his associations with President Truman and Kennedy and with Israeli Prime Minister David Ben Gurion.

Linsey was also a noted associate of gangsters, having been one himself. Born in Russia in 1899, Linsey emigrated to the United States at the age of two. As a young adult, he made the most of Prohibition, earning a fortune bootlegging Canadian liquor in partnership with Meyer Lansky, Chicago mobster Joseph Fusco, and the future chairman of Schenley Industries, Lewis Rosenstiel. He received a one-year sentence for illegal liquor distribution in 1927 and was hit with at least one big tax case by the IRS. After the repeal of Prohibition, Linsey bought his Schenley distributorship from former Chicago crime boss John Torrio. But when veteran crime reporter Hank Messick began looking into Linsey's background while on special assignment to the *Herald-Traveler* in 1966, the newspaper summarily fired him. The publisher, George Akerson, admitted being a long-time friend of Linsey.<sup>73</sup> The chief investigator for the House Interstate and Foreign Commerce Committee later told the New York State Joint Legislative Committee on Crime that Linsey used his friendships with Akerson and Garfinkle, who controlled news distribution in Boston, to prevent publication a damaging story about his criminal past.<sup>74</sup>

Subsequent probing by the *Wall Street Journal* turned up the fact that Linsey kept on his payroll a senior member of the New England Mafia, Mike Rocco. Rocco was a numbers racketeer arrested at various times for murder, extortion, and robbery. Linsey had once been co-owner of the Sahara Motel in Miami with Sam Tucker, a noted bootlegger, gambler, and prominent member (with Moe Dalitz) of the 'Cleveland Syndicate'. Linsey also solicited contributions in later years from Meyer Lansky to one of his favorite charities, Brandeis University.<sup>75</sup> The Boston philanthropist dismissed most of these charges as ill-founded rumors. But Boston Mafia turncoat Vincent Teresa confirmed that Linsey invested in the Suffolk Downs racetrack with New England Mafia boss Raymond Patriarcha. 'When Prohibition ended, Linsey became the front man for the New England mob', Teresa said. 'What he does is invest their money in things like race tracks, hotels, liquor companies, real estate. There's nothing really illegal in that, but Linsey's



been with the mob for years no matter what he says . . . Linsey is kind of the Meyer Lansky of New England. He takes care of the boys' money.' <sup>76</sup>

### **From Movies Theaters to Liquor: Baird, Semenenko, Riklis, and Rosenstiel**

**A**merican News Co. was only one of several stocks that Baird's foundation traded for the jet-setting Boston banker Serge Semenenko, whom the *New York Times* called 'the power behind the financing of the film industry'.<sup>77</sup> From 1951 to 1961, Semenenko used all three Baird foundations to trade on credit, running balances as high as \$6 million or more.<sup>78</sup> Much of his trading involved shares in major theater and motion picture companies that he financed, including Pathée Industries,<sup>79</sup> Universal Pictures,<sup>80</sup> Stanley Warner Corp. (of which Baird was a director and finance committee chair),<sup>81</sup> and Loew's, the theater company and owner of M-G-M studio.<sup>82</sup> Semenenko made huge profits on some of these deals, almost certainly trading on insider information. On the very day that some of these conflicts of interest were belatedly reported by the *Wall Street Journal* in 1967, Semenenko retired from the bank.<sup>83</sup>

Not long after Semenenko left First National, at the height of the 1960s merger mania, he began wheeling and dealing with Baird over the fate of Stanley Warner Corp., a leading theater owner that Baird had advised on financial matters since 1956. The first public hint of their dealings came in November 1967, when New York City newspapers touted Baird's philanthropy by reporting that he was chairing the annual Celebrity Ball of the Variety Club of New York in honor of Democratic Rep. Emmanuel Celler. Vice chairmen for the ball were Semenenko, Stanley Warner Corp. Chairman S. H. Fabian, and Meshulam Riklis, the young, Odessa-born chairman of Glen Alden Corp., a fast-growing conglomerate that was angling to acquire Stanley Warner. No reporter was impolite enough to mention that Celler, as chairman of the House Judiciary Committee, had oversight of antitrust legislation, a matter of vital significance to these movie industry investors.<sup>84</sup> Celler was also one of the staunchest opponents of tough organized crime legislation in Congress.<sup>85</sup> He was said to be a 'great friend' of corrupt Washington lobbyist Nathan Voloshen, who wielded influence in Congress on behalf of major organized crime figures.<sup>86</sup> Celler was a notable friend of the mob-connected liquor magnate Lewis Rosenstiel, who will soon enter this story.<sup>87</sup> Celler was reported to owe some of his longevity in Congress 'the worst Brooklyn hoodlums who regularly return him to office'.<sup>88</sup>

Less than a month after the charity ball, Stanley Warner issued a proxy statement indicating that 'philanthropist' David Baird would receive an astounding \$3 million finder's fee for his role in arranging the sale of 17.5 percent of the theater company's stock from prior owners to Riklis's Glen Alden Corp. The proxy also disclosed that Baird would turn over one-third of his fee – \$1 million – to Semenenko.<sup>89</sup> On December 20, 1967, shareholders of Glen Alden and of Stanley Warner approved a merger of the two companies.<sup>90</sup>

Riklis's next conquest was Schenley Industries, one of the big four liquor companies in North America. He first took aim at Schenley but failed to score in early 1965. Investment banker Herbert Allen of Allen & Co. also took a gander but did not proceed.<sup>91</sup> Then, in March 1968, Glen Alden Corp. bought nearly a million shares from the liquor company's controversial and cantankerous chairman, Lewis Rosenstiel. Glen Alden continued making open-market purchases of Schenley while planning a tender offer, in the face of shareholder lawsuits and scrutiny by federal regulators.<sup>92</sup> Complicating the deal was a lawsuit filed by Rosenstiel's much younger (fourth) wife, Susan, as part of her six-year campaign of divorce litigation. She charged that his sale of shares to Riklis and Glen Alden was part of a 'scheme and plan to defraud' her of rights to Schenley shares under a pre-nuptial agreement. (Rosenstiel's attorney, Roy Cohn, called her motion 'a joke'.)<sup>93</sup>

That June, the SEC stepped in to temporarily hold up Glen Alden's tender offer for Schenley while it investigated the millions of dollars in finders' fees that the Riklis company promised to pay Baird, Semenenko, and two other parties for the Stanley Warner purchase.<sup>94</sup> However, the take-over of Schenley by Riklis went through that October. Rosenstiel, in his late 70s, stepped down as chairman of the liquor firm, but remained a consultant and adviser.<sup>95</sup>

Flush with cash, Rosenstiel began making large charitable contributions, including \$1 million in Glen Alden bonds to the J. Edgar Hoover Foundation. It was incorporated in 1965 'to safeguard the heritage and freedoms of the United States of America . . . and to perpetuate the ideas and purposes to which the Honorable J. Edgar Hoover has dedicated his life.'<sup>96</sup> Rosenstiel was a long-time social friend of Hoover, frequented the same anti-Communist political circles, and ingratiated himself with the FBI director by purchasing and distributing to schools 25,000 copies of Hoover's book, *Masters of Deceit*. Schenley's owner was an early financial backer of the

American Jewish League Against Communism, an organization founded in 1948 that was later headed by the anti-Communist inquisitor Roy Cohn. As we have seen, Cohn was attorney to Rosenstiel, Garfinkle's American News Co., and prominent New York mobsters.<sup>97</sup>

At the time of the Glen Alden deal, Rosenstiel was portrayed in the press as a hot-tempered businessman and unlucky husband who had the great foresight, during Prohibition, to buy an unused distillery in Schenley, Pa., along with its aged whiskey stock. 'Thus, after repeal, Schenley began life with a bigger inventory of liquor to sell than his rivals and got a long head start on them', read one typical account.<sup>98</sup> Later, however, a different story emerged in hearings before New York's Joint Legislative Committee on Crime. The committee convened to study 'whether or not the mob corrupts at higher levels through infiltration of big business with so-called respectable people acting as a layer, a bridge, between the underworld and national levels of government.' The investigation surfaced an affidavit by Rosenstiel's bitterly estranged wife Susan, who charged that he had tried to break her will by reminding her of 'his vast underworld connections and his high political influence, a combination he warned me was unbeatable'. She claimed that her husband had been closely associated with some of the biggest names in the mob: Meyer Lansky, Cleveland Syndicate bosses Moe Dalitz and Sam Tucker, former Capone associate Joseph Fusco, and convicted California influence peddler and Schenley employee Artie Samish.<sup>99</sup> In sealed testimony, she made a host of other explosive allegations, including that Rosenstiel placed J. Edgar Hoover's horse-racing bets with three of Meyer Lansky's bookies. She also claimed that her husband made large payments to congressional leaders in 1958 to pass controversial tax legislation that saved his liquor company millions of dollars. One of his alleged recipients was Rep. Emmanuel Celler, chairman of the House Judiciary Committee and recipient of the 1967 Humanitarian Award from Baird, Riklis, and Semenenko.<sup>100</sup>

### **Hollywood and the Mob: Serge Semenenko, Baird, and Jack Warner**

Semenenko's and Baird's strong focus on motion picture industry investments inevitably made them intimate associates of some of America's most sophisticated and deep-pocketed mobsters. As crime reporter and historian Hank Messick observed, the 'National Syndicate' – his term for the Supermob – 'played a major behind-the-scenes role in the entertainment

industry since bootleggers bought into nightclubs and backed their favorite actresses in Broadway plays. And syndicate bigwigs were putting money into motion pictures long before Abner (Longie) Zwillman, the so-called Al Capone of New Jersey and old associate of Lansky, helped finance *Guest Wife*, which won an Academy Award nomination for Claudette Colbert.<sup>101</sup> Warner Brothers – the focus of Semenenko’s biggest deals – was no exception. ‘Chicago gangsters served as unofficial consultants [to the studio], a logical development in that many of the movies made by Warners were variations of the Capone story’, observed Messick.<sup>102</sup> New York mobster Benjamin ‘Bugsy’ Siegel, an intimate of Lansky, ‘was a frequent visitor at the Warner home’, Messick added.<sup>103</sup>

In 1956, Semenenko plotted with Baird and Jack Warner to buy out Warner’s older brothers Harry and Albert. The latter two accepted with the understanding that all of them would sell their stakes in the family studio. Baird agreed to buy 800,000 shares in the motion picture studio from all three brothers for \$22 million, with participation from the investment house of Allen & Co. (Its founder, Charles Allen, was a friend of both Jack Warner and Semenenko.) After that bait, the deal switched: instead of selling his own shares, Jack Warner purchased 500,000 shares, and then sold 600,000 shares to Baird at \$25 a share. Baird divided those shares – which totaled more than 10 percent of the company’s equity – between his private account, the three Baird foundations, and Semenenko, who got 160,000 shares. These transactions made Jack Warner the unchallenged king of the studio.

Semenenko made an easy \$1 million fee and became the film company’s second largest shareholder with an investment of \$4 million. Semenenko and Allen soon joined Warner’s board of directors.<sup>104</sup> Baird, meanwhile, sat on the board of Stanley Warner Corp., the movie theater spin-off of Warner Brothers, which was created in 1953 following a consent decree with the Department of Justice to force the vertically integrated studios to divest their theaters.

We have already seen that in the same year, 1956, Baird also joined the board of ABC Vending, a major vendor to movie theaters. At the same time, he sold many of ABC’s newly issued shares to Warner Brothers Executive Vice President Benjamin Kalmenson. Such interlocking deals had the effect of partially circumventing the federal government’s antitrust actions against the movie industry.

## **Bahamian Interlude: Louis Chesler, Seven Arts, and Lansky**

**S**hortly before Jack Warner and his investment banking allies pulled off their coup at Warner Brothers, the struggling studio raised much-needed cash by selling off its pre-1948 library of feature films and short subjects for \$21 million. This was a landmark deal in the development of the television industry. The buyer, Associated Artists Productions, was founded in 1948 by Eliot Hyman to buy the rights to broadcast movies into every living room. (Baird's Lansing Foundation invested more than \$2 million in Hyman's related ventures in the early 1950s.) To raise cash for the deal, Associated Artists merged with an inactive Detroit auto parts firm, which had several million dollars in reserves. The dormant firm was headed Louis Chesler, an imposing, but charming, 300-pound Toronto stock promoter.<sup>105</sup> The next year, Chesler joined Hyman and celebrated talent agent Ray Stark – who represented Marilyn Monroe, Ava Gardner, Kirk Douglas and William Holden – to form a new movie licensing and production company called Seven Arts. It was based in Toronto, with Chesler the lead stockholder.<sup>106</sup> Over the years, Seven Arts would produce such hits as 'Cleopatra', 'Seven Days in May', and 'Funny Girl'.

Chesler was described by the *Wall Street Journal* during his heyday as a relentless promoter, prodigious drinker, unabashed gambler and 'real mystery man'. A leading crime historian later called him less charitably 'a thief, swindler, money maker, and mover with enough respectability to provide a cover for the myriad deals linking racketeers and upperworld notables'.<sup>107</sup> (Two such 'upperworld notables' were Robert Anderson, President Eisenhower's Treasury Secretary, and Maxwell Rabb, secretary to Eisenhower's cabinet. Chesler was also a major campaign contributor to Richard Nixon, and shared Nixon's bookie.<sup>108</sup>) Chesler was probably introduced to the mob in 1942, when he became a business partner with convicted bootlegger, Lansky friend, and international money-laundering wizard John Pullman.<sup>109</sup> Arriving in Miami soon after World War II to look for more investment opportunities, Chesler began palling around and placing bets with transplanted New York racketeer and numbers boss Michael 'Trigger Mike' Coppola (cited above in connection with George Sherman).<sup>110</sup> Chesler multiplied his original fortune, which came from mining stocks, by investing in Florida land development (General Development Company), racetrack betting machines (Universal Controls, a Baird investment), and film production (Seven Arts). Chesler invited onto the board of Seven Arts

the influential Bostonian and Eisenhower administration alumnus Maxwell Rabb, who became chairman of Lansky's and Garfield's International Airport Hotel System. A Mafia figure in upstate New York, whose conversations were bugged by the FBI, told an associate in 1963, 'You know Chesler is in with Lansky, Meyer Lansky . . . Chesler doesn't make a move without this Lansky.'<sup>111</sup>

Like Lansky and Coppola, Chesler was also strongly drawn to Caribbean gambling. In the late 1950s, he bankrolled partners who bought the celebrated casino at Hotel Nacional in Havana from Lansky and the Cleveland Syndicate.<sup>112</sup> In 1960, after the new Castro regime shut down Cuban gambling, Chesler and Lansky met with at least two confederates to plot a move to The Bahamas. Lansky paid a courtesy call on the islands' minister of finance and tourism, Sir Stafford Sands, to offer him \$2 million in legal fees in return for permission to open legal gambling casinos.<sup>113</sup>

Achieving that goal took some complex financial and real estate maneuvers. In 1961, with the help of loans arranged by Semenenko and the Winfield Baird Foundation, and a \$5 million investment by Seven Arts, Chesler co-founded Grand Bahama Development Co. to build a 'first-class deluxe resort hotel' on Grand Bahama Island. One of his major partners was convicted stock swindler (and future CIA adviser) Wallace Groves, who had previously leveraged a friendship with Sands to secure nearly unlimited development rights to the island. Another partner was New York financier Charles Allen, Semenenko's investment banking ally. The company's executive vice president, Al Cowen, was the brother-in-law of Lansky's bootlegging friend John Pullman. With title to 102,000 acres on Grand Bahama Island, the company began building the 250-room Lucayan Beach Hotel. The hotel's plans included a huge 'handball court' secretly reserved for conversion to a casino.<sup>114</sup>

On April 1, 1963, Sands and the Bahamian attorney general formally granted special government permission for Chesler and Groves to operate a casino in the hotel. Chesler and his partners acquired their lucrative 'certificate of exemption' in return for more than a million dollars in legal and consulting fees to Sands and other government figures. Much of that money came from Chesler's account at Semenenko's First National Bank of Boston.<sup>115</sup>

The project did not progress seamlessly, however. As construction costs soared, Semenenko began to question Chesler's business judgment, and

forced the Canadian to find alternative financing to complete the project.<sup>116</sup> Then, when Lucayan Beach Hotel and its Monte Carlo Casino opened in January 1964, sharp-eyed reporters spotted several notorious mobsters running the show, including one of Lansky's top Cuban gambling lieutenants. The resulting scandal prompted the Bahamian government to make a show of forcing these 'undesirables' out of the casino – although it took three years before they really left.<sup>117</sup> Meanwhile, Lansky and his associates raked in as much as six million dollars a year in profits.<sup>118</sup>

With all the bad publicity Chesler was generating in The Bahamas, Semenenko and Allen arranged to buy the controversial Canadian out of Seven Arts in 1964. Their divorce was necessary to appease dissident stockholders and persuade the SEC to allow the film company to be listed on the American Stock Exchange. Chesler was replaced on the board of the film production company by Charles Allen's brother, Herbert. Seven Arts then sold its shares in the Bahamian venture, leaving the Allens and Groves in control of the casino and other properties. Chesler stepped down as president and director of Grand Bahama Development and was replaced on its board by the Miami Beach investor Max Orovitz, who managed the casino's account at the Bank of Miami Beach. Lansky remained a party to the casino's operations and received a weekly courier run of cash skimmed from the casino.<sup>119</sup>

Despite these setbacks, Chesler continued investing in various Bahamian real estate projects, with creative financing. In 1971, a mob-connected witness testified before a Senate committee that he 'personally delivered stolen securities to Chesler in 1968 the Bahamas. I know that securities were used in trust accounts which were then spun off into other places, mostly likely to Switzerland. The discussion I had with . . . Chesler actually taught me this technique of disposing of stolen securities.'<sup>120</sup>

### **The Making of an Entertainment Conglomerate: Seven Arts and the Warner buy-out**

Meanwhile, thanks to the popularity of its growing film library, Seven Arts enjoyed great success distributing movies to television. In 1966, with the help of the well-compensated investment banker and Warner director Charles Allen, and loans arranged by Semenenko (in return for a controversial \$1 million fee), Seven Arts bought out Jack L. Warner's controlling interest in Warner Brothers for \$32 million. In 1967, Seven Arts

made a successful offer for the rest of the studio's stock. The new company was named Warner Brothers-Seven Arts.<sup>121</sup>

