

# Firm with tainted past is back with new name and a passel of clients

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A giant sports-concessions and gambling conglomerate, once at the center of a national controversy because of ties to organized crime, is thriving in Kentucky.

More than a decade ago the Kentucky Racing Commission wanted to run the Emprise Corp. out of the state.

Today, operating under new names but with the same family ownership, the company does business with the city of Louisville, Standiford Field, Latonia Race Course and at least two prominent Kentuckians — Dr. Bill Collins, husband of Gov. Martha Layne Collins, and A. Ray Smith, owner of the Louisville Redbirds baseball team.

The firm, Delaware North Companies Inc., has at least 130 subsidiaries and branches that manage concessions at sports stadiums, run parking facilities and operate dog and horse tracks. In addition, the company owns the Boston Bruins franchise of the National Hockey League and the Boston Garden.

Delaware North is privately owned by the Jacobs family of Buffalo, N. Y., and is not traded on stock exchanges.

In 1972, Emprise, a Jacobs company that has since been dissolved, was convicted of conspiring with mobsters to conceal ownership in a Las Vegas, Nev., gambling casino.

It was in the wake of that conviction that Delaware North was formed. Emprise was dissolved, and in 1980 its parent company, Sportsystems Inc., became Delaware North.

The Sportsystems name was retained for a subsidiary that took over Emprise's pari-mutuel operations.

The Emprise conviction has had more recent repercussions. In 1983 four Delaware North subsidiaries signed an agreement with the Michigan attorney general's office in which they pledged not to do business in the state for two years as a result of the 1972 conviction.

Earlier this year, citing ties to

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organized crime, the Massachusetts Convention Center Authority banned a Delaware North subsidiary, Sportservice Inc., from bidding on the food and beverage contract for a new convention center in Boston.

In an interview, a Delaware North spokesman, Samuel L. Gifford, denied that the company has any connection to organized crime.

At least four Delaware North subsidiaries have business activities in Kentucky. They are:

- Solar Sportsystems Inc., which in 1984 invested \$200,000 in a limited partnership managed by Collins Investments Inc., which Dr. Collins formed shortly after his wife became governor.

- Kentucky Sportservice Inc., which has a contract with Smith to operate food and drink concessions at Cardinal Stadium in Louisville. It also manages concessions at Latonia in Boone County.

- APCOA Inc., which runs three city parking garages in Louisville and the parking facilities at Standiford Field.

- Bluegrass Turf Service Inc.,

which operates the parking facilities at Latonia.

The Kentucky Jockey Club Inc., another Delaware North subsidiary, owned controlling interest in Latonia before selling out in April to two businessmen, James Thornton of Louisville and Jerry Carroll of Nashville, Tenn.

Cap Hershey, vice chairman of the Kentucky Racing Commission, called the sale of Latonia "the greatest day in racing in Kentucky," according to minutes of the April 8 commission meeting.

Asked to explain that statement, Hershey said recently, "I was not terribly impressed with the way Delaware North conducted racing."

## Jacobs family businesses

Perhaps the most controversial of the family's businesses has

been Emprise.

In 1972 the company was convicted in federal court in Los Angeles of conspiring with members of the Detroit and St. Louis mafia to acquire concealed ownership in the Frontier Hotel and gambling casino.

Also convicted were Anthony Joseph Zerilli and Michael Santo Polizzi, identified by U.S. Senate investigators as lieutenants in the Detroit mafia, and Anthony Giardano of St. Louis, reputed boss of the St. Louis mafia.

In 1972, a House select committee on crime tried to question Zerilli, Polizzi and Jack Tocco, another alleged member of the Detroit underworld, about their connections to Emprise. All declined to answer, citing their Fifth Amendment privilege against self-incrimination.

In 1974, after Emprise had exhausted its appeals from the 1972 conviction, the Kentucky State Racing Commission ordered that a trustee take over the operation of two tracks in which Emprise had controlling interest — Latonia and Miles Park, a Louisville thoroughbred track that has since closed.

When Emprise objected, however, the commission backed down and named an overseer to advise it.

In 1975, Emprise sued the commission when it refused to allow Latonia summer racing dates because of the 1972 racketeering conviction. That suit was dropped after the racing commission granted Latonia September and December racing to make up for the loss of summer racing.

Since then, there has been an uneasy peace between the commission and Latonia.

Another Delaware North subsidiary, Sportservice, became the center of controversy earlier this year in Boston, when the Massachusetts Convention Center Authority rejected the company's efforts to become concessionaire for Hynes Convention Center.

"If we were a private entity, the thought of association with such people would be obnoxious," Francis X. Joyce, the authority's executive director, said in a letter to Thomas Riccato Associates, an Englewood, Colo., food consultant that was hired to handle the awarding of the concessions at the new center.

"But," Joyce continued, "we are

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quasi-trustees for the commonwealth, and it would be nothing less than a breach of fiduciary responsibility were we to put the people of Massachusetts into partnership with the underworld."

The letter cited the 1972 Emprise conviction and connections to "infamous underworld characters."

"One of the most bizarre happenings was the (1976) death of Don Bolles, an investigative reporter for the Arizona Republic," the letter said. "Mr. Bolles, while looking into activities of the Emprise Corp., a Jacobs-owned firm, was killed by a bomb planted in his automobile."

"The corporate name, Emprise, was among the last three words uttered by Mr. Bolles. . . ." it said.

Bolles, who died 11 days after the bombing, also mentioned the words "Adamson" and "mafia" as he lay mangled and bleeding from the bomb.

John Harvey Adamson was charged in the murder, confessed to planting the bomb in Bolles' car and was sentenced to death. His death sentence has since been set aside, and he is serving a 20-year sentence.

Two alleged accomplices were convicted of murder and sentenced to death, but their convictions were overturned and they have not been retried.

No official of Emprise, which owned interests in six greyhound tracks in Arizona, has ever been charged in Bolles' murder.

Gifford dismissed the letter's allegations of mob connections as absolutely and totally untrue.

He noted that Delaware North companies are licensed pari-mutuel operators and have liquor licenses in several states, including Massachusetts.

Gifford also noted that the company owns the Boston Bruins and said of the National Hockey League, "They're pretty picky people."

Delaware North is involved in competition with two other firms for redevelopment of the Boston Garden and an adjacent site owned by the city of Boston. Joyce is an outspoken supporter of a Delaware North competitