

He was working in the even more plush Riviera in Havana, a Lansky casino, when Castro took power. Returning to Newport, he served as a collector for the bust-out joint known as the Tropicana Club—the place where George Rat-terman was framed with stripper April Flowers. Eventually he was indicted in Newport. Charges were dropped, and he moved to the Bahamas.⁹ Although this author gave Peloquin information about Cellini, he was nevertheless retained as manager of the Paradise Island casino for a full year. Eventually he was transferred to Miami after receiving too much press publicity. In the spring of 1968, as Robert Kennedy returned to the political wars, Peloquin was asked by the casino company that employed him to work against Kennedy on Richard Nixon's behalf. He declined. Mary Carter-Resorts International strongly supported Nixon, even making its yacht available to the Nixon forces for use at the Republican convention in Miami Beach. Nixon had attended the gala opening of the Paradise Island Casino in January 1968, and now, Resorts International could recognize a natural ally for the future.

Another Nixon ally, and part of the pattern for the future, was Louis B. Nichols. Nichols has told of meeting Nixon shortly after his nomination.¹⁰ "Lou," said Nixon, "we want to use you for a special assignment." John Mitchell, the future attorney general, filled in the details. Nichols was to set up an organization to guard against "vote frauds." It was called "Operation Integrity," and, if Nichols is to be believed, it was responsible for Illinois going Republican. "For once," said Nichols, "Illinois had not been stolen." The Illinois vote made Nixon's victory decisive.

Nixon's election assured John Edgar Hoover's continued tenure. Organized gambling continued to flourish. It had grown from the dingy back rooms of saloons into regional and then international gambling centers, and had already proved respectable enough to "go public." Resorts International offered its stock on the American Stock Exchange. In 1968 Groves led his Grand Bahama casinos into a complicated deal with Benguet Consolidated, and thus found his way to the New York Stock Exchange. Other "public corporations" such as Lum's, which began as a hot-dog stand on

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Miami Beach, bought Las Vegas casinos. The biggest shift of all involved the mysterious billionaire Howard Hughes, who bought out the Cleveland syndicate's holdings in Las Vegas and acquired other casinos there as well.

In Las Vegas, where wealth was worshiped above all else, Hughes was uniquely beyond moral or social values. So vast was his fortune, ordinary standards did not apply. Even though he remained invisible, he was regarded with awe by everyone from the governor down. From his penthouse headquarters atop the Desert Inn, Hughes passed orders to Robert Maheu, the ex-FBI agent who had cooperated with the mob in the conspiracy to kill Castro.

Maheu, protected by Hughes's magic, worked closely with Moe Dalitz, former first-among-equals of the Cleveland syndicate and personal friend of Meyer Lansky, in the day-by-day operation of the Hughes-owned casinos. The casinos were legally owned by the Hughes Tool Company, the flagship of the flotilla of corporations controlled by Hughes, the same Hughes Tool Company that years before loaned two hundred and five thousand dollars to Richard Nixon's brother in a curious transaction that caused Nixon some embarrassment in his 1960 and 1962 campaigns. "I was never asked to do anything by the Hughes Tool Company and never did anything for them," Nixon said on October 1, 1962.¹¹ Events since then, however, have linked Nixon friends in Las Vegas with Nixon friends in the Bahamas.

Hughes kept one Las Vegas casino, the Silver Slipper, in his own name, enabling him to use its funds without showing the money's disposition on corporate books. In this fashion Hughes in 1968 was able to divert one hundred thousand dollars from gambling revenues to Nixon's campaign. According to Maheu, Hughes's modest goal was to permit Nixon to win the Presidency "under our sponsorship and supervision."

The courier who delivered the hundred thousand from Maheu to Nixon's friend Bebe Rebozo, was Richard G. Danner, a former FBI agent. Danner, after leaving the FBI, had been installed as city manager of Miami in the corrupt 1940s when the syndicate controlled the town. A dispute developed between two factions in the police department.

When Danner sided with one faction, the other tried to frame him by sending two men to Newport, Kentucky, to get them arrested in a brothel. Friendly Newport police—as corrupt as their counterparts in Miami—released the two men when they identified themselves as the mayor and city manager of the Magic City. A blackmail attempt followed, forcing the syndicate to intervene. In a midnight confrontation in a gravel pit, the Newport cops admitted that Danner and the mayor were not the men they arrested in Newport. Nevertheless, Danner soon quit public service, and he was available in 1952 to accompany Nixon and Dana C. Smith on that famous gambling jaunt to Havana. When Hughes began buying Nevada casinos, Danner reappeared as the manager of one of them. Because he remained friendly with Nixon and Rebozo, he was a logical choice to transport the gambling money that Hughes hoped would help elect the next President of the United States.

At about the same time Hughes was moving into Las Vegas, Resorts International, operators of the new casino at Nassau (like Hughes, contributors to Nixon's victory) advanced two million dollars to Peloquin and Hundley to form International Intelligence, Ltd., better known as Intertel. Hundley soon abandoned an active role as eyebrows were raised in law-enforcement circles around the world. Peloquin remained active and enlisted a number of disillusioned Justice and Treasury officials, including William Kolar, chief of the Intelligence Division of IRS. Ironically, Peloquin was able to recruit a nephew of John Edgar Hoover in a gambit that vastly impressed the *Toronto Telegram*. In a long and favorable article about Intertel, the newspaper naively concluded that ugly rumors about the organization had to be unfounded because, otherwise, the omniscient and omnipotent Hoover would not have permitted his nephew to accept the job.¹²

The image of purity Intertel sought to create was vital to the purposes of its parent company, Resorts International. While the avowed purpose of Intertel was to help any and all private companies resist the black hand of the Mafia, in practice it seemed chiefly concerned with aiding corporations owning, or planning to own, gambling casinos. When legisla-

tion was enacted to permit gambling casinos in Quebec Province, Intertel opened offices in Canada. Officials there said both Benguet Consolidated and Resorts International had been "dickering" for future casino rights whenever the legislation was to be implemented. Intertel cited its experience on Paradise Island as proof that casino gambling could be kept clean. When someone mentioned Eddie Cellini, Pelouquin blandly denied Cellini had any direct links with organized crime.¹³

Drives to legalize casino gambling were flourishing in Miami Beach, and were reported in New York and a dozen other states. The big argument in favor of legalization was that Intertel with its staff of experts provided the guarantees needed that organized crime could be kept out. In 1970, when legal gambling was proposed in New Jersey, Resorts International secured options on prime resort property, and representatives of both Intertel and Resorts International appeared before a legislative committee in 1971 to testify how easy it was to keep Lansky and the syndicate out of casinos. The pressure on city and state officials to find new and painless sources of revenue fostered the urge to legalize gambling. New York took the first step by permitting off-track betting, basing its actions on the dual excuse that it would cripple the mob while diverting its profits to the state. Similar arguments had been heard when the state introduced the lottery—which proved to be a big disappointment: revenues were far below expectation. New York's bookies remained in business.

Intertel's views about clean gambling conflicted sharply with those of the Kefauver Committee outlined in its third interim report in 1951, which stated: "It is the *nature* of the business of gambling and not its legality or illegality, that makes it so attractive and lucrative for gangsters and hoodlums." The committee also derided the notion that were gambling to be legalized

the crooks and the cheats will retire from the field and leave the operations of the handbooks, policy wheels and gaming rooms to honest and upstanding businessmen, and . . . public officials, who have previously been persuaded to ignore or affirmatively aid illegal gambling operations, will automatically prove incor-