Within little more than a year, these investors went on to make fortunes by selling the film company to a highly leveraged conglomerate bent on diversification during the go-go years of the 1960s boom market. This lavish \$400 million buyout, handled by the investment bankers at Allen and Co., led to the creation of Warner Communications, Inc. It was a landmark deal in the history of both the entertainment industry and the era's conglomerate merger movement. An industry historian offers this dry synopsis of the transactions:

In August 1968, [Warner Bros.-Seven Arts] announced plans to merge with National General Corporation, but the [Department of Justice] rejected the merger because of the NGC's theater holdings and the likelihood that such a vertically integrated firm would violate the Sherman Antitrust Act. Immediately following this decision, in December 1968, two conglomerates announced their respective intentions to acquire Warner Bros.-Seven Arts, prompting a short bidding war. In February 1969, Eliot Hyman and the Warner Bros.-Seven Arts board accepted Kinney National's offer to acquire the firm in a deal valued at four hundred million dollars. Although Kinney National's core businesses of parking lots and funeral homes positioned it as even more of a Hollywood outsider than Seven Arts, the conglomerate had recently purchased the Ashley Famous Agency and wanted to expand its presence in the entertainment and leisure industries.<sup>122</sup>

What such bland accounts miss, however, is the dodgy background of many of the key promoters and the complicated maneuvering that preceded the final deal:<sup>123</sup>

- With Chesler gone, the largest shareholder in Warner-Seven Arts by 1968 was serial swindler Morris Mac Schwebel, Chesler's lawyer and former right-hand man. He had been president of Chesler's Universal Controls, which leased betting equipment for racetracks in the United States, Canada, and Mexico. He resigned from the boards of Seven Arts and Universal Controls in 1961 after being indicted for selling unregistered stock to Liechtenstein trusts, and then again later the same year for participating in one of the biggest securities frauds of the era.<sup>124</sup>



- Carroll Rosenbloom, a clothing company millionaire and owner of the Baltimore Colts football team, was the second largest shareholder in Warner-Seven Arts. In 1961, he became chairman of the board of Universal Controls, replacing Chesler, who resigned to spend full time on General Development Corp, a Florida land developer (more below).<sup>125</sup> Rosenbloom was a notorious gambler, often in the company of Chesler. An FBI informant accused the two men of bribing football players to help win their bet of a quarter million dollars on a 1958 game between the Baltimore Colts and New York Giants.<sup>126</sup>
- The third largest Warner-Seven Arts shareholder was the Winfield Baird Foundation, with its history of improper securities transactions.<sup>127</sup>
- The first informal offer for Warner-Seven Arts came in the summer of 1968 from Chicago investor Delbert Coleman. Coleman owned J. P. Seeburg, a leading manufacturer of jukeboxes and vending machines, which did business with the Chicago Outfit and employed the services of its attorney, Sidney Korshak, to make labor problems disappear.<sup>128</sup> Coleman started the film company's stock soaring from \$39 a share by floating a buy-out figure of \$50. Coleman's trial balloon went nowhere, but his investment banker Burt Kleiner (see below) soon arranged the sale of Seeburg to a small New York film production and real estate company, Commonwealth United. Coleman then joined Korshak in taking over Las Vegas casino company Parvin-Dohrmann. That deal prompted the SEC to file charges of stock manipulation in 1969.<sup>129</sup>
- The next suitor was National General, a classic 1960s conglomerate. It started as the theater spin-off of 20th Century-Fox, and then in 1967 negotiated a long-term film production financing deal with Semenenko.<sup>130</sup> In 1968, its stock began to soar thanks to investment banker Burt Kleiner's help in arranging major share purchases by the offshore mutual fund, Investors Overseas Service (IOS). IOS used the discreet services of Meyer Lansky's favorite Geneva bank and invested with Allen and Chesler in Lansky's casino on Grand Bahama.<sup>131</sup> National General was controlled by former used car salesman Eugene V. Klein, who led a syndicate in 1966 to purchase a majority stake in the San Diego Chargers from Barron Hilton, heir to the hotel company fortune. Klein was a dear friend ('close as brothers') and client of the Chicago mob's most powerful front man, labor attorney Sidney

Korshak. Klein even invested with Korshak (and Delbert Coleman) in a private Acapulco hotel favored by Meyer Lansky.<sup>132</sup> Klein also sat on the board of City National Bank of Beverly Hills, founded by Al Hart. Hart was another partner in the Acapulco venture, an investor in the Mob's Flamingo hotel casino, and a former liquor distributor from Chicago with senior members of the Capone organization.<sup>133</sup> In 1973, Klein, along with Allen & Co. and Burt Kleiner's firm, was charged with fraud and stock manipulation by the SEC and enjoined from further fraud and securities law violations.<sup>134</sup>

- When the Justice Department judged National General's bid to be anti-competitive, the bidding war was joined by Kinney National Services, Inc., a New York conglomerate with interests in parking lots, cleaning services, and even comic books. To clinch the deal, Kinney paid Kleiner and one of his clients handsome fees to walk away.<sup>135</sup> Kinney, like so many of the other players, was also deeply embedded with organized criminals in Korshak's sphere of influence. The company was founded decades earlier as an operator of parking lots and funeral homes by Emanuel Kimmel, a bootlegger and bookie who ran the numbers racket in Newark in the 1920s and 1930s (making him a likely associate of ABC Vending's Charles Sherman). His parking lots were used as pickup points by limousines taking customers to the mob-owned Riviera gambling casino in New Jersey. Kimmel operated under the protection of New Jersey racketeer Abner 'Longy' Zwillman. (Zwillman, sometimes called the Jewish 'Al Capone of New Jersey', was one of the half dozen most powerful East Coast gangsters of his era.) In 1950 Kinney withdrew a bid to build parking lots in New York rather than respond to allegations that Zwillman secretly owned his company. When Zwillman died in 1959, leadership in the New Jersey mob passed to Gerardo Catena, who owned significant hidden interests in several Las Vegas casinos. Chicago mob attorney Sidney Korshak handled Zwillman's estate, quietly distributing his assets. By 1968, a major block of Kinney stock had passed to Kimmel's son Caesar, who was executive vice president of the firm.<sup>136</sup>
- The Beverly Hills investment banker Burt Kleiner represented three unsuccessful Warner-Seven Arts suitors – J. P. Seeburg, National General, and Commonwealth United. A longtime business ally of Allen & Co., he underwrote the 1966 sale of millions of dollars in notes

issued by mob-linked Resorts International to finance a luxurious new casino on Paradise Island in the Bahamas. The buyer of those notes was Galveston-based American National Insurance Co., which was second only to the Teamster pension fund as a financial backer of mob-owned casinos in Las Vegas. In 1970 the SEC revoked Kleiner's license, in part due to fraudulent dealings with Commonwealth United and the mob-linked company Omega Equities. In 1980, he was charged by the SEC with securities fraud along with Canadian promoter Allen Manus, who bought the Lucayan Beach Hotel from Chesler in 1964.<sup>137</sup>

### **Real Estate: City Investing and General Development**

**A**s part of Baird's deal with Semenenko to hand control Warner Brothers over to Jack Warner in 1956, the New York stockbroker purchased 10,000 shares in the studio, worth a quarter million dollars, on behalf of City Investing Company. That was not an arms-length transaction. Baird owned stock in City Investing in the 1950s and served on its board of directors in the early 1960s.<sup>138</sup>

City Investing, founded in 1904, became one of the largest owners and managers of office and apartment buildings in New York City. In the 1950s and 1960s it expanded into farther-flung real estate and corporate ventures, including industrial parks and shipyards.<sup>139</sup> In 1967, after leaving First National Bank of Boston, Semenenko joined City Investing's president and chairman, Robert W. Dowling, in a long-term lease deal to manage the posh, 700-room Pierre Hotel in Manhattan, where they owned co-ops. Another owner-resident of the hotel was David Baird.<sup>140</sup> Dowling, a civic leader in New York City, sat on many corporate boards, including United Artists, WaldorfAstoria Corp., and Hilton Hotels International, the latter two owned by famed hotelier Conrad Hilton and Chicago investor Henry Crown, whose deep mob ties are noted below.<sup>141</sup>

One of City Investing's biggest assets was stock in Louis Chesler's General Development Corporation, the largest developer of planned communities in Florida. In early 1966, City Investing exercised an option to buy a 17 percent interest of the Florida company from Chesler and his family, following his resignation from the board at the end of 1965 to satisfy U.S. securities regulators.<sup>142</sup> In 1977, City Investing gained full control and took the Florida real estate giant private. However, General Development

continued to be dogged by customer lawsuits against deceptive marketing practices. In 1990 it pleaded guilty to a federal criminal conspiracy charge and agreed to repay victims \$100 million, but went bankrupt before it made good.

Such behavior was cooked into its DNA from the start. The company sold thousands of mail-order lots to northerners dreaming of retirement in Florida, using what one reporter called a 'commission-driven army of hawkers, hagglers and, at times, hucksters'. General Development was founded in 1956 from an existing shell company with \$5 million in startup capital from Chesler's Seven Arts. Chesler became chairman of the new firm.<sup>143</sup> He attracted a major investment from Gardner Cowles, editor-in-chief of the chain of popular magazines including *Look* and *Family Circle*. Other investors in General Development included Chesler's partner in Seven Arts and Universal Controls, NFL team owner Carroll Rosenbloom; Chesler's bookie, Michael 'Trigger Mike' Coppola, then resident in Miami Beach; and Miami Beach real estate investor Max Orovitz, who became the company's treasurer and director.<sup>144</sup> (Orovitz also acquired a sizeable stake in Seven Arts through Chesler's partner Mac Schwebel in 1964, around the time of Schwebel's conviction for securities fraud.<sup>145</sup>)

Orovitz was a legitimate businessman, and an honored Jewish philanthropist, but no stranger to organized criminals. As far back as 1950, he lent money to a Chicago Outfit front man to set up a newspaper in Miami, which the Capone organization used as a weapon to muscle in on local gambling. In 1960 Orovitz co-founded Major Realty, a Florida firm with a long 'history of organized crime associations', according to a report by the Florida Department of Law Enforcement. Orovitz also offered up his Miami Beach office twice in the spring of 1963 as a venue for Chesler and the Lansky brothers to make final plans for installing their newly approved casino in the Lucayan Beach Hotel on Grand Bahama Island. Orovitz had just become an officer in that Chesler-Groves venture and would soon become president of General Development. A few years later, he was convicted of selling \$250,000 in unregistered General Development shares based on insider information.<sup>146</sup>

Besides its longstanding connection with the controversial Florida land developer, City Investing had other noteworthy business, criminal, and intelligence associations. Among its directors were:

- Robert Guestier Goelet, the vastly wealthy son of the owner of the Ritz-Carlton Hotel and other New York City properties, Robert Walton Goelet.<sup>147</sup> He was also a trusted director of The Pacific Corporation, owner of Air America, Inc., a front company used by the CIA to transport supplies to Taiwan and Southeast Asia.<sup>148</sup>
- John W. Houser, a former Marine intelligence officer and vice president of Hilton Hotels International.<sup>149</sup> He arranged the lease of the company's casino at the Hotel Havana Hilton to a group including former Nevada Lieutenant Gov. Clifford Jones and Cuban businessman Roberto Mendoza, a close friend of Cuban dictator Fulgencio Batista. Underworld sources told the FBI that Jones was fronting for such notorious organized crime figures as Meyer Lansky, Santo Trafficante, Jr., and Abner Zwillman of Newark.<sup>150</sup>
- Joseph Binns, Vice President of Hilton Hotels Corp. He ran Hilton's Eastern Division, and was general manager and executive vice president of the Waldorf-Astoria Hotel in New York City.<sup>151</sup> Binns liked to party with Semenenko in Acapulco and moved in shady business circles.<sup>152</sup> He was a director of General Development during the Chesler-Orovitz era.<sup>153</sup> He was also a director of Seven Arts with Chesler, when it owned 21 percent of Grand Bahama Development Co.<sup>154</sup> Binns became a director of United States Life Insurance Company in 1955. Peter Dale Scott notes that the Senate rackets committee 'heard that in 1950 U.S. Life . . . and a much smaller company (Union Casualty of New York) were allotted a major Teamsters insurance contract, after a lower bid from a larger and safer company had been rejected. [Teamster boss Jimmy] Hoffa was accused by a fellow trustee, testifying under oath before another committee, of intervening on behalf of U.S. Life and Union Casualty, whose agents were Hoffa's close business associates Paul Dorfman and Allen Dorfman.'<sup>155</sup> Both Dorfman's were key players in corrupt Chicago union circles and organized crime.

### **Rooming with the Chicago Outfit: Hilton Hotels, Henry Crown, and Sidney Korshak**

These many connections that bound Hilton, the world's leading hotel chain in the 1960s, to Baird and the mob deserve further examination. Baird joined the board of Hilton Hotels International starting in 1956. Two years earlier, he had advised Hilton Hotels Corp. on its \$111 million acquisition of the

Hotel Statler Co., the largest real estate transaction ever made to that time. Placement of Hilton Hotels' preferred stock to finance that deal was arranged by Baird in his role as an investment banker. An additional \$20 million loan to finance the takeover came from First National Bank of Boston. It was arranged by Semenenko, 'a key figure in guiding the financial operations of the Hilton Hotels Corporation'.<sup>156</sup> In 1959, Semenenko joined Hilton and Chicago businessman Henry Crown in financing completion of the Acapulco Hilton. He was voted onto the board of Hilton International in 1965, and helped arrange its sale to Trans World Airlines in 1967.<sup>157</sup> In 1954, Baird purchased 38,000 shares of Hilton's preferred stock for about \$3.7 million using his Lansing Foundation. Half of those shares were for Hilton Vice President Henry Crown, the wealthy Chicagoan to whom we will soon return. Baird purchased the remainder on behalf of Crown's close friend Nathan Cummings, CEO of Chicago-based Consolidated Foods Corp.<sup>158</sup> Cummings was also a director of the mob-linked Florida firm Major Realty in 1961, with Max Orovitz. And like so many others in this story, Cummings had movie industry ties galore: He was a board member of Loew's, Inc. in 1959 and of M-G-M from 1959 through most of 1963. Cummings later became a major shareholder in Paramount Pictures in 1965 and attempted – without success – to merge Consolidated Foods with United Artists in 1966.<sup>159</sup>

Money flowed in all directions among these parties. Hilton Hotels Corp. donated \$270,000 to the Winfield Baird Foundation from 1951 to 1954. Hotel Statler Co. gave \$70,000 to the foundation in 1954. Henry Crown donated about \$87,000. Conrad Hilton, CEO of the hotel chain, and other executives used the foundation to buy tens of thousands of dollars' worth of securities in the 1950s, including shares of Statler Hotel Corp. In 1958, the Winfield Baird Foundation donated \$5,000 to the Conrad Hilton Foundation.<sup>160</sup>

Conrad Hilton, a New Mexico native, bought his first hotel in Cisco, Texas in 1919. In 1943, Hilton and a partner bought the Plaza Hotel in New York, a landmark property once favored by the Astors and Vanderbilts, which became the crown jewel of Hilton's growing portfolio.<sup>161</sup> Hilton incorporated Hilton Hotels Inc., in Chicago in 1946. His second largest shareholder was Atlas Corp. Atlas was the financial vehicle of Floyd Odlum, one of America's wealthiest investors, who 'left an imprint on virtually every segment of corporate America', in the words of his *New York Times* obituary. (It was Odlum's brother-in-law L. Boyd Hatch, executive vice president of Atlas and director of City Investing, who brought the Plaza Hotel deal to Hilton in

1943, taking 40 percent for Atlas.)<sup>162</sup> Once described as a 'corpulent, slow-talking dude rancher with a taste for self-deprecating jokes, loud ties, and ill-matched western work shirts', this preacher's son kept an exceptionally low profile. Odlum was usually overshadowed by his second wife, Jacqueline Cochrane, who became one of America's most famous aviators in the 1930s. As a young utilities lawyer with Simpson, Thacher & Bartlett in New York, Odlum turned a savings pool of \$40,000 in 1929 into the country's largest investment trust by the mid-1930s. Atlas had interests in a host of blue chip companies (United States Steel, General Motors, General Electric), as well as the motion picture studio Radio-Keith-Orpheum (RKO), Madison Square Garden, and United Fruit Co.<sup>163</sup> With his attorney Ed Weisl (who later represented American News Corp.), he purchased a major interest in Paramount Pictures in 1933, and at various times held stock in Fox, Loew's, and Warner Brothers.<sup>164</sup> Like others in these business circles, Odlum engaged in a bewildering variety of transactions with David Baird, who joined the board of Atlas Corp. Most important, Odlum financed his wife's expensive lifestyle with help from a \$2.8 million loan from one of Baird's foundations in 1950.<sup>165</sup>

Hilton also built his business with the help of underworld associates. One of his lawyers and investment partners was future Democratic National Committeeman Paul Ziffren, reputed to be the Chicago mob's top political power broker in California.<sup>166</sup> In the late 1930s and early 1940s, Hilton bought hotels in San Francisco and Los Angeles with an investment agent for the Chicago Outfit.<sup>167</sup> At the end of World War II, following up on his success in landing the Plaza in New York, Hilton purchased the Stevens and Palmer House hotels in Chicago, two of the Windy City's biggest and most prestigious properties. Advising Hilton and investing in the latter deal was Chicago business mogul Henry Crown, who became the third largest shareholder of Hilton Hotels after Atlas Corp.<sup>168</sup> He served as vice president and a member of Hilton's board of directors, and continued to do side investment deals with the Hilton family for many years.<sup>169</sup> Crown was at Hilton's side in 1949 when they purchased the Waldorf Astoria, heralded as the 'world's greatest hotel', through a separate holding company.<sup>170</sup> (They inherited as a customer New York Mafia boss Frank Costello, who occupied a suite and got a shave every day in the hotel barbershop.) Crown became chairman of the new company. Joseph Binns, the Hilton VP and City

Investing director, bought into the deal, and was put in charge of managing the luxury hotel.<sup>171</sup>

Crown earned his initial fortune from Material Service Corp., a sand and gravel company that prospered through connections with city politicians and Chicago Outfit. According to an FBI informant, prominent 'hoodlum interests' in Chicago became 'deeply engrained in the Hilton chain' during the 1940s, in part through Crown.<sup>172</sup> A prominent Chicago figure in a national racing wire operation, used by bookies to set betting odds, was murdered by members of the Chicago Outfit in 1946, shortly he talked with the FBI. Syndicated columnist Drew Pearson learned from J. Edgar Hoover and other sources that the victim had pointed an accusing finger at several prominent mob associates who had 'now reformed', including 'the Hilton Hotel chain [and] Henry Crown, the big Jewish financier in Chicago'.<sup>173</sup>

In 1949, Crown joined the board of directors of Columbia Pictures, where New Jersey mobster Abner Zwillman reportedly once held a hidden interest.<sup>174</sup> In 1950 Crown's son Lester created a huge new real estate alliance by marrying the daughter of New York hotel and theater magnate J. Myer Schine, who leased betting concessions at some of his most famous hotels to notorious bookies, including gambling kingpin Frank Erickson.<sup>175</sup> In 1953, Crown joined the board of Madison Square Garden Corp., whose Roosevelt Raceway subsidiary put New York Mafia boss Frank Costello and the son-in-law of Erickson on its payroll after World War II.<sup>176</sup> Besides Floyd Odlum, whose Atlas Corp. was an investor, the Garden's lead stockholders were Chicago Blackhawks owners and boxing promoters James Norris and Arthur Wirtz. The two multi-millionaires partnered with the violent New York mobster Paolo 'Frankie' Carbo in the International Boxing Club of New York and the International Boxing Club of Illinois, which fixed high-stakes boxing matches at the Garden and other major urban venues.<sup>177</sup> Wirtz and Norris were close business allies of Crown, their fellow Chicagoan.<sup>178</sup> Norris, according to one federal witness, also 'had a silent partnership with Lansky in Bahamas Amusements, the operating company for casinos' on Grand Bahama Island (controlled by Lou Chesler and Wallace Groves).<sup>179</sup> Wirtz shared an interest with David Baird in Lefcourt Realty Corp., a mob-linked firm, that developed sections of South Florida.<sup>180</sup> Baird himself became a director of Madison Square Garden in 1962.

Crown also swam with Hilton in the mob-infested water of Havana gambling under the patronage of the General Fulgencio Batista. In 1954,



following passage of a new Cuban law that provided government financing and tax breaks for hotel construction – provided appropriate kickbacks were paid to top officials – Hilton announced plans to build the largest hotel and casino in Havana. By late 1957, plans were well underway to lease the casino to representatives of Santo Trafficante and Albert Anastasia, powerful Mafia bosses in South Florida and New York. Then, in October 1957, Anastasia was gunned down while getting a shave in a hotel barbershop. The lucrative Havana Hilton casino finally opened in 1958, with secret participation from several notorious gangsters, including Trafficante.<sup>181</sup> Henry Garkinkle's American News Co. got the tobacco and book concession at the hotel – until the Castro regime expropriated it, wiping out the mob's investment.<sup>182</sup>

One of Crown's most prestigious assets was the Empire State Building, New York City's iconic, 102-story Art Deco skyscraper and the world's tallest building. He bought control in 1954, becoming president. Crown put on its board his brother Irving and son Lester, who were both senior officers of Material Service Corp. Also joining the board was Conrad Hilton and Hilton executive Joseph P. Binns (also a director of City Investing and Chesler's Seven Arts).<sup>183</sup>

Last but not least, the new owners also brought onto the board Arnold M. Grant, a friend of Crown and attorney with the prominent Beverly Hills law firm of Bautzer, Grant, Youngman & Silbert. Grant's law partner, Greg Bautzer, was a celebrated movie industry lawyer, romantic partner of innumerable stars, and personal attorney to Howard Hughes. In 1952, Bautzer and Grant represented a disreputable syndicate, put together by Chicago mob superlawyer Sidney Korshak, which bought an option on RKO Pictures from Howard Hughes. Bautzer later represented Elliot Hyman of Seven Arts in its 1967 purchase of Warner Brothers.<sup>184</sup>

In 1961, to raise cash to cover losses elsewhere in his portfolio, Crown sold the Empire State Building Corp. for an after-tax profit of \$32 million. The buyer was a general partnership organized by the renowned New York real estate investor Lawrence A. Wien. Wien had advised Conrad Hilton on tax-advantaged investment deals involving the Plaza Hotel and other properties. Wien was also a trusted advisor to members of the old Cleveland crime syndicate, led by Moe Dalitz. According to crime reporter Ovid Demaris, 'In 1959, Desert Inn Associates, another Wien syndication, purchased the Desert Inn in Las Vegas for \$10 million and leased it back to

its original owners until the year 2022. The Desert Inn boys were so happy with the tax-saving maneuver that they donated \$50,000 to Wien's tax-exempt foundation.' Not only did Wien's structured deal reduce their legal tax obligations, it allowed them to keep control of the casino, so they could continue cheating the IRS by skimming unreported cash profits. 'At the Desert Inn,' write Sally Denton and Roger Morris, 'ostensibly owned by Lawrence Wien's upstanding Manhattan investors and expanded with a Teamster loan, [FBI] microphones recorded an often shifting twelve-way split in 1961 and 1962, the skim divvied up between Dalitz, [Chicago mob boss Sam] Giancana, Brooklyn's Joe Bonanno, Rosselli, Lansky, and others.'<sup>185</sup>

Wien arranged the purchase and syndication of the Empire State Building lease with fellow New York real estate billionaire (and Desert Inn adviser) Harry B. Helmsley.<sup>186</sup> Wien had his personal foundation invest \$50,000 in the great New York skyscraper. Three years earlier, the Wien foundation paid New York developer Webb & Knapp, Inc. \$5 million for a sublease on the Equitable Building at 120 Broadway, handing control of that building's partnership to members of the Wien and Helmsley families and Wien's law firm. Such intermingling of foundation and commercial business may well have been inspired by Baird's example. In 1959 and 1960, Baird's foundations donated \$230,000 to Wien's foundation and loaned it another \$400,000.<sup>187</sup> A few years earlier, Baird's Lansing Foundation guaranteed a \$2 million loan from First National Bank of Boston to Webb & Knapp's owner, William Zeckendorf. (Baird also owned a significant block of shares in Webb & Knapp.) FBI and IRS investigations determined that Zeckendorff, one of America's biggest developers, had close personal and business contacts with Joseph Stacher, a nationally prominent bootlegging partner of 'Longie' Zwillman and a gambling industry partner of Meyer Lansky. Stacher resettled in Israel to avoid justice in the United States.<sup>188</sup>

### **The Korshak Connection<sup>189</sup>**

**C**rown's right-hand-man at Material Services was a former Chicago hotel operator named Patrick Hoy. Hoy personified the interface between big business and organized crime in Chicago, Southern California and Las Vegas.<sup>190</sup> Ovid Demaris notes that Hoy was a regular at nightclubs with Chicago mob superlawyer Sidney Korshak and Charles 'Babe' Baron, 'a Syndicate representative in Las Vegas'.<sup>191</sup> Writing in 1969, Demaris called Hoy's friend Korshak, a labor attorney with offices in Chicago and Beverly Hills, 'the Syndicate's topflight advance man on the West Coast'. (Korshak's

brother Marshall, who put the Chicago Outfit's political 'fixer' Gus Alex on his payroll as a state senator, was a major force in Chicago and Illinois politics.) A 1978 report by the California Organized Crime Control Commission described him as 'an attorney for Chicago organized crime figures and the key link between organized crime and big business'.<sup>192</sup> U.S. Justice Department officials called Korshak a 'senior adviser to organized crime groups in Chicago, California, Las Vegas, and New York'.<sup>193</sup>

Korshak's influence over mob-connected unions was legendary. A key confidante of Jimmy Hoffa, Korshak helped select trustees of the Teamster pension fund, a billion-dollar bank for organized crime investments.<sup>194</sup> 'Let's just say a nod from Korshak and the Teamsters change management', wrote Hollywood producer Robert Evans, who socialized with Korshak and employed his services. 'A nod from Korshak, and Santa Anita [racetrack] closes. A nod from Korshak, and Madison Square Garden stays open. A nod from Korshak, and Vegas shuts down. A nod from Korshak, and the Dodgers suddenly can play night baseball.'<sup>195</sup>

Another senior West Coast representative of the Chicago mob, John Rosselli, told a fellow gangster how Korshak acted as the legitimate face of organized crime:

One thing you've got to keep in mind with Korshak. He's made millions for Chicago and he's got plenty of clout in LA and Vegas. Sid's really burrowed in. He's real big with the movie colony, lives in a big mansion in Bel Air, knows most of the big stars. He calls himself a labor-relations expert but he's really a fixer. A union cooks up a strike and Sid arbitrates it. Instead of a payoff under the table, he gets a real big fee, pays taxes on it, and cuts it up. All nice and clean.<sup>196</sup>

Korshak's reputation attracted rather than repelled many prominent corporate clients, including Paramount Pictures (where Evans produced *The Godfather*), MGM Hotels, Madison Square Garden, and Max Factor. Two of his most prominent clients were General Dynamics and Hilton Hotels. In 1961, an FBI informant reported that Chicago Mafia boss Anthony Accardo and the Outfit's political fixer Gus Alex obtained 'large blocks of stock in the Hilton Hotel chain' through Korshak and Crown 'in the days when Hilton was starting to acquire numerous hotels'.<sup>197</sup> (Another FBI informant reported that New York mob bosses Frank Costello and Vincent Alo also owned stakes in the hotel chain.<sup>198</sup>)

If Hilton executives later had any doubts about Korshak's clout, they were laid to rest in November 1964, when Korshak hosted a fund-raising dinner for Loyola Medical School in Chicago at Conrad Hilton Hotel in Chicago. The guest of honor was FBI Director J. Edgar Hoover. 'Korshak and the nation's top G-man were seated at the same table, despite the fact that Hoover's own agents had been gathering evidence on Korshak's activities on secret wiretaps for seven years', the *Los Angeles Times* remarked years later, after Korshak was safely dead.<sup>199</sup>

Eventually the Korshak connection got Hilton Hotels in deep trouble. After the corporation spent millions of dollars building a luxury hotel casino in Atlantic City, New Jersey's Casino Control Commission in 1985 cited the company's lack of candor about its long relations with Korshak as a reason to deny it a gaming license. State investigators learned that Hilton Hotels Corp. had paid Korshak more than \$700,000 in fees and expenses, but could not get the company to provide solid information as to who hired him, when he was hired, or what work he did for the company.<sup>200</sup>

## **Conclusions and Questions**

**B**aird retired from the world of high finance in the mid-1960s to focus on full-time philanthropy. Presumably, after media revelations in 1967 about the CIA and foundations, his usefulness to the Agency came to an end as well. By then, however, Baird no longer needed the CIA to run cover for him. The IRS had let him off the hook, and the SEC declined to re-litigate old charges. As a result, his many years of improper financial dealings with a host of big business partners went largely unpunished and unpublicized.

For all its detail, moreover, the Patman subcommittee's report on Baird's foundations left many mysteries unexplained. How did the CIA select them (and other foundations) as pass-through entities for its funding of non-profit groups during the Cold War? Did Baird leverage his influence with other powerful Wall Street insiders to get the Agency's attention, or did he personally know senior officials at the CIA, many of whom had Wall Street backgrounds? To what extent did the CIA protect Baird from sanctions by the IRS and other enforcement agencies? Were the CIA's ties to Baird's foundations, and other mob-linked charities like the Albert Parvin Foundation, incidental or reflective of more extensive Agency ties to the underworld?

Even without answers to those questions, Baird's financial dealings take

on significance today given our much greater knowledge of organized crime. His operations shed new light on the ways in which organized crime profits were recycled (with minimal taxation) into the legitimate economy, with Wall Street's help, during the height of America's post-war economic boom. Baird and his associates in high finance (Semenenko, Allen), the world of entertainment (Warner, Seven Arts, Columbia Pictures, Loew's), hotels and real estate (Hilton, Crown, Wien, Schine, City Investing), and other service businesses (ABC Vending, American News) represented an interlocking milieu of powerful capitalists who intersected repeatedly with regionally and nationally prominent criminals (Lansky, Dalitz, Zwillman, Coppola) and their front men (Korshak, Ziffren, Chesler). As these dynamic individuals cooperated to build new fortunes with infusions of criminal capital, bending rules and cutting corners, they defined the American dream while helping to transform the face of America, and its economy, during the Cold War era.

Their methods of self-enrichment and corporate empire-building were sometimes ugly. As Herbert Allen, Jr. told the *New York Times*, 'We trade every day with hustlers, deal makers, shysters, con men . . . That's the way businesses get started. That's the way this country was built.'<sup>201</sup> Yet for all their laundering of dirty money, most of these men managed to build reputations as corporate leaders and philanthropists, not as partners of organized crime. At worst they faced irritating but largely meaningless attempts at enforcement actions by the Securities and Exchange Commission. They were able to translate economic power into political clout and even immunity from law enforcement. They attended charity dinners and frequented race tracks with J. Edgar Hoover. As Russo observes of Korshak and his associates, 'thanks to early canny decisions to align itself with key judges and politicians – both local and national – the Supermob rendered its members untouchable. Furthermore, many well-intentioned investigators were frustrated by legal restraints: thanks to their law degrees, the protégés Jake Arvey [Supermob's lawyer] inspired shielded their nonstop . . . violations behind the "attorney-client" privilege. And by paying just enough to the IRS and relocating to mob-friendly California, where residents' pre-histories are historically erased, the Supermob further insulated itself from prosecution.'<sup>202</sup>

Such immunity certainly illustrated the power of organized crime to buy protection through bribery and blackmail. But it also reflected decisions made at the heart of Wall Street, as well as in Washington, to partner with

rather than wage war against influential members of organized crime. In much the same way, students of the CIA and the 'deep state' now argue that that they cannot be understood, especially in the first decades after World War II, without reference to Wall Street authority.<sup>203</sup> The same Wall Street/CIA alliance that conferred immunity on Baird found in organized crime an essential partner in the development of post-World War II American capitalism.

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## Notes

<sup>1</sup> Senate Select Committee to Study Governmental Operations with Respect to Intelligence, interim report, Alleged Plots Involving Foreign Leaders, S. Rep. No. 755, 94th Cong., 2d sess. (Washington: U.S. Government Printing Office, 1976); Jonathan Marshall, *Dark Quadrant: Organized Crime, Big Business, and the Corruption of American Democracy, from Truman to Trump* (Lanham, MD: Rowman & Littlefield, 2021), ch. 9.

CIA partnerships with foreign criminal organizations are documented in Alfred McCoy, *The Politics of Heroin: CIA Complicity in the Global Drug Trade* (Brooklyn: Lawrence Hill Books, 1991); Peter Dale Scott and Jonathan Marshall, *Cocaine Politics: Drugs, Armies and the CIA in Central America* (Berkeley: University of California Press, 1988)

<sup>2</sup> A good example is the still-murky relationship between Florida lawyer and CIA agent Paul Helliwell, and various financial institutions in Florida and the Bahamas that catered to organized crime interests, such as Castle Bank, Intercontinental Diversified, Mercantile Bank and Trust, Bank of Perrine, and Miami National Bank. See Alan Block, *Masters of Paradise* (New Jersey: Transaction, 1991).

<sup>3</sup> Peter Dale Scott, *American War Machine: Deep Politics, the CIA Global Drug Connection, and the Road to Afghanistan* (Lanham, Mass.: Rowman & Littlefield,

2010), pp. 144-152. See also classified deposition of John Whitten before House Select Committee on Assassinations, May 16, 1978, 168-69, available at <<https://www.maryferrell.org/showDoc.html?docId=251>>. Brod was actually recruited by Angleton in Italy in 1944; CIA memo by Jerrold B. Brown for Inspector General, July 1, 1975, re 'Possible Questionable Activity'. For more on Brod and Angleton, see Gus Russo, *The Outfit* (New York: Bloomsbury, 2001), p. 357; Richard Mahoney, *Sons & Brothers: The Days of Jack and Bobby Kennedy* (New York: Arcade Publishing, 1999), pp. 44-50. As a Counterintelligence Corps agent in Sicily during World War II, Brod recruited the infamous Mafioso and heroin trafficker Nicola Gentile as an agent, a relationship that carried on into the Cold War when Gentile became an important supporter of Italy's Christian Democrats. See FBI memo from Special Agent in Charge, New York, to Director, FBI, May 15, 1963, record identifier 124-10215-10313, Records of the JFK Assassination, National Archives and Records Administration (NARA). On Brod's later work investigating 'Italian politicians and fascists, political parties, Nazi fugitives, CP activities and Soviet and Chinese activities', see memo from Chief, Counterintelligence Staff to Deputy Director for Operations, September 5, 1975, 104-10310-10003, Records of the JFK Assassination, NARA.

<sup>4</sup> On Parvin's career and mob connections, see Ed Reid, *The Grim Reapers: The Anatomy of Organized Crime in America* (Chicago: Henry Regnery, 1969), pp. 236-40; *Las Vegas Sun*, March 26, 1971; House Committee on the Judiciary, Special Subcommittee on H. Res. 920, *Associate Justice William O. Douglas*, final report, 91<sup>st</sup> Cong., 2<sup>nd</sup> Sess. (Washington, D.C.: U.S. Government Printing Office, 1970), pp. 420, 787-96.

On Volman and the CIA, see Eric Thomas Chester, *Rag-tags, Scum, Riff-raff, and Commies: The U.S. Intervention in the Dominican Republic, 1965-1966* (New York: Monthly Review Press, 2001), pp. 21-23; 'Kaplan Fund, Cited as C.I.A. "Conduit", Lists Unexplained \$395,000 Grant', *New York Times*, September 3, 1964; 'Thomas Defends CIA-Aided Work', *New York Times*, February 22, 1967; 'Douglas Reported to Have Had Strange Ties with Red Once Active in "Uprisings"', *Gettysburg Times*, December 16, 1970. For more on U.S. operations in the Dominican Republic, see Marshall, *Dark Quadrant*, chapter 4.

<sup>5</sup> To my knowledge, the only published mentions of Baird's financial dealings, outside a Congressional report and news accounts cited below, appear briefly in Peter Dale Scott, *Crime and Cover-up: The CIA, the Mafia, and the Dallas-Watergate Connection* (Santa Barbara: Open Archive Press, 1993), p. 66 n142 and J. C. Louis and Harvey Z. Yazijian, *The Cola Wars: The Story of the Global Corporate Battle Between the Coca-Cola Company and PepsiCo, Inc.* (New York: Everest House, 1980). Strangely, veteran organized crime reporter Ovid Demaris makes no mention of Baird in his lengthy treatment of Patman's investigations into foundation improprieties, nor does he mention the CIA in his discussion of the Albert Parvin Foundation and its mob connections. Ovid Demaris, *Dirty Business* (New York: Harper & Row, 1974), chapter 4, 'The Charity Game'.

<sup>6</sup> Juan de Onis, 'Ramparts Says CIA Received Student Report', *New York Times*, February 16, 1967; 'Will Pull Out of NSA, Oberlin Chapter Warns', *Beacon Journal*, February 19, 1967; Caspar Nannes, 'Council of Churches Admits Aid from Probed Groups', *Washington Star*, February 21, 1967; Orr Kelly, 'CIA Aided Two Funds After IRS Tax Probes', *Washington Star*, February 25, 1967; Don Irwin and Vincent Burke, '21 Foundations, Union Got Money from CIA', *Los Angeles Times*, February 26, 1967; 'Pandora's Cashbox', *Time*, March 3, 1967; E. W. Kenworthy, 'Tax Case Held Up for CIA Conduit', *New York Times*, March 5, 1967; 'More on AFME', *Near East Report*, March 7, 1967; 'Groups Channeling, Receiving Assistance from CIA', *Congressional Quarterly Almanac 1967*; Frances Stonor Saunders, *The Cultural Cold War: The CIA and the World of Arts and Letters* (New York: The New Press, 2013), pp. 297-98. These stories were triggered by *Ramparts* magazine, which exposed a network of 'CIA front foundations' that laundered Agency funds to various anti-Communist student, labor, arts, and other organizations. Sol Stern, 'A Short Account of International Student Politics and the Cold War with Particular Reference to the NSA, CIA, Etc.', *Ramparts*, March 1967, pp. 219-38.

<sup>7</sup> Letter from Navy League to William Colby, September 30, 1975, CIA Electronic Reading Room, CREST RDP88-01315R0004000020023-4; Drew Pearson, 'B-36 Probe Backfires on the Navy', *Washington Post*, June 17, 1949, C11. For a sharp critique of the Navy League from a service rival, see 'Shooting the Breeze', *Air Force* 32:8 (August 1949), p. 10. See also U.S. Senate, Temporary National Economic Committee, *Investigation of Concentration of Economic Power, Recovery Plans*, monograph no. 25 (Washington, D. C.: U.S. Government Printing Office, 1940), pp. 163-65; Armin Rappaport, *The Navy League of the United States* (Detroit, MI: Wayne State University, 1962).

<sup>8</sup> U.S. House of Representatives, Select Committee on Small Business, Subcommittee No. on Foundations, *Tax Exempt Foundations: Their Impact on Small Business*, hearings, 8th Cong., 2nd Sess. (U.S. Government Printing Office, 1964), p. 83. Hereafter 'Patman hearings'. See also 'Patman Conducts Study of Tax-Exempt Foundations', *CQ Almanac 1964*, 20th ed. (Washington, DC: Congressional Quarterly, 1965), pp. 987-89; and Ferdinand Lundberg, *The Rich and the Super-Rich* (New York: Lyle Stuart, 1968), pp. 399-401. The IRS eventually did issue an assessment against the Winfield Baird Foundation and David, Josephine & Winfield Foundation, but Baird contested it ('2 Exempt Foundations Get \$5.5 Million Tax Bill', *Washington Post*, January 6, 1966; Stanley Penn, 'Pressure is Intensifying for Stricter Controls of Tax Exempt Groups', *Wall Street Journal*, April 3, 1967). A 1986 news story suggested that the IRS settlement was a sham, allowing abuses by the foundations to continue: 'The president of two foundations, accused by state officials of siphoning off funds for private use, has agreed to repay \$1.3 million and distribute the foundations' remaining assets of \$8 million to \$9 million to public charities. Lawrence E. Brinn, a New York lawyer and member of several corporate boards, and his wife, Mildred Cunningham, of 570 Park Avenue, were accused of profiting from excessive fees, rental costs and other administrative expenses. Mr.



Brinn is president of the Winfield Baird Foundation and the David, Josephine and Winfield Baird Foundation. His wife is a director of both philanthropies . . . State Attorney General Robert Abrams said the couple's mismanagement absorbed more than half the foundations' income from 1980 to 1984. He also charged the couple received hundreds of thousands of dollars in interest-free loans from the foundations . . . Although the Securities and Exchange Commission charged [David G. Baird] with misusing the foundations by improperly extending credit, he was not prosecuted, and an agreement was reached in the 1970s [sic] under which the foundations were to be dissolved. Mr. Brinn, the attorney for the elder Baird, became involved in managing the philanthropies in 1974. Mr. Brinn, who is 70, said the foundations were not dissolved and Government authorities agreed to an extension for five, then six and eight years.' See Kathleen Teltsch, 'A Foundation Chief Agrees to Repay \$1.3 Million', *New York Times*, January 22, 1986. On the decision by the Securities and Exchange Commission not to impose sanctions on Baird for improperly using his foundations as broker dealers and to extend credit, see 'SEC Closes its Books in David G. Baird Case', *New York Times*, July 9, 1968; Securities Exchange Act Release No. 8350, July 5, 1968, Administrative Proceeding File No. 3-362. Baird's first occupation was listed as 'philanthropist' in his obituary ('David G. Baird', *New York Times*, June 6, 1986).

<sup>9</sup> Patman hearings, p. 92.

<sup>10</sup> Patman hearings, pp. 182-83. The hearing and the CIA connection to the J. M. Kaplan Fund received brief coverage in an article, 'Patman Attacks "Secret" CIA Link' *New York Times*, September 1, 1964. The CIA had run interference with Congressional investigations of foundations since at least 1952. See Walter L. Pforzheimer, CIA Legislative Counsel, to Deputy Director/Administration, July 14, 1952, re Request of the Select Committee to Investigate Foundations, CIA Electronic Reading Room, CREST CIA-RDP78-04718A000500150013-8.

<sup>11</sup> Bart Barnes, 'Mitchell Rogovin Dies at 65', *Washington Post*, February 8, 1996.

<sup>12</sup> U.S. House of Representatives, Select Committee on Small Business, Subcommittee No. 1 on Foundations, *Tax Exempt Foundations: Their Impact on our Economy*, report, 88<sup>th</sup> Cong., 1<sup>st</sup> Sess. (U.S. Government Printing Office, 1963), iii-iv. Hereafter 'Patman report'. The study was reported in Eileen Shanahan, 'Patman Says Foundations Use Funds for Stock Transactions', *New York Times*, October 20, 1963; Bernard Nossiter, 'Foundations Accused as Tax Dodge: 3 Were Brokers for Magnates, Says Rep. Patman', *Los Angeles Times*, October 20, 1963; 'Key to Semenenko "Mystery"', *Variety*, October 30, 1963. The publicity triggered a brief and apparently pro forma investigation by the New York Stock Exchange: 'Big Board is Studying Charges on Foundations', *Wall Street Journal*, October 22, 1963.

<sup>13</sup> Notable studies of the 1960s merger movement include Timothy Hurley, 'The Urge to Merge: Contemporary Theories on the Rise of Conglomerate Mergers in the 1960s', *Journal of Business & Technology Law*, 1:1 (2006), pp. 185-205; Andrei Shleifer and Robert Vishny, 'Takeovers in the '60s and the '80s: Evidence and

Implications', *Strategic Management Journal*, 12 (1991), pp. 51-59; John T. Miller, Jr., 'Conglomerate, Conglomerate Mergers and the Federal Antitrust Laws', *St. John's Law Review*, 44:5 (Spring 1970), pp. 613-34; R. Glenn Hubbard and Darius Palia, 'A Reexamination of the Conglomerate Merger Wave in the 1960s: An Internal Capital Markets View', *Journal of Finance*, 54:3 (June 1999), pp. 1131-52. For a leading journalistic account, see John Brooks, *The Go-Go-Years: When Prices Went Topless* (New York: Weybright and Talley, 1973).

<sup>14</sup> Gus Russo, *Supermob: How Sidney Korshak and His Criminal Associates Became America's Hidden Power Brokers* (New York: Bloomsbury, 2006), p. xv.

<sup>15</sup> Russo, *Supermob*, pp. xv-xvi.

<sup>16</sup> 'David G. Baird', *New York Times*, June 6, 1986; David Clarke, Jr. *Wall Street Gothic: The Unlikely Rise and Tragic Fall of Financier Floyd B. Odlum* (ms., 2018). I am grateful to Mr. Clarke for sharing this major work in progress.

<sup>17</sup> 'Samuel M. Rubin: Introduced Popcorn as Movie Snack', *Variety*, February 8, 2004.

<sup>18</sup> 'Eighth Director Named by ABC Vending Corp.', *New York Times*, May 30, 1956.

<sup>19</sup> For a brief profile of Cummings, see Joseph Berger, 'Nathan Cummings, 88, Dies', *New York Times*, February 21, 1985. Cummings was a major shareholder and served on the board of directors of General Dynamics, a firm controlled by Crown. For more on their alliance, see 'Cummings' Stake in General Dynamics Still Up in Air', *Chicago Tribune*, May 22, 1985.

<sup>20</sup> Patman report, p. 19.

<sup>21</sup> 'ABC Vending Hit by FTC Charges', *New York Times*, November 19, 1959. In 1967, the Commission slapped the company with a civil penalty suit for failing to comply with an order to divest two of its subsidiaries. The case was finally settled in 1971, with a \$200,000 fine and the company's agreement to divest. The history is discussed in *Y & Y Popcorn Supply Company v. ABC Vending Corporation*, 263 F. Supp. 709 (E.D. Pa. 1967); 'ABC Consolidated Named in FTC Suit', *New York Times*, August 29, 1967; Federal Trade Commission, *Annual Report of the Federal Trade Commission, 1971* (Washington: U.S. Government Printing Office, 1971).

<sup>22</sup> Nan Robertson, 'Tons of Food to Be Urged on Delegates', *New York Times*, July 9, 1960. The chair of the convention's nonpolitical arrangements committee was Rosalind Wyman, whose husband, attorney Eugene Wyman, was a good friend of the Chicago mob's top lawyer, Sidney Korshak.

<sup>23</sup> 'Benjamin Sherman, Vending Executive', *New York Times*, June 16, 1972; Ogden Corporation', <<https://tinyurl.com/2p94devy>> or <<https://www.encyclopedia.com/social-sciences-and-law/economics-business-and-labor/businesses-and-occupations/ogden-corp>>

<sup>24</sup> On this latter point, see Russo, *The Outfit*, pp. 188-94.

<sup>25</sup> G. Robert Blakey, 'Organized Crime: The Rise and Fall of the Mob', Notre Dame Law School Legal Studies Research Paper No. 09-46, December 18, 2009. Russo notes that a decade before the Apalachin crime summit, Wurlitzer Company, one of the leading manufacturers of juke boxes, held its own summit for mob-connected distributors in Crosslake, Minnesota (Russo, *The Outfit*, p. 190).

<sup>26</sup> 'Senate Committee Labor Investigations', *CQ Almanac 1959*; Aaron Sternfield, 'N.Y. Court Enjoins Local 19', *Billboard*, March 10, 1958; Nick Biro, 'Union Racket Investigators Issue New Flood of Subpoenas', *Billboard*, March 10, 1958; Dan Barry, 'The Holdup: A Mobster, a Family and the Crime that Won't Let Them Go', *New York Times*, May 31, 2017 (Patriarcha).

<sup>27</sup> FBI report by SA Thomas Forsyth III, Pittsburgh, February 28, 1964, re Gabriel Mannarino, NARA 124-10219-10244.

<sup>28</sup> 'Benjamin Sherman, Vending Executive', *New York Times*, June 16, 1972; 'Charles O'Reilly, Sales Head, Dies', *New York Times*, February 6, 1959. ABC Vending was founded in 1947 through a merger of Sanitary with Berlo Vending Corp. of Philadelphia and several smaller companies. See 'New \$20,000,000 Operation', *The Billboard*, October 4, 1947, p. 92.

<sup>29</sup> 'Six Arrested in "Grind Movie" Candy Kickback', *Chicago Tribune*, April 27, 1951; 'Indictment Lists 6 in Movie Kickback', *New York Times*, April 27, 1951. Sherman's attorney was Murray I. Gurfein, who dealt with Meyer Lansky during World War II to protect the New York waterfront against German sabotage. Gurfein later became a director, with former bootlegger Samuel Rothberg, of Israel Hotels International, which owned the Tel Aviv Hilton. On Bernoff's record, see David Scott Witwer, *Corruption and Reform in the Teamsters Union* (Chicago: University of Illinois Press, 2003), pp. 87-91, 106; 'Bernoff Convicted in Kidnapping Plot', *New York Times*, April 11, 1929; 'Ex-Convict is Held as Key Man Here in "Biggest Racket"', *New York Times*, January 3, 1941; '\$2,500,00 Racket in Milk Charged', *New York Times*, July 1, 1941; '10 Sent to Prison for Milk Racket', *New York Times*, May 20, 1942; *People v. Bernoff*, 292 N.Y. 230 (1944).

<sup>30</sup> Allen Drury, 'Juke Box Figure Linked to Racket Loans at 198%', *New York Times*, February 19, 1959; Delores Newcomb, 'Ops Victims of Racketeers N.Y. Testimony Clearly Shows', *Billboard*, February 23, 1959.

<sup>31</sup> 'ABC Vending Hit by FTC Charges', *New York Times*, November 19, 1959; FBI report, April 17, 1959, 'Joseph Raymond Merola', NARA 124-90110-10130.

<sup>32</sup> FBI report by SA J. Robert Pearce, Philadelphia, June 28, 1961, re Angelo Bruno, NARA 124-10205-10469. For a copy of Coppola's rap sheet, see U.S. Congress,

Senate Committee on the Judiciary, Subcommittee on Antitrust and Monopoly, *Professional Boxing*, hearings, pt. 2, 86<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (Washington: U.S. Government Printing Office, 1961), p. 1227. Hereafter cited as *Professional Boxing*. Coppola pleaded guilty to income tax evasion in 1962 and received a one-year prison sentence and a \$400,000 fine.

<sup>33</sup> 'American News Sets Loew's Deal', *New York Times*, July 14, 1961. A representative of American News sat on the board of the New York Automatic Retailers Association along with Benjamin Sherman of ABC Vending. 'N.Y. Auto Retailers Name Cole as Head', *Billboard*, March 16, 1959, p. 93.

<sup>34</sup> Robert S. Bird, 'Garfinkle Controls Union News', *New York Herald Tribune*, June 27, 1955.

<sup>35</sup> 'Harry Garkinkle, 80', *New York Times*, January 13, 1983.

<sup>36</sup> Patman report, p. 24; 'Elected to Directorate of American News Co.', *New York Times*, January 13, 1956. 'Mystery man' was part of the title of a story in the *New York Times*, July 2, 1950. On his early financing of MGM, Loew's, RKO, and Columbia Pictures, see 'Reveal "Mystery Man" as Key to \$40,000,000 1945 Metro Financing', *Variety*, January 29, 1947. Semenenko reportedly brought in more new business to his bank than all other officers put together. (Peter Greenough, 'Movies, Hotels, Industries – Semenenko Finances All', *Boston Globe*, May 19, 1963). He is mentioned numerous times in Ben Ames Williams, *Bank of Boston 200: A History of New England's Leading Bank, 1784-1984* (Boston: Houghton Mifflin, 1984).

<sup>37</sup> 'List of Contributors of \$5,000 or More in 1956 Campaign', *New York Times*, February 3, 1957. Semenenko contributed \$6,000 to the Republican Party in 1956. Other businessmen highlighted in this chapter also contributed heavily: Henry Crown (\$6,500), Floyd Odlum (\$20,450), and the Warner family (\$35,500).

<sup>38</sup> Semenenko gave lavish financial support to the CIA-backed Russian Orthodox Church Outside of Russia ('Russian Orthodox Synod Buys New York Mansion', *Boston Globe*; January 27, 1958; M. J. Rossant, 'Banker from Boston Breaks Tradition of Usual Silence', *New York Times*, October 22, 1964). Semenenko's First National Bank of Boston was the registrar bank and financial arm of United Fruit Co., a major force in U.S. foreign policy with close ties to the State Department and CIA (Richard Immerman, *The CIA in Guatemala: The Foreign Policy of Intervention* [Austin: University of Texas Press, 1982], p. 117). Shared directors of the two companies included John E. Toulmin, Sr., George Peabody Gardner, T. Jefferson Coolidge III, and Thomas Dudley Cabot (director of the State Department's Office of International Security Affairs, later head of the CIA proprietary Gibraltar Steamship Company, which supported the Bay of Pigs invasion in 1960). United Fruit's board also included former CIA Director Walter Bedell Smith. United Fruit worked with the CIA to overthrow the government of Guatemala in 1954 and provided two freighters to the CIA for use in the Bay of Pigs invasion (Thomas

McCann, *An American Company: The Tragedy of United Fruit* [New York: Crown Publishing, 1976], pp. 59-60, 93). Investor Floyd Odlum, an intimate of Baird and many others in this story, was a director of United Fruit from the 1930s to the 1950s.

<sup>39</sup> James Sterngold, 'Boston Bank's Changing Face', *New York Times*, February 13, 1985; Fox Butterfield, 'U.S. Prosecutors Hope to Expose a "Mafia" at Coming Boston Trial', *New York Times*, February 18, 1985; James Sterngold, 'Bank of Boston Details Its Failures', *New York Times*, July 25, 1985; 'Bank of New England Guilty', *New York Times*, February 20, 1986.

<sup>40</sup> Patman report, pp. 24-25.

<sup>41</sup> 'American News Elects 3 Directors', *New York Times*, March 27, 1958 (former RKO President Malcolm Kingsberg and Charles McKhann of Chemway); Janet Wasko, *Movies and Money: Financing the American Film Industry* (Norwood: Ablex Publishing, 1982), on Semenenko and RKO; Patman report, p. 36 (Kingsberg and Baird), pp. 26-27 (Semenenko, Baird, McKahnn, and Chemway). See also note 149 below on John Houser and Chemway.

<sup>42</sup> Dennis King, 'How the Mob Controls Newspaper Distribution in NYC', *Our Town*, October 8, 1978.

<sup>43</sup> King, 'How the Mob Controls Newspaper Distribution in NYC'.

<sup>44</sup> 'Antitrust Suit Against American News, Union News Co. is Settled', *Wall Street Journal*, September 2, 1955; 'Consent Action Ends News Firm's Antitrust Case', *Washington Post*, September 2, 1955; 'American, Union News Companies Under Anti-Trust Inquiry by FBI', *Washington Post*, February 7, 1956; 'Union News Ends Magazine Dispute', *New York Herald Tribune*, March 24, 1956; 'FTC Antitrust Action City Newsstand Chains, Magazine Publishers', *Wall Street Journal*, February 20, 1959. Publishers cited in the complaint included Curtis, Cowles, Hearst, and many others. The FTC charged Union News with violations of the Clayton Act, noting that it had 'near dominance in its market, with 930 newsstands, compared to 57 for the next largest firm'. The FTC's complaint was upheld by the Second Circuit Court of Appeals, 300 F.2d 104 (2d Cir. 1962).

<sup>45</sup> 'Court Fines Ancorp in Newspaper Case', *New York Times*, December 18, 1973; Thomas Maier, *Newhouse: All the Glitter, Power & Glory of America's Richest Media Empire & the Secretive Man Behind It* (Boulder: Johnson Books, 1997), p. 96.

<sup>46</sup> Carol Felsenthal, *Citizen Newhouse: Portrait of a Media Merchant* (New York: Seven Stories Press, 2011); Maier, *Newhouse*, p. 406. In retelling the story, Garfinkle typically characterized the Newhouse loan as merely 'several hundred dollars'. The *Wall Street Journal* put the figure at \$4,000 (Kessler, 'A Rough Dealer', July 3, 1969).

<sup>47</sup> *Wall Street Journal*, July 3, 1969; 'U.S. Firm Rocked in Newsstand War', *Financial Post* (Toronto), May 6, 1972; cf. July 17, 1981; 'Management of American News Shifts, Garfinkle Assuming Helm', *New York Times* June 27, 1955 (Garfinkle and Toronto subway newsstands). Hauled before a Senate committee investigating organized crime in 1950, Molasky was represented by one of the nation's leading mob attorneys, Morris Shenker. Molasky's nephew Irwin later became a legitimate business partner of former Prohibition-era gangster and gambler Morris Dalitz. 'Molasky Gets Year in Prison', *St. Louis Post Dispatch*, September 13, 1940; *St. Louis Post Dispatch*, September 20, 1981; Don Bauder, 'Why Would the FBI Give \$223 Million to this Man?' *San Diego Reader*, June 29, 2011; U.S. Senate, Special Committee to Investigate Organized Crime in Interstate Commerce, *The Kefauver Committee Report on Organized Crime* (New York: Didier, 1951), pp. 23, 26-27, 133, 158, 167.

<sup>48</sup> *United States v. Ragen*, *United States v. Kruse*, 1942 (314 U.S. 513); 'Chicago Indictment Accuses Western Union of Plot to Operate a Racing News Service', *New York Times*, April 27, 1940; 'Government Loses Race Betting Case', *New York Times*, December 20, 1941; 'Race News Figure Tells of Telegraph Holdings', *Los Angeles Times*, June 14, 1950; 'Racing News Chief Denies Bookie Tie', *New York Times*, June 14, 1950; 'Democrats Named Gamblers' Lawyer', *New York Times*, September 12, 1950; 'Social & Personal', *Jerusalem Post*, May 29, 1960 (Israel Bonds); Claudia Maclachlan and Roy Malone, 'Molasky Empire Beset By Turmoil', *St. Louis Post Dispatch*, September 20, 1981 ('occasional gambling partner', pardon, Israel Bonds).

<sup>49</sup> Maier, *Newhouse*, p. 96. See also 'American News Holder Group Formed', *Wall Street Journal*, March 28, 1955.

<sup>50</sup> 'Management of American News Shifts, Garfinkle Assuming Helm', *New York Times*, June 27, 1955; Joe Conason, 'Nausea for the Devil', *In These Times*, August 20-September 2, 1986.

<sup>51</sup> Marshall, *Dark Quadrant*, p. 54. For details on a 10-count federal indictment handed down in 1963, linking him to figures involved in the fraudulent manipulation of United Dye & Chemical Corp. stock, see Keith Wheeler and William Lambert, 'Is He a Liar Under Oath?' *Life*, October 4, 1963. Cohn was represented on a separate charge of distributing pornography, stemming from his work for Garfinkle's Union News Company, by New Jersey lawyer and Congressman Cornelius Gallagher, who was a close ally of mobster 'Bayonne Joe' Zicarelli. See Nicholas von Hoffman, *Citizen Cohn* (New York: Doubleday, 1988) pp. 260, 334-42; 'Charge Roy Cohn Conspired to Sell Indecent Literature', *Daily Worker*, June 27, 1957; Marshall, *Dark Quadrant*, p. 87, 276. Suggestive of a Molasky connection, Cohn and his associates also provided a \$100,000, unsecured loan to Sen. Edward Long, D-Missouri, 'to finance a chain of high-interest lenders in Missouri'. (Burton Hersh, *Bobby and J. Edgar* [New York: Basic Books, 2007] p. 463). Long was a former law partner of Morris Shenker, Hoffa's lawyer.

<sup>52</sup> Carol Felsenthal, *Citizen Newhouse* (New York: Seven Stories Press, 1998); Maier, *Newhouse*, pp. 98-99; von Hoffman, *Citizen Cohn*, p. 420 (Newhouse, 'inestimable value'), p. 327 (\$500,000).

<sup>53</sup> Maier, *Newhouse*, p. 96; Richard H. Meeker, *Newspaperman: S. I. Newhouse and the Business of News* (New Haven: Ticknor & Fields, 1983), p. 180.

<sup>54</sup> 'Attorney Joins Board of American News Company', *New York Times*, July 29, 1955; 'Edwin L. Weisl Sr., Key Democrat, Dies', *New York Times*, January 14, 1972; Connie Bruck, *When Hollywood Had a King: The Reign of Lew Wasserman, Who Leveraged Talent into Power and Influence* (New York: Random House, 2003), pp. 153, 217, 350 (Weisl); Nicholas Von Hoffman, *Citizen Cohn* p. 71 (Cohn and Weisl, Sr.); Hersh, *Bobby and J. Edgar* p. 397 (Weisl and Cohn). Also brought onto the board at the same time was singer and Joseph Kennedy neighbor Morton Downey. On Weisl, Gulf & Western, and the Dominican Republic, see Marshall, *Dark Quadrant*, chapter 4.

<sup>55</sup> 'Elected to Directorate of American News Co.', *New York Times*, January 13, 1956.

<sup>56</sup> *Wall Street Journal*, July 3, 1969. The story was followed by Ronald Kessler, 'Crime Strike Force Begins Investigation into Garfinkle News-Distributing Firms', *Wall Street Journal*, August 6, 1969.

<sup>57</sup> U.S. Senate, Select Committee on Improper Activities in the Labor or Management Field, hearings, *Investigation of Improper Activities in the Labor or Management Field*, Part 51, 86<sup>th</sup> Cong., 1<sup>st</sup> Sess. (Washington: U.S. Government Printing Office, 1959), v. 51, pp. 18259-61.

<sup>58</sup> Tom Robbins, 'The Newspaper Racket', *Village Voice*, March 6, 2001. The Senate rackets committee first investigated the union in 1959. The union's president was convicted in 1980 of accepting \$330,000 in extortion payoffs from newspapers and distributors. Douglas Martin, 'Douglas La Chance, Who Led Newspaper Deliverers' Union, Dies at 69', *New York Times*, September 26, 2011. See also Arnold Lubasch, 'Businessman Says He Made Illegal Payments to Scotto', *New York Times*, October 6, 1979; Arnold Lubasch, 'Newspaper Delivery Union Head is Indicted on Extortion Charges', *New York Times*, February 21, 1980; Arnold Lubasch, 'Deliverers' Ex-President Pleads Guilty on Payoffs', *New York Times*, June 28, 1980. For evidence of continued Mafia infiltration, see U.S. Attorney's Office, Eastern District of New York, 'Six Individuals Associated with the Newspaper and Mail Deliverers' Union Arrested', March 27, 2014, at <<https://tinyurl.com/4cczrj7w>> or <<https://archives.fbi.gov/archives/newyork/press-releases/2014/sixindividuals-associated-with-the-newspaper-and-mail-deliverers-union-arrested>>.

<sup>59</sup> Kessler, 'A Rough Dealer', *Wall Street Journal*, July 3, 1969.

<sup>60</sup> Ronald Kessler, 'A Nixon "Friend" Investigated', *Washington Post*, February 24, 1970.

- <sup>61</sup> Hank Messick, *Syndicate Abroad* (Toronto: The Macmillan Co., 1969), pp. 67-68; *Miami Herald*, May 7, 1981.
- <sup>62</sup> FBI report by SAC, Miami, to Director, FBI, June 25, 1968, re 'Criminal Influence in Miami Hotels, Motels, and Night Clubs', NARA 124-10291-10389. Cohen reputedly leased a motel owned by the Lansky brothers Meyer and Jake (report by SAC, Miami to FBI Director, April 29, 1965, NARA 124-90154-10178). Cohen was also a partner in Miami Beach's Deauville Hotel with Morris Lansburgh, who pleaded guilty in 1973 to concealing Lansky's interest in the Flamingo Hotel and Casino in Las Vegas (*Los Angeles Times*, April 28, 1973; 'Morris Lansburgh is Dead at 58', *New York Times*, February 11, 1977).
- <sup>63</sup> International Airport Hotel System, Inc. prospectus, April 25, 1962.
- <sup>64</sup> An FBI report noted that the Cohen-Garfinkle firm Airways Parking Company 'employed Fred Glass, a close personal friend and former employer of [Dade County Port Authority Director] George McSherry, to act as consultant on the deal. Glass now manages the Empire State Building in New York, but previously was New York Aviation Director and McSherry was his assistant'. (Report from SAC Miami to Director, FBI, December 19, 1959, NARA 124-90154-10029).
- <sup>65</sup> April 25, 1962 prospectus; Messick, *Syndicate Abroad*, pp. 67-68; *Miami Herald*, May 7, 1981; Ed Reid, *Grim Reapers* (Chicago: Henry Regnery, 1969), pp. 190-96.
- <sup>66</sup> Douglas Thompson, *Mafialand: How the Mob Invaded Britain* (London: Mainstream Publishing, 2012), p. 112. For more on Cooper, see Marshall, *Dark Quadrant*. As the hotel venture's 1962 prospectus indicates, Cooper's interests were represented by Miami attorney George Simon.
- <sup>67</sup> FBI report by SA M. B. Parker, 'Nevada Gambling Industry', November 16, 1964, NARA 124-10342-10000.
- <sup>68</sup> Reid, *The Grim Reapers*, pp. 122-24, 190-94. 231-32; Messick, *Syndicate Abroad*, pp. 67, 93-4; *Wall Street Journal*, July 3, 1969. Levinson helped mastermind skimming from the Flamingo and Horseshoe casinos in Las Vegas for Lansky as well. See report by FBI Special Agent John Edward Shedd, Las Vegas, February 14, 1963, re 'Edward Levinson', NARA 124-10342-10129. On Stacher and Burton, see FBI report from Special Agent Frank H. Townsend, Los Angeles, March 1, 1962, 'Crime Conditions in the Los Angeles Division', NARA 124-1032810003.
- <sup>69</sup> 'International Airport Hotel System Accused of a Waste of Assets', *Wall Street Journal*, April 19, 1968; 'International Airport Hotel Official Defends Cut-Rate Sale of Stock', *Wall Street Journal*, May 17, 1968.
- <sup>70</sup> Wilfrid Rodgers, 'Garfield Trust at Herald-Traveler Outlined to FCC', *Boston Globe*, December 10, 1964; John Thomas, 'Garfinkle Testimony Disputed in Channel 5 Hearing', *Boston Globe*, May 26, 1965. Garfield held 80,000 shares, or 15 percent of the company. The shares were held by a voting trust set up by Garfinkle's



brother-in-law, Solomon Levine.

<sup>71</sup> Albert Hunt and Stanley Penn, 'Boston's Mr. Linsey', *Wall Street Journal*, June 18, 1968; Hank Messick and Joseph Nellis, *The Private Lives of Public Enemies* (New York: Peter H. Wyden, 1973), pp. 154-58.

<sup>72</sup> 'Dinner to Cite Israel's Minister Of Finance and Noted Bostonians', *Jewish Advocate*, October 6, 1960; 'Linsey To Head Ball "Patrons"', *Jewish Advocate*, January 3, 1963; 'Rabb Family In \$110,000 Gift To Home for Aged', *Jewish Advocate*, October 13, 1960. The Garfinkle family also contributed generously to Israel ('League for Israel to Gain Tomorrow', *New York Times*, October 20, 1962).

<sup>73</sup> Richard Connolly, 'A Portrait of Joseph M. Linsey', *Boston Globe*, November 14, 1971; Hunt and Penn, 'Boston's Mr. Linsey', *Wall Street Journal*, June 18, 1968; Tom Renner, 'Rosenstiel Linked to Old Bootleggers', *Newsday*, February 19, 1971; Tom Renner, 'Former FBI Aide Backs Rosenstiel', *Newsday*, March 12, 1971; Messick and Nellis, *The Private Lives of Public Enemies*, pp. 157-58. Messick mentioned Linsey frequently in his later books.

<sup>74</sup> 'Boston Man Figures in New York Organized Crime', *Boston Globe*, February 19, 1971; Tom Renner, 'Rosenstiel Linked to Old Bootleggers', *Newsday*, February 19, 1971.

<sup>75</sup> Hunt and Penn, 'Boston's Mr. Linsey', *Wall Street Journal*, June 18, 1968. On Rocco, see also Emily Sweeny, *Boston Organized Crime* (Charleston, SC: Arcadia Publishing, 2012), p. 65.

<sup>76</sup> Richard Connolly, 'A Portrait of Joseph M. Linsey', *Boston Globe*, November 14, 1971; Vincent Teresa, *My Life in the Mafia* (Greenwich, CT: Fawcett Publications, 1973), pp. 84-85.

<sup>77</sup> *New York Times*, July 2, 1950. Semenenko said, 'I loaned as much as four billion dollars to the movie industry, and never lost any of it. M-G-M, Universal – I put together Decca Records – Warner Brothers, I was a director of Warner Brothers; in 1941 I was asked to step in and do Columbia Pictures . . .' Martin Mayer, *The Bankers* (New York: Weybright and Talley, 1974), p. 105.

<sup>78</sup> Patman report, p. 21. In gratitude, Semenenko donated \$83,500 to the David, Josephine & Winfield Baird Foundation over the two years 1952-53.

<sup>79</sup> In 1950, the Winfield Baird Foundation purchased \$172,500 worth of notes in Pathé Industries, a film production and movie theater company. In 1953 the notes were converted into 115,000 shares of Chesapeake Industries, an Ohio holding company with interests in the movie, electronic and building material industries. The foundation sold 105,000 of those shares for the banker at a handsome profit in 1954. For a discussion of Chesapeake's business, see 'Holding Company, Bank Consider Tie', *New York Times*, September 1, 1954. In 1957, New York real estate giant William Zeckendorf, president of Webb & Knapp, was elected to Chesapeake's

board (*New York Times*, January 29, 1957). In 1953, the Lansing Foundation guaranteed a \$2 million loan from First National Bank of Boston to Zeckendorf (Patman report, p. 58).

<sup>80</sup> In 1951, the foundation bought 8,100 shares in Universal Pictures Co., Inc. on Semenenko's behalf for nearly \$83,000, on credit; Decca Records then bought those shares and more from the foundation later that year (Patman report, p. 24). In 1952, Semenenko would finance the takeover of Universal by a friend of Chicago mob attorney Sidney Korshak, using Winfield Baird Foundation to manage the stock purchases. On Semenenko, Baird and the takeover of Universal by Milton Rackmil of Decca, one of the largest record companies in America, see Bernard F. Dick, *City of Dreams: The Making and Remaking of Universal Pictures* (Lexington: University Press of Kentucky, 1997), pp. 158-59. See also 'Boston Bank Grants \$4,000,000 Credit to Decca Records for "Expansion"', *Variety*, December 3, 1947. In 1961, Decca and Universal were taken over by MCA Inc., the powerhouse talent agency with historic ties to the Chicago Outfit.

<sup>81</sup> In 1953, the foundation bought more than \$313,000 worth of common stock in the newly created Stanley Warner Corp., which controlled hundreds of theaters previously owned by Warner Brothers before federal anti-trust action broke up the studio. The foundation sold the shares a year later, netting Semenenko a profit of nearly \$200,000. They continued to trade in the company's shares for another two to three years, with the foundation sharing in the profits. Patman report, pp. 21-22; 'Warner Brothers Votes to Dissolve', *New York Times*, February 18, 1953; 'Separation Effected of Warner Concerns', *New York Times*, March 4, 1953; cf. Michael Conant, *Antitrust in the Motion Picture Industry* (Berkeley: University of California Press, 1960), p. 209; Thomas Schatz, *Hollywood: Social Dimensions: Technology, Regulation and the Audience* (London: Routledge, 2004), p. 298.

<sup>82</sup> In 1959, the Winfield Baird Foundation purchased \$459,000 worth of common stock in Loew's Inc. for Semenenko, on credit. The foundation sold them less than two years later for more than \$800,000, netting the banker a profit of about \$350,000. Patman report, p. 24.

<sup>83</sup> William Carley, 'Unorthodox Banker', *Wall Street Journal*, July 17, 1967; M. J. Rossant, 'Semenenko Leaving Bank to be Private Consultant', *New York Times*, July 17, 1967; David McClintick, *Indecent Exposure: A True Story of Hollywood and Wall Street* (New York: William Morrow, 1982), p. 89.

<sup>84</sup> 'Emmanuel Celler Will Be Honored by Variety Club', *New York Times*, November 5, 1967. Riklis took over Glen Alden in late 1964 (Alfred Law, 'Riklis Paves Way for New Corporate Empire as McCory Buys 33% Share in Glen Alden', *Wall Street Journal*, October 19, 1964. On Glen Alden's agreement to purchase Stanley Warner, see 'Glen Alden Agrees to Acquisition Plan', *New York Times*, August 5, 1967. Although born in Odessa, like Semenenko a generation earlier, Riklis grew up in Israel. For a profile of this brash conglomerator, Brooks, *The Go-Go Years*, pp. 164-66.

- <sup>85</sup> Selwyn Rabb, *Five Families: The Rise, Decline, and Resurgence of America's Most Powerful Mafia Empires* (New York: St. Martin's, 2016), pp. 179-80.
- <sup>86</sup> Robert Winter-Berger, *The Washington Pay-Off* (Seacaucus, NJ: Lyle Stuart, 1972), pp. 109, 204, 115-25. Voloshen allegedly passed a bribe to House Speaker John McCormack on behalf of Supermob attorney Sidney Korshak, to try to stop the SEC stock manipulation case against Parvin-Dohrmann (*ibid.* pp. 80-81). One of Voloshen's beneficiaries was East Coast mobster Salvatore Granello (*ibid.* pp. 120-25). For more on Granello, see Marshall, *Dark Quadrant*, chapter 4.
- <sup>87</sup> Ovid Demaris, *The Director: An Oral Biography of J. Edgar Hoover* (New York: Harper's Magazine Press, 1975), p. 98.
- <sup>88</sup> Jack Lait and Lee Mortimer, *Washington Confidential* (New York: Crown, 1951), p. 339.
- <sup>89</sup> Robert Metz, 'A Finder Gets \$3-Million Fee', *New York Times*, December 2, 1967; 'New Vice Chairman of Columbia Pictures to Get \$400,000 Fee', *Wall Street Journal*, December 7, 1967. Two shareholders later sued Glen Alden to prevent the payment of a total of \$8 million in finders' fees to Baird, Semenenko, and two other parties, saying they were 'grossly' excessive and for the benefit of Riklis, not Glen Alden. 'Glen Alden Holders Sue to Keep it from Paying \$8 Million Finder Fees', *Wall Street Journal*, May 2, 1968.
- <sup>90</sup> 'Stanley Warner Corp., Glen Alden Holders Approve Merger Plan', *Wall Street Journal*, December 21, 1967. The merger added Stanley Warner's 162 theaters to the 32 that Glen Alden already owned through RKO; Tino Ballo, ed., *The American Film Industry* (Madison: University of Wisconsin Press, 1985), p. 567.
- <sup>91</sup> Stanley Penn, 'The Schenley Saga', *Wall Street Journal*, January 26, 1966.
- <sup>92</sup> David Rees Brown, 'Riklis' Group of Firms is Believed to Hold 30% of Schenley, Making Take-Over Closer', *Wall Street Journal*, May 16, 1968.
- <sup>93</sup> David Rees Brown, 'FTC Said to Be Looking into Glen Alden's Proposed Purchase of Schenley Industries', *Wall Street Journal*, May 3, 1968. When married in 1956, Rosenstiel was 65 and Susan was 34 years old. Rosenstiel's beautiful second wife, Leonore, was raised by her uncle, Columbia Pictures boss Harry Cohn, and was introduced to her first husband, Walter Annenberg, by Henry Crown, whose career is addressed below (Cooney, *The Annenbergs*, pp. 224-25).
- <sup>94</sup> 'SEC Delays Glen Alden Tender Offer to Study Finder's Fees', *Wall Street Journal*, June 25, 1968. Soon thereafter, the SEC approved the registration statement, but filed a complaint charging Glen Alden with violations of federal securities laws ('Glen Alden Gets SEC Clearance on Schenley Bid', *Wall Street Journal*, August 9, 1968; Robert A. Wright, 'Glen Alden and Schenley Backed', *New York Times*, August 9, 1968; 'Glen Alden Holds Suit Lacks Merit', *New York Times*, September 12, 1968).

<sup>95</sup> 'Rosenstiel, 76, Is Leaving Schenley's Helm, But Is to Remain "in Full Service" for Year', *Wall Street Journal*, September 12, 1968; 'Schenley Board Names as Chairman of Firm Glen Alden's Becker', *Wall Street Journal*, October 4, 1968; Leonard Sloane, 'Schenley Shift Starts with Study', *New York Times*, October 4, 1968. A full merger did not take place until 1971 ('Schenley Approves Glen Alden Program For 100% Ownership', *Wall Street Journal*, February 26, 1971; Alexander Hammer, 'Schenley Holders Back Merger into Glen Alden', *New York Times*, June 18, 1971).

<sup>96</sup> Demaris, *The Director* (New York: Harpers, 1975) pp. 95-101; Hank Messick, *John Edgar Hoover* (New York: David McKay, 1972), pp. 224-28.

<sup>97</sup> Marshall, *Dark Quadrant*, p. 53.

<sup>98</sup> 'Rosenstiel, 76, Is Leaving Schenley's Helm', *Wall Street Journal*, September 12, 1968. For details of his business operations in this period, see Messick, *John Edgar Hoover*, p. 44.

<sup>99</sup> Tom Renner, 'Legislature Probing Link Between Mob and Mighty', *Newsday*, January 28, 1971. A federal investigator confirmed much of her story. He testified that Rosenstiel, Lansky, Fusco, and Boston bootlegger Joseph Linsey had formed a combine during Prohibition to buy whiskey from Samuel Bronfman, founder of Distillers Corp.-Seagrams Ltd., and smuggle it across the border for sale in American speakeasies. Rosenstiel was indicted in that era but never convicted. The group 'continued their relationship through the years and share, to some extent, (interests) in business ventures', he added. Fusco and Linsey, for example, became major regional distributors of Schenley products. Rosenstiel, he noted, was (like Linsey) a friend of the newspaper distributor Henry Garfinkle, who used his local market power to stop distribution of newspaper and magazine articles critical of his friends. Tom Renner, 'Rosenstiel Linked to Old Bootleggers', *Newsday*, February 19, 1971; Nicholas Gage, 'Ex-Head of Schenley Industries Is Linked to Crime "Consortium"', *New York Times*, February 19, 1971. Testimony also established that Rosenstiel owned shares in a Las Vegas casino with Lansky; that he entertained Angelo Bruno, boss of the Philadelphia Mafia; and that he met several times with gambler Charles Tourine; Nicholas Gage, 'Rosenstiel Link to Crime Denied', *New York Times*, March 12, 1971 (Tourine); Anthony Summers, *Official and Confidential: the secret life of J. Edgar Hoover* (New York: Ebury Press, 2011) p. 248 (Lansky and Bruno). On Rosenstiel's business relations with former bootleggers and mobsters in the liquor distribution business, see especially Hank Messick, *John Edgar Hoover* (Philadelphia: David McKay Company, 1972), pp. 69-71 (Torrio and Linsey), pp. 73-74 (Fusco), pp. 89-91 (Samish), pp. 94-98 (Robert Gould), pp. 152-53 (Lansky).

<sup>100</sup> Summers, *Official and Confidential*, pp. 251-53.

<sup>101</sup> Messick, *Syndicate Abroad*, p. 69.

<sup>102</sup> Hank Messick, *The Beauties and the Beasts: The Mob in Show Business* (New York: David McKay, 1973), p. 62.

<sup>103</sup> Messick, *The Beauties and the Beasts*, p. 118.

<sup>104</sup> Patman report, pp. 21-23; 'War of the Warners', *New York Post*, March 21, 2010; William Carley, 'Unorthodox Banker', *Wall Street Journal*, July 17, 1967. On Allen, see McClintick, *Indecent Exposure*, p. 89. Baird's relationship with Allen dated back at least to 1951, when the investment house contributed \$28,500 to his three foundations (Patman report, p. 40). One wonders whether those donations were intended as charity, or to get Baird to swing investment business to Allen & Co.

<sup>105</sup> 'Finalize \$21,000,000 WB Backlog Sale of 1,000 Features to Hyman', *Variety*, February 29, 1956; *Toronto Globe and Mail*, March 20, 1956; Thomas Pryor, 'New Movie Firm Formed on Coast', *New York Times*, October 23, 1956; 'Eliot Hyman, 75', *New York Times*, July 25, 1980; Eric Hoyt, *Hollywood Vault* (Berkeley: University of California Press), pp. 32, 142, 190. On Baird and Hyman, see Patman report, p. 55. Hoyt notes that a few years after founding AAP, Hyman joined forces with Matthew Fox and Joseph Harris (one of the buyers of ABC Vending shares from Baird's foundation) to found Motion Pictures for Television. Fox, whose brother-in-law was president of Universal Studios, had used Semenenko to swing a loan from First National Bank of Boston after World War II to manage the first successful syndication of Universal's film library. He joined the board of United Artists Pictures from 1951 through 1958. In the 1960s, Fox got into trouble with the SEC for selling unregistered stock. For details of Fox's large dealings with the Winfield Baird Foundation from 1952 to 1960, see Patman report, pp. 53, 56, 263. Allen & Co. owned one-third of Matthew Fox's Television Industries Inc. (*Variety*, October 30, 1963, p. 70).

<sup>106</sup> Seven Arts was formed out of the shell of Donnell and Mudge, a foundering leather processing company founded in 1919. See *Toronto Star*, March 17, 1973; March 2, 1967 prospectus, Seven Arts Productions Limited.

<sup>107</sup> Ed Cony, 'The Chesler Empire: A Mysterious Canadian Juggles Film, Casino, Florida Land Holdings', *Wall Street Journal*, June 23, 1964; Block, *Masters of Paradise*, p. 39.

<sup>108</sup> Cony, 'The Chesler Empire', *Wall Street Journal*, June 23, 1964 (Anderson and Rabb); Gerth, 'Nixon and the Mafia', *Sundance*, November-December 1972, p. 65 (Chesler's \$14,000 contribution in 1960); Messick, *Syndicate Abroad*, pp. 126-28 (Max Courtney, bookie). Rabb remained politically influential even as he switched sides in 1964 to become a leading supporter President Johnson; '2 Eisenhower Aides Given Democratic Campaign Jobs', *New York Times*, September 21, 1964. (He would switch again and become Ambassador to Italy under President Reagan.) Another key business ally of Chesler was Gardner Cowles of Cowles Magazine & Broadcasting, Inc., who became the second largest investor in General Development, behind only Chesler.

<sup>109</sup> Block, *Masters of Paradise*, pp. 36-37. Chesler also invested with Pullman's brother-in-law, A. C. Cowan, in Miami Beach's lavish Copa City nightclub (Messick, *Syndicate Abroad*, p. 66).

<sup>110</sup> On Chesler's use of Coppola to place bets of 'over a million dollars a year on horses and sporting events', see FBI report from SAC, Miami to Director, FBI, July 3, 1963, NARA 124-10207-10078.

<sup>111</sup> Vincent Scro, son-in-law of Buffalo Mafia boss Steve Magaddino, speaking with Pasquale Natarelli, transcript in FBI report by SAC, Buffalo, to Director, FBI, June 18, 1963, NARA 124-10339-10141. Other key directors of Seven Arts included Joseph Binns of Hilton Hotels, Baltimore Colts owner Carroll Rosenbloom, and Beverly Hills film industry attorney Gregson Bautzer. A major shareholder was Charles Goldsmith of Grand Bahama Development Company and Cosmos Bank (March 2, 1967 prospectus, Seven Arts Productions Ltd., p. 35). Goldsmith was reputed to be a representative of the Bronfman family fortune. On Baird's investment in Universal Controls, see Patman report, p. 312.

<sup>112</sup> FBI memo from SAC, Miami, to June 7, 1962, re Michael J. McLaney, NARA 124-90154-10058. McLaney's partner in the casino takeover was Chesler's business partner Carroll Rosenbloom.

<sup>113</sup> Sands claimed he turned Lansky down, but as Mahon notes, 'events would seem to indicate otherwise'. Gigi Mahon, *The Company That Bought the Boardwalk* (New York: Random House, 1980), pp. 59-60 (Lansky and Sands); Block, *Masters of Paradise*, p. 43 (1960 meeting of Chesler, Lansky, Dino Cellini, and Max Orovitz). A well-placed informant told the FBI in 1964 that Chesler was acting as a 'front for Lansky in the Bahamas'. See report by SA Don Walters, New York, July 22, 1964, 'La Cosa Nostra Miami Division', NARA 124-10208-10414. Robert Morgenthau, the famed U.S. Attorney for the Southern District of New York, dismissed Chesler as 'just another bagman for Lansky'. See Lucien Truscott, 'Hollywood's Wall Street Connection', *New York Times*, February 26, 1978.

<sup>114</sup> The architect was the same one who designed the Miami International Airport Hotel for Lansky's partners Garfinkle, Cooper, *et al.* Indeed, that Miami hotel became the base of operations for the Grand Bahama development project. Messick, *Syndicate Abroad*, pp. 69-72, 101-3, 151; Block, *Masters of Paradise*, pp. 33-37. Groves, identified as an associate of Meyer Lansky, was from April 1966 to April 1972 'of interest to the [CIA's] Office of the General Counsel for the utilization of Groves as an advisor or possible officer of one of the Project WUMUTUAL entities. . . In March 1975, Cover and Commercial Staff was somehow involved with two individuals connected with a corporation owned by Groves, the Grand Bahama Development Corporation . . .' CIA memorandum from Jerry G. Brown, Deputy Chief, Security Analysis Group, to Chief, Security Analysis Group, August 18, 1976, re 'Resorts International, Inc.' NARA 104-10213-10381; cf. memorandum for the record by Jerry G. Brown, January 4, 1974, re 'McLaney, Michael', NARA

104-10254-10010. This latter memo cites Lansky's Office of Security file number as #623 652. See also Jim Drinkhall, 'IRS vs. CIA', *Wall Street Journal*, April 18, 1980, which notes claims by a former CIA official that more than \$5 million was siphoned by the CIA out of Groves's Bahamian holding company, Intercontinental Diversified Corp., during this period. One official of that company who was implicated in hiding the diversion of monies was its former general counsel Mary Jane Melrose, law partner of longtime CIA agent Paul Helliwell.

<sup>115</sup> Messick, *Syndicate Abroad*, pp. 112-14; Block, *Masters of Paradise*, pp. 40-43; Monroe Karmin, 'Chesler Concedes Paying Huge Sums for Gambling Permission in Bahamas', *Wall Street Journal*, April 19, 1967. In the midst of the resulting scandal over payoffs, Sands sold his family's interest in a Bahamian supermarket chain to Winn-Dixie and moved to Franco's Spain in 1967. Wallace Turner, '2 Bahamas Gambling Figures Quitting Islands Amid Inquiry', *New York Times*, July 7, 1967; Jason Byrne, 'Davis Family: How to Winn the Dixie', November 27, 2017, <<https://tinyurl.com/yvfnamfk>> or <<https://medium.com/florida-history/davis-familyhow-to-winn-the-dixie-b049b173a592>>.

<sup>116</sup> Carley, 'Unorthodox Banker', *Wall Street Journal*, July 17, 1967. Chesler in effect sold the hotel but kept a mortgage on it and control of the casino, with Groves and their silent partners. Buying the hotel was the shady Canadian financier Allen Manus, financed by Canada's Atlantic Acceptance Corp. The latter went bankrupt in 1965, in no small part because of Manus, causing a major financial scandal. One of its biggest U.S. investors was Bronfman's son-in-law, Jean Lambert (Roger Croft, *Swindle! A Decade of Canadian Stock Frauds* [Toronto: Gage Publishing, 1975], pp. 1-51; Brooks, *The Go-Go Years*, p. 117; Messick, *Syndicate Abroad*, pp. 145, 153). Block also notes there was also financial participation in the construction project by the family of former Capone lieutenant Frank Nitti (Block, *Masters of Paradise*, pp. 43-44).

<sup>117</sup> Block, *Masters of Paradise*, pp. 45-46; Messick, *Syndicate Abroad*, pp. 155-59; Cony, 'The Chesler Empire', *Wall Street Journal*, June 23, 1964 (crime commission quote).

<sup>118</sup> Bill Davidson, 'The Mafia: Shadow of Evil on an Island in the Sun', *Saturday Evening Post*, February 25, 1967. Richard Oulahan and William Lambert reported more than a million dollars in profits going the various mobsters ('The Scandal in the Bahamas', *Life*, February 3, 1967, p. 63).

<sup>119</sup> Messick, *The Beauties and the Beasts*, pp. 209-216; Messick, *Syndicate Abroad*, pp. 162-66; Connie Bruck, *Master of the Game: Steve Ross and the Creation of Time Warner* (New York: Simon and Schuster, 1994), pp. 54, 98 (Allens); McClintick, *Indecent Exposure*, pp. 90-91, 95, 107; Dan Moldea, *Interference: How Organized Crime Influences Professional Football* (New York: William Morrow, 1989), pp. 129-32, 143; 'Some Holders Assail Seven Arts for Buying Interest in Bahama Land Development Firm', *Wall Street Journal*, August 1, 1963; 'Chesler to Sell Stock in Seven Arts, Resign as Chairman, Director', *Wall Street Journal*, April

17, 1964; 'Control Shifts in Lucayan Developers', *Miami Herald*, April 27, 1964; *Wall Street Journal*, July 9, 1964; Robert Bedingfield, 'Murchison to Join Seven Arts Board', *New York Times*, July 9, 1964; 'Chesler Sells Holdings in Grand Bahama Firm, Ends Sales Contract', *Wall Street Journal*, August 16, 1965; Wallace Turner, 'Gambling in Bahamas Worries U.S. Officials', *New York Times*, February 15, 1965; Lucien Truscott, 'Hollywood's Wall Street Connection', *New York Times*, February 26, 1978; Mahon, *The Company That Bought the Boardwalk*, p. 64 (Lansky skim).

<sup>120</sup> U.S. Senate, Committee on Government Operations, Permanent Subcommittee on Investigations, *Organized Crime: Stolen Securities*, hearings, Part 3, 92<sup>nd</sup> Cong., 1<sup>st</sup> Sess. (Washington, D.C.: U.S. Government Printing Office, 1971), p. 852, cf. p. 857. New England Mafia turncoat Vincent Teresa also testified to dealing in Chesler's stolen bonds; see his affidavit in *Resorts International, Inc. vs. Straight Arrow Publishers, Inc.*, United States District Court for the Southern District of Florida, 76-1452-Civ-CA, pp. 60-63.

<sup>121</sup> Hoyt, *Hollywood Vault*, pp. 183, 186, 194; Messick, *The Beauties and the Beasts*, pp. 215-16; Lucian Truscott, 'Hollywood's Wall Street Connection', *New York Times*, February 26, 1978; 'Seven Arts Purchases Shares in Warner Brothers', *New York Times*, November 26, 1966; Vincent Canby, 'Hyman, Head of Seven Arts, Is a New Film Mogul True to Cinema Tradition', *New York Times*, November 16, 1966; Vincent Canby, 'Jack Warner, 75, Resigns Top Job', *New York Times*, July 25, 1967; March 2, 1967 prospectus, Seven Arts Productions Limited. Messick notes that Semenenko, under fire for taking the huge fee from Warner Brothers, eventually returned it before retiring from the bank.

<sup>122</sup> Hoyt, *Hollywood Vault*, p. 192.

<sup>123</sup> Not mentioned in this list, to keep it manageable, is one of the important owners of Warner-Seven Arts, who helped Hyman leverage the buyout in 1966-67 and profited from its sale in 1969: Texas oil and real estate millionaire Clint Murchison, Jr. (Robert Bedingfield, 'Murchison to Join Seven Arts Board', *New York Times*, July 9, 1964; *New York Times*, November 16, 1966, February 26, 1978). On Murchison's political and mob associations, see Marshall, *Dark Quadrant*, chapter 6.

<sup>124</sup> Bruck, *Master of the Game*, p. 54; '2 Lawyers Indicted in Sale of Stocks', *New York Times*, February 7, 1961 (Soil Builders and Basic Atomics); 'Indicted Chief Quits Universal Controls', *New York Times*, February 16, 1961; 'Four Indicted as Stock Swindlers; 15 Million Loss Called Record', *New York Times*, October 6, 1961. The \$15.5 million fraud involved Great Sweet Grass Oils, a Canadian company. Its president, Toronto lawyer Samuel Ciglen, surfaced later in a fraud involving Racan and Atlantic Acceptance Corp. ('Canada Mystery Leads to Auction', *New York Times*, August 31, 1965). Also implicated in the Great Sweet Grass swindle was Minneapolis jukebox operator and Las Vegas casino point holder Charles M. Berman ('The Great Sweet Grass Swindle', *Fortune*, August 1957; *Wall Street Journal*, March 6, 1963 (Riviera and Flamingo). Ciglen was also attorney for a firm (Food Chain) financed by Lansky's and Chesler's partner John Pullman (Catherine Wismer,



*Sweethearts: The Builders, the Mob and the Men* [Toronto: James Lorimer, 1980], p. 82). In 1964, Schwebel pleaded guilty to manipulating shares in Soil Builders International Corp., a Canadian penny stock ('Lawyer is Given Year in Swindle', *New York Times*, June 7, 1964). In 1965, Schwebel was accused with Chesler of selling unregistered shares of Seven Arts stock ('Seven Arts Tells of Deals in Stock', *New York Times*, June 30, 1965).

<sup>125</sup> Bruck, *Master of the Game*, p. 54.

<sup>126</sup> Moldea, *Interference*, pp. 89-93 (Rosenbloom and Chesler); FBI, Los Angeles, interview with Harry Hall, April 3, 1964, NARA 124-90026-10184. Rosenbloom allegedly bet on the 1958 game through mob bookmaker Gil Beckley, a close associate of Mike Coppola.

<sup>127</sup> At least this was true as of the end of 1966. See March 2, 1967 prospectus, Seven Arts Productions Limited.

<sup>128</sup> Brooks, *The Go-Go Years*, p. 274-75 (Coleman, Korshak and Seeburg); *Wall Street Journal*, August 9 and August 13, 1968 (merger bid), Coleman became embroiled with Korshak and Allen & Co. in the fall of 1968 and 1969 in the manipulation of stock in Parvin-Dohrmann, a Las Vegas casino owner. Demaris, *Dirty Business*, pp. 314-315; Russo, *Supermob*, pp. 349-50; Messick, *The Beauties and the Beasts*, pp. 238-41.

<sup>129</sup> John F. Lawrence and Paul E. Steiger, *The 70s Crash and How to Survive It* (New York: World Publishing Co., 1970), pp. 33-55, 64-65; Russo, *Supermob*, pp. 344-358. After acquiring Seeburg, the conglomerate Commonwealth United then bid for Warner-Seven Arts in competition with Kinney (*Wall Street Journal*, January 28, 1969). Bernie Cornfeld's notorious mutual fund Investors Overseas Service had significant holdings in both Commonwealth United and Warner-Seven Arts (Bruck, *Master of the Game*, pp. 49-50, 52). Commonwealth United was also reported to be interested in buying Edgar Bronfman's controlling block of shares in M-G-M (Leonard Sloane, 'Wall Street Weighing Reports M-G-M Blocks May Be for Sale', *New York Times*, September 14, 1968). Reflecting the tight interconnections of this group, Commonwealth United's president, Louis Nicastro, became a director of Parvin-Dohrmann in January 1969.

<sup>130</sup> 'Semenenko Finances Natl. Genl. Features', *Variety*, June 21, 1967. Semenenko left First National Bank of Boston the next month; whether the financing deal was ever completed is uncertain. In the same time period, National General was apparently also exploring a Canadian partnership with Edgar Bronfman, heir to the Seagram's liquor empire that supplied many of America's leading gangsters during Prohibition. See 'Bronfman's Big Boot Tracks', *Variety*, March 22, 1967. Drew Pearson wrote that the negotiations to merge Warner-Seven Arts with National General were pursued by 'First National Bank of Boston together with Charles Allen of Allen and Company, Eugene Klein and [investment banker] Bert Kleiner of Los Angeles, plus, secretly, Edgar Bronfman and [drive-in movie king] William Forman.

Allen is . . . the third richest man in the world. Forman, an ex-convict, is a big owner of Cinerama. Bert Kleiner and Eugene Klein are West Coast investors in the Fund of Funds in Switzerland, also generous contributors to Hubert Humphrey's campaign'; Drew Pearson and Jack Anderson, 'Distillers Moving In on the Movies', *Washington Post*, November 16, 1968.

<sup>131</sup> Lawrence and Steiger, *The 70s Crash and How to Survive It*, p. 60; Charles Raw, Bruce Page, and Godfrey Hodgson, *Do You Sincerely Want to be Rich?* (New York: Viking Press, 1971), p. 138 (Tibor Rosenbaum and International Credit Bank), p. 315 (Kleiner, National General, IOS, Grand Bahama Port Authority); Robert Hutchison, *Vesco* (New York: Praeger, 1974), p. 58 (Rosenbaum). IOS, which had two friends of Korshak on its board, also purchased shares in Parvin-Dohrmann (Russo, *Supermob*, pp. 346-47).

<sup>132</sup> *BusinessWeek*, October 13, 1973; Frontline, 'An Unauthorized History of the NFL', January 18, 1982; Moldea, *Interference*, pp. 159-60, 172, 221-22; Russo, *Supermob*, pp. 277, 340.

<sup>133</sup> Michael Newton, *Mr. Mob*, p. 119; Russo, *Supermob*, pp. 37-38.

<sup>134</sup> McClintick, *Indecent Exposure*, pp. 106-107; Felix Belair, Jr., 'S.E.C. Sues General Host And 9 Over Armour Bid', *New York Times*, January 18, 1973; 'Allen & Co. Inc. Settles SEC Suit, Agrees To Place \$300,000 in Special Trust Fund', *Wall Street Journal*, April 10, 1975. One of the defendants in the SEC's General Host case, Canadian promoter and swindler Allen Manus, took over the Lucayan Beach Hotel from Louis Chesler. See Messick, *Syndicate Abroad*, *passim*; Stanley Penn, 'Canada's Conspiracy Charge in Price Rise of Retailer's Stock Involves Big Promoter', *Wall Street Journal*, May 2, 1979. On Manus's apparent ties to international mob money courier John Pullman, see 'Monaco Bounces Manus, Pullman, and Beigel', *Financial Post*, July 5, 1975. National General used Allen & Co. and Kleiner, Bell as its brokers and the ubiquitous Supermob law firm of Gregson Bautzer (a director of Seven Arts under Chesler) as its legal advisor. National General attempted but failed to take over the mob-linked Las Vegas gambling firm Parvin-Dohrmann. Frank Sinatra and two associates purchased more than half a million shares of National General starting in 1970. See 'Why Wall Street Doesn't Love Eugene Klein', *Business Week*, October 13, 1973; U.S. Congress, House, Committee on the Judiciary, subcommittee on Antitrust, *Investigation of Conglomerate Corporations*, hearings, pt. 4 (US Government Printing Office, 1970), p. 37.

<sup>135</sup> Lawrence and Steiger, *The 70s Crash and How to Survive It*, p. 66.

<sup>136</sup> Connie Bruck, *Master of the Game*, pp. 29-32, 35; Russo, *Supermob*, p. 188; Messick, *The Beauties and the Beasts*, p. 217. Bruck notes FBI reports that Emanuel Kimmel had 'taken over the operations of the sportsbooks at the El Rancho Vegas in Las Vegas as well as the horse race book covering all Eastern tracks'. Kimmel was also known to be in touch with Charles Tourine, a New York gangster who managed a Havana casino for South Florida Mafia boss Santo

Trafficante, Jr. (FBI report by SA William A. Hamilton, Miami, April 21, 1961, 'Charles Tourine', NARA 124-90096-10170; cf. Block, *Masters of Paradise*, pp. 47-8). Caesar Kimmel vigorously denied any family or company connection to organized crime. However, Kimmel went on in 1976 to invest in a Bridgeport, Conn. jai alai fronton financed by the Teamster pension fund. For arranging the loan, New Jersey Mafia captain Anthony Provenzano reportedly received a \$100,000 finder's fee (Bruck, *Master of the Game*, pp. 59, 114-15). And in the 1980s, New York's most powerful mobster, Anthony Salerno, was overheard on FBI bugs telling associates words to the effect, 'We own Kinney.' (*ibid.* p. 239). For a copy of Zwillman's rap sheet, see *Professional Boxing*, p. 1219.

<sup>137</sup> *South Bergen Record*, October 14, 1976; Hank Messick, *Syndicate Abroad*, pp. 228-30; Terry Robards, 'Kleiner, Bell Restricted By S.E.C. and Exchanges', *New York Times*, December 1, 1970; *Wall Street Journal*, February 6, 1980.

<sup>138</sup> Patman report, pp. 107, 298, iii.

<sup>139</sup> 'City Investing Co.', <<https://tinyurl.com/ys3uk7dp>> or <[https://www.library.hbs.edu/hc/lehman/company.html?company=city\\_investing\\_co](https://www.library.hbs.edu/hc/lehman/company.html?company=city_investing_co)>; 'Robert Dowling of City Investing Dead', *New York Times*, August 29, 1973; 'Chesler to Sell His Stock', *Miami Herald*, March 31, 1966. Dowling, heir to a property fortune, was a director of General Development Corp., Waldorf Astoria Corp., and United Artists, among other companies.

<sup>140</sup> *Wall Street Journal*, August 2, 1967; Abel Green, 'Semenenko's \$1-Mil to Bank', *Variety*, August 9, 1967.

<sup>141</sup> 'Robert Dowling of City Investing Dead', *New York Times*, August 29, 1973; Moody's 1959. Dowling also brought onto his board another director of Hilton Hotels International, Floyd Odum's close associate Richard C. Patterson ('Felt and Patterson Named by City Investing Company', *New York Times*, July 26, 1963). Patterson was a friend of CIA Director Allen Dulles (see his letters to Dulles, October 8, 1958 and March 8, 1961, CIA CREST rdp80b01676r003800170014-0 and CIA CREST rdp80b01676r003500210031-9. Patterson sat with David Baird on the board of Madison Square Garden Corp in 1964.

<sup>142</sup> 'Chesler Out of Florida Land Firm', *Miami Herald*, December 30 1965; 'City Investing Acquires Earlier Optioned 17% in General Development', *Wall Street Journal*, March 31, 1966; 'Chesler to Sell His Stock', *Miami Herald*, March 31, 1966; Moldea, *Interference*, p. 143

<sup>143</sup> *Los Angeles Times*, May 6, 1990; James Russell, 'How Land is Sold in Florida', *Miami Herald*, March 13, 1990; Michael Huber, 'GDC Always has Sold Aggressively', *Miami Herald*, March 17, 1990. General Development was originally owned 50 percent by Chesler's Florida-Canada Corp. and 50 percent by Mackle Co., a huge residential developer based in Miami and run by the three Mackle brothers. In 1958, Florida-Canada merged into General Development, with Chesler as chairman and the Mackle brothers as top officers ('Merger of 2 Firms OK'd Here', *Miami*

*Herald*, April 22, 1958.

<sup>144</sup> The Italian-born Coppola, who controlled rackets in East Harlem, was believed to be a captain in the Genovese Mafia family in New York (FBI report from Fred W. Doerner, Jr., Miami, November 15, 1963, 'Crime Conditions in the Miami Division, NARA 124-10208-10000; FBI report from SAC, New York, to Director, FBI, October 9, 1964, re 'La Cosa Nostra', NARA 124-10278-10367). He pleaded guilty in 1962 to federal tax fraud, for which he served a year in prison and was hit with a jeopardy assessment of nearly \$1.1 million (FBI report by SA Fred W. Doerner, Jr., Miami, May 15, 1962, 'Crime Conditions in the Miami Division', NARA 124-10198-10077). Coppola was allegedly a business partner with Lansky in a gambling operation at the Tropical Park Race Track in Coral Gables, Florida (FBI report from SA Edward T. Walsh, Jr., New York, September 26, 1960, re 'Paul Joseph Correale', NARA 124-90066-10151). Coppola was also said to own a stake in the luxurious Fontainebleau Hotel in Miami Beach, and to have joined the Lansky crowd in laundering illegally obtained profits into Swiss banks (FBI report by SA William A. Hamilton, Miami, April 27, 1962, re 'The Criminal Commission', NARA 124-10280-10124).

<sup>145</sup> March 2, 1967 prospectus, Seven Arts Productions Limited, p. 33. Schwebel was implicated but not prosecuted in a \$50,000 cash shipment from Switzerland by Xavier Federmann to Orovitz, which led to the conviction of Orovitz for the unregistered sale of General Development debentures; Thurston Clarke and John Tigue, *Dirty Money* (Simon and Schuster: New York, 1975), p. 29; Messick, *Syndicate Abroad*, pp. 71-72.

<sup>146</sup> Messick, *Syndicate Abroad*, *passim*; Moldea, *Interference*, pp. 451, 286; 'Crossing Paths With Major Realty', *Newsday*, October 11, 1971; Neil Sheehan, 'More Americans Cheating with Swiss Bank Accounts', *New York Times*, November 30, 1969; FBI report from SA John Edward Shedd, Las Vegas, February 14, 1963, 'Edward Levinson', NARA 124-10342-10129 ; FBI airtel from SAC, Miami to Director, FBI, April 19, 1963, 'Benjamin Bertram Sigelbaum', NARA 124-10339-10045; FBI memorandum from C. A. Evans to Belmont, December 12, 1963, 'Criminal Influence in Hotels, Motels and Night Clubs in the Greater Miami, Florida Area', NARA 124-10208-10010; 'Jury Charges Former General Development Officer with Violation', *Wall Street Journal*, June 10, 1966; 'General Development Former Official Guilty in Insider Trading Case', *Wall Street Journal*, October 28, 1968. Orovitz denied having 'any business or social relationship with Meyer Lansky'. See Nicholas Gage, 'U. S. Investigating Lansky's Crime Web', *New York Times*, June 10, 1971. He also managed to become a director of the Crime Commission of Greater Miami. 'Dade United Way Campaign Founder and Philanthropist Max Orovitz', *Miami Herald*, January 23, 1979.

<sup>147</sup> Richard Jay Hutto, *Their Gilded Cage: The Jekyll Island Club Members* (Macon, Ga.: Henchard Press, 2006), p. 63; 'Robert W. Goelet Dies in Home at 61', *New York Times*, May 3, 1941.

<sup>148</sup> Peter Dale Scott, *Drugs, Oil and War: The United States in Afghanistan, Colombia and Indochina* (Lanham, Mass.: Rowman & Littlefield, 2003), p. 197. For a history of the airline, see Christopher Robbins, *Air America; from World War II to Vietnam*, 4th ed. (Bangkok: Asia Books, 2005). For a detailed analysis of Air America's changing Wall Street Links, see Peter Dale Scott, 'Private War Enterprise in Asia: Air America, the Brook Club and the Kuomintang', ms. in files of CIA Deputy Director for Plans, attached to September 14, 1970 routing slip. Declassified September 30, 2009.

<sup>149</sup> 'John W. Houser, Hotel Executive, 78', *New York Times*, November 2, 1988. Houser was also a director of Chemway Corp. in Wayne, New Jersey, a chemical and cosmetics manufacturer controlled by Serge Semenenko. See Moody's 1968; M. J. Rossant, 'Banker from Boston Breaks Tradition of Usual Silence', *New York Times*, October 22, 1964; 'Semenenko is Elected as Chemway Chairman to Succeed McKhann', *Wall Street Journal*, August 1, 1967.

<sup>150</sup> Report by FBI Special Agent Arthur V. Hart, Albany, July 8, 1958, 'Meeting of Hoodlums Apalachin, New York', NARA 124-90103-10092; report by SA Stephen J. Labadie, Tampa, September 22, 1960, re 'Santo Trafficante, Jr.', NARA 124-10195-10346; report from FBI legal attaché, Havana, to Director, FBI, May 9, 1958, 'American Gambling Activities in Cuba', NARA 124-90068-10093. Houser's dealings with New York mobster Joe Silesi, a representative of Trafficante who managed the Havana Hilton's casino, are discussed in report by FBI legal attaché, Havana, to Director, FBI, February 21, 1958, 'American Gambling Activities in Cuba', NARA 124-90068-10055. Jones, as noted in chapter 5, had represented Lansky's interests in the Thunderbird Hotel and Casino in Las Vegas (Dennis Eisenberg, Uri Dan, and Eli Landau, *Meyer Lansky: Mogul of the Mob* [New York: Paddington Press, 1979], p. 266; Wallace Turner, *Gamblers' Money* [Boston: Houghton Mifflin, 1965], pp. 127-31). Other point holders in the Havana Hilton's casino included prominent New York bookmakers Charles Brudner, Max Courtney and Frank Ritter, successors to Frank Erickson. New York police and the FBI had reason to suspect that the notorious assassination of New York crime boss Albert Anastasia might have been prompted by his unwelcome efforts to demand a slice of the action at the Havana Hilton casino (FBI report by Arthur V. Hart, Albany, July 8, 1958, 'Meeting of Hoodlums, Apalachin, New York, November 14, 1957', NARA 124-90103-10092; memo from FBI legal attaché, Havana, to Director, FBI, August 27, 1958, 'American Gambling Activities in Cuba', NARA 124-90068-10116).

<sup>151</sup> 'Hotel Executive Named a Director of U.S. Life', *New York Times*, September 3, 1955; 'Joseph Binns, Ex-Hilton Officer and Waldorf Manager, Dies at 75', *New York Times*, November 26, 1980.

<sup>152</sup> On Semenenko, Binns, and Miguel Áleman's son in Acapulco, see Suzy Knickerbocker, 'International Set', *Philadelphia Inquirer*, January 6, 1967.

<sup>153</sup> 1961 prospectus and 1964 annual report of General Development Corp. In 1964 Binns was also a director of General Baking Co., which got embroiled in corporate takeovers by Canadian mining interests, including the scandal-plagued promoter Richard Pistell ('General Host Corporation History', <<https://tinyurl.com/jedwr4e7>> or <<http://www.fundinguniverse.com/company-histories/general-host-corporation->>). Binns remained a director of General Baking's successor, General Host, during its controversial attempt to take over Armour & Co. in 1969-70 ('General Host Names H. J. Ashton Chairman in Reorganization Move', *Wall Street Journal*, June 2, 1970).

<sup>154</sup> William Tucker, 'A Haven for Gamblers Looms 75 Miles Away', *Miami News*, May 21, 1963. When Chesler was pushed out of Seven Arts in late 1964, Binns was not re-elected to the board (*Wall Street Journal*, July 9, 1964).

<sup>155</sup> Scott, *Drugs, Oil, and War*, p. 197.

<sup>156</sup> Patman report, p. 32; 'Hilton Completes Statler Purchase', *New York Times*, October 28, 1954; quote from M. J. Rossant, 'Banker from Boston Breaks Tradition of Usual Silence', *New York Times*, October 22, 1964.

<sup>157</sup> Rodney Carlisle and Dominic Monetta, *Brandy: Our Man in Acapulco: The Life and Times of Colonel Frank M. Brandstetter* (Denton, TX: University of North Texas Press, 1999), pp. 161-62; 'Hilton International Names Semenenko, Guilders Directors', *Wall Street Journal*, January 28, 1965; Carley, 'Unorthodox Banker', *Wall Street Journal*, July 17, 1967.

<sup>158</sup> Patman report, p. 32.

<sup>159</sup> Patman report, p. 34 (Major Realty director, 1960-61); Clare Reckert, 'Merger Plan Set by United Artists', *New York Times*, July 20, 1966; 'Merger of United Artists and Food Unit Called Off', *New York Times*, August 9, 1966.

<sup>160</sup> Patman report, pp. 19, 32-33.

<sup>161</sup> *The Hotel World*, v. 93, November 5, 1921, p. 45; Conrad Hilton, *Be My Guest* (New York: Simon and Schuster, 1957), pp. 105, 109-19; Michael Gross, *Unreal Estate: Money, Ambition, and the Lust for Land in Los Angeles* (New York: Broadway Books, 2011), pp. 170-71; J. Randy Taraborrelli, *The Hiltons: The True Story of an American Dynasty* (New York: Grand Central, 2014).

<sup>162</sup> Taraborrelli, *The Hiltons*; 'Connie Hilton's Hotel Empire', *Fortune*, 1953 at <<https://fortune.com/2013/12/13/connie-hiltons-hotel-empire-fortune-1953/>>; 'L. Boyd Hatch, 60, Financier, Dead', *New York Times*, September 1, 1957; John T. McQuiston, 'Floyd B. Odlum, Financier, 84, Dies', *New York Times*, June 19, 1976.

<sup>163</sup> Roger Franklin, *The Defender: The Story of General Dynamics* (New York: Harper and Row, 1986), pp. 127-28 (quote); Rhonda Smith-Daugherty, *Jacqueline Cochrane: Biography of a Pioneer Aviator* (Jefferson, NC: McFarland,

2012); Ferdinand Lundberg, *America's 60 Families* (New York: Halcyon House 1938), p. 32; 'Atlas Into Hearst', *Time*, March 10, 1941; 'Odlum's Activity Wide', *New York Times*, September 5, 1941. An essential source on Odlum's life and career is Clarke, *Wall Street Gothic*.

<sup>164</sup> Jewell, *RKO Radio Pictures*, pp. 99, 101, 221.

<sup>165</sup> Patman Report, pp. 28-29, 192-96, 208-41. On Baird's shareholdings in Atlas, see Patman report, p. 314.

<sup>166</sup> Russo, *Supermob*, pp. 110-14. For general background on Ziffren's political and Jewish community associations, including his leadership of the 1984 summer Olympics in Los Angeles, see Evelyn Nieves, 'Paul Ziffren, Democratic Leader in California in 1950s, Dies at 77', *New York Times*, June 3, 1991; Kenneth Reich, 'Paul Ziffren, Democratic Power in State, Dies at 77', *Los Angeles Times*, June 2, 1991; 'The Quiet Mover and Shaker', *Los Angeles Times*, June 4, 1991.

<sup>167</sup> Hilton purchased the Sir Francis Drake (San Francisco) and Plaza Hotel (Hollywood) with money from Arthur Greene, described by the Chicago Crime Commission as 'the brains of all the Chicago rackets'. (Russo, *Supermob*, p. 93, 95) The Drake Hotel purchase was handled by the young Chicago lawyer William J. Friedman, who served as general counsel to Hilton Hotels Corp. until 1966, invested with Henry Crown in the Empire State Building in 1951, and at one point was a law partner of Chicago mob ally Paul Ziffren ('Connie Hilton's Hotel Empire', *Fortune*, 1953; Kenan Heise, 'William J. Friedman, 91, Attorney, Businessman', *Chicago Tribune*, December 7, 1994; Russo, *Supermob*, p. 140). Friedman had an account at the Castle Bank and Trust in the Bahamas, which was set up by Chicago tax lawyer Burton Kanter and Miami banker/attorney Paul Helliwell as a tax shelter, much favored by Midwest organized crime figures.

<sup>168</sup> For more on Crown and Hilton, see Marshall, *Dark Quadrant*, chapter 7.

<sup>169</sup> Charles Gotthart, 'Crown, Starting on \$20,000, Hits Business Peak', *Chicago Tribune*, December 14, 1949; 'Connie Hilton's Hotel Empire', *Fortune*, 1953 at <<http://fortune.com/2013/12/13/connie-hiltons-hotel-empirefortune-1953>> Hilton Hotels Corporation, *1954 Annual Report*, p. 2. As an example of a later deal between Hilton Hotels and the Crown family, see 'Hilton Hotels Corp. Sells, Leases Back Unit in Beverly Hills', *Wall Street Journal*, April 6, 1961.

<sup>170</sup> Stanley Turkel, *Great American Hoteliers: Pioneers of the Hotel Industry* (AuthorHouse, 2009).

<sup>171</sup> Noel F. Busch, 'Hilton the Host', *Life*, November 28, 1949, 98; Hilton, *Be My Guest*, pp. 238-40.

<sup>172</sup> FBI report by SA Robert A. Cook, Chicago, March 10, 1961, 'Gus Alex', NARA 124-10199-10112; Marshall, *Dark Quadrant*, chapter 7.

<sup>173</sup> Marshall, *Dark Quadrant*, p. 160.

<sup>174</sup> Patman report, p. 32 (Crown directorships); Tim Adler, *Hollywood and the Mob: Movies, Mafia, Sex and Death* (London: Bloomsbury, 2007), p. 54; Messick, *The Beauties and the Beasts*, pp. 54, 102 (Zwillman and Harry Cohn). Columbia Pictures head Harry Cohn reportedly signed Virginia Hill, mistress of New York gangster Benjamin Siegel, to a seven-year movie contract (David Hanna, *Virginia Hill: Queen of the Underworld* [New York: Belmont Tower Books, 1975], p. 78).

<sup>175</sup> Marshall, *Dark Quadrant*, pp. 160-61. Schine's son David worked closely with Roy Cohn on McCarthy's Senate committee.

<sup>176</sup> Kefauver hearings, Pt. 7, pp. 772-805. Besides Crown, the Winfield Baird Foundation also handled securities transactions for Madison Square Garden director Harold E. Talbott (Patman report, p. 39).

<sup>177</sup> Marshall, *Dark Quadrant*, p. 161.

<sup>178</sup> In 1972, Wirtz joined Crown to buy control of the Chicago Bulls. Norris sat with Crown on the board of the Chicago, Rock Island and Pacific Railroad Co. (in which Moe Dalitz owned shares), and of West Indies Sugar Company, which owned large interests in the Dominican Republic. Norris also sat on the board of First National Bank of Chicago, one of Crown's main financial backers. See Patman report, p. 32 (Crown); D'Arcy Jenish, *The NHL: A Centennial History* (New York: Doubleday, 2016), p. 71 (Norris).

<sup>179</sup> Allen Witwer, 'Crime Text Opens \$2 Million Door for Intertel', *Las Vegas Sun*, March 24, 1971. Witwer was head of public relations for the Grand Bahama Development Co. and former manager of the Del Charro Hotel in La Jolla, owned by Clint Murchison. Witwer identified Ritter and Courtney as fronts for Norris in the casino operation (Allen Witwer, 'Bahamas Game Same, Whatever Name', *Las Vegas Sun*, March 27, 1971).

<sup>180</sup> *Miami News*, October 16, 1958, February 3, 1959. Miami Beach real estate investor Jack Cantor, who bought a controlling interest in Lefcourt Realty in October 1957, became a director in the mob-controlled Bank of Miami Beach, where proceeds from Lansky's Bahamian casino were deposited by Max Orovitz (*Miami News*, October 16, 1958, September 2, 1965; Messick, *Syndicate Abroad*, pp. 165-66, 192). In 1958, Cantor merged Lefcourt with Desser and Garfield. In early 1959, Cantor replaced Baird on Lefcourt's board of directors with Wirtz, who controlled First National Bank of South Miami. See also Marshall, *Dark Quadrant*, pp. 147-48.

<sup>181</sup> Marshall, *Dark Quadrant*, p. 161. See also note 149 above regarding John Houser and the leasing of the Havana Hilton casino.

<sup>182</sup> 'American News Elects 3 Directors', *New York Times*, March 27, 1958.

<sup>183</sup> 'Join Empire State Company's Board', *New York Times*, November 11, 1954; Richard Griffin, 'Taking Account of Henry Crown', *New York Times*, December 12,



1976.

<sup>184</sup> James Gladstone, *The Man Who Seduced Hollywood: The Life and Loves of Greg Bautzer* (Chicago: Chicago Review Press, 2013), pp. 174-75 (RKO), 247 (Hyman); Russo, *Supermob*, pp. 128-29.

<sup>185</sup> Marshall, *Dark Quadrant*, p. 166.

<sup>186</sup> Charles Bagli, '102 Floors, 10 Million Bricks and One Tangled History', *New York Times*, May 4, 2013; Patman report, p. ix (Helmsley and Desert Inn).

<sup>187</sup> Patman report, pp. viii-ix, 75-83, 393-94 (Lawrence Wien Foundation, Webb & Knapp, and Kirkeby Corporation). In 1953, the Lansing Foundation guaranteed a \$2 million loan from First National Bank of Boston to Zeckendorf, owner of Webb & Knapp (Patman report, p. 58).

<sup>188</sup> Patman report, p. 311 (Baird shareholdings in Webb & Knapp); FBI report from Special Agent Frank H. Townsend, Los Angeles, March 1, 1962, 'Crime Conditions in the Los Angeles Division', NARA124-10328-; 'Israeli Aide Concedes Link to Ex-U.S. Racketeer', *New York Times*, June 11, 1971 (Stacher). When Zeckendorf filed Chapter 11 bankruptcy, one of his major creditors was David Baird (Terry Robards, 'Zeckendorf Files Bankruptcy Plea', *New York Times*, August 30, 1968).

<sup>189</sup> Much of this section is lifted from Marshall, *Dark Quadrant*, pp. 163-65.

<sup>190</sup> 'Hoy Elected President of 2 Hotel Firms', *Chicago Tribune*, April 22, 1955; 'Hoy Elected Gen. Dynamics Vice President', *Chicago Tribune*, May 6, 1960; 'Patrick H. Hoy, 59, of Penn Dixie Dies', *New York Times*, August 22, 1973. The Sherman Hotel was the venue of a famous 'treaty' arranged on October 21, 1926, which divided Chicago between rival mob factions (Moran and Capone). See 'The Hotel Sherman', April 17, 2017, at <https://chicagohistorytoday.wordpress.com/2017/04/17/the-hotel-sherman/>. When Crown recruited Hoy, leases on the hotels were held by New York real estate mogul William Zeckendorf, with financing from a group headed by Arnold Kirkeby, former owner of the Hotel Nacional in Havana (*Chicago Tribune*, February 20, 1961).

<sup>191</sup> Demaris, *Captive City*, p. 230. Hoy was also a good friend of John D'Arco, alderman of Chicago's First Ward, who reported secretly to Sam Giancana other mobsters (FBI telegram from SAC, Chicago, to FBI headquarters, November 8, 1962, 'Activities of Top Hoodlums, Chicago Division', NARA 124-10196-10332 and telegram from SAC, Chicago, to FBI headquarters, March 5, 1963, NARA 124-10210-10024).

<sup>192</sup> 'Hilton Casino OK Held Up', *The Record* [Bergen County], January 30, 1985. During a 1943 extortion trial involving Hollywood unions, Willie Bioff testified that Chicago gangster Charles 'Cherry Nose' Gioe told him that Korshak 'is our man, and I want you to do what he tells you. He is not just another lawyer but knows

our gang and figures our best interest. Pay attention to him, and remember, any message he may deliver to you is a message from us.'

<sup>193</sup> Harvey Fisher, 'Hilton Loses Bid for Casino License', *The Record*, March 1, 1985.

<sup>194</sup> Russo, *Supermob*, pp. 166-67.

<sup>195</sup> Henry Weinstein, 'Sidney Korshak, Alleged Mafia Liaison to Hollywood, Dies at 88', *Los Angeles Times*, January 22, 1996. As Evans's quote indicates, Korshak was a labor attorney for Madison Square Garden, whose ties to Henry Crown are discussed above. Korshak was evidently recruited in the late 1960s by the Garden's biggest shareholder, Gulf & Western, and the head of its real estate division, Philip Levin, who became president of Madison Square Garden and invested with Korshak in an Acapulco condo development (chapter 8) and in controversial Las Vegas casino operator Parvin-Dohrmann. See 'The Korshak Connection', *New York*, October 20, 1975; Gene Smith, 'Levin Will Be President Of Garden After Merger', *New York Times*, November 3, 1970; Leonard Sloane, 'Businessman Looking to a Fertile Garden', *New York Times*, November 16, 1970; Alden Whitman, 'Philip Levin, Head of Madison Square Garden, Dies', *New York Times*, August 4, 1971. Gus Russo writes that Levin was son of 'a minor loan shark' and made his initial fortune in part by selling land in Florida to 'syndicate figures'. Telephone records suggested he had close ties to New Jersey mobster Angelo DeCarlo: 'Federal investigators were certain that Levin's fast rise in real estate was financed by Meyer Lansky, and that Levin figured prominently in both DeCarlo's and Lansky's operations' (Russo, *Supermob*, p. 340).

<sup>196</sup> Quoted in Tom Dewe Mathews, 'The Movies and the Mob', *Guardian*, February 27, 1999.

<sup>197</sup> FBI report by SA Robert A. Cook, Chicago, March 10, 1961, 'Gus Alex', NARA 124-10199-10112; FBI report, Los Angeles office, 'Sidney R. Korshak', August 13, 1963 (FOIA release); Russo, *Supermob*, p. 95. (Another silent owner was said to be Frank Ferraro, the number four man in the Chicago Outfit.) Armed with a letter of reference, Alex claimed to have been employed by Illinois State Senator Marshall Korshak, Sidney's brother, from 1952-1957, at a salary of more than \$15,000 per year. Asked by the FBI, Marshall denied knowing 'Gussie', though Sidney acknowledged at least that their wives were good friends (FBI report by William Roemer, Jr., Chicago, July 25, 1958, 'Gus Alex', NARA 124-10201-10022).

<sup>198</sup> Report by SA Joseph L. Tangel, New York, September 14, 1959, 'Activities of Top Hoodlums in the New York Field Division', NARA 124-90103-10093.

<sup>199</sup> Weinstein, 'Sidney Korshak', *Los Angeles Times*, January 22, 1996; cf. 'Mrs. Lewis Gives Million to Loyola U', *Chicago Tribune*, November 25, 1964. Hoover also enjoyed staying in Miami Beach and Los Angeles at rooms comped by hotelier J. Myer Schine (Summers, *Official and Confidential*, pp. 239, 251).

<sup>200</sup> 'Shop Talk', *Wall Street Journal*, February 13, 1985. Barron Hilton apparently

bet heavily with mob bookmaker Gil Beckley, a close associate of Mike Coppola. Hilton sold 70 percent of the San Diego Chargers to syndicate led by Eugene Klein, CEO of National General Corp. (Moldea, *Interference*, p. 159). In denying Hilton a gaming license, members of the Commission also cited alleged organized crime connections by a Hilton executive vice president in San Francisco. See Donald Janson, 'Hilton Rejected for License to Operate a Jersey Casino', *New York Times*, March 1, 1985. Hilton sold its Atlantic City property to Donald Trump, who renamed it Trump's Castle.

<sup>201</sup> Lucien Truscott, 'Hollywood's Wall Street Connection', *New York Times*, February 26, 1978.

<sup>202</sup> Russo, *Supermob*, pp. 525-26.

<sup>203</sup> Peter Dale Scott, 'The State, the Deep State, and the Wall Street Overworld', *The Asia-Pacific Journal*, Vol. 12, Issue 10, No. 5, March 10, 2014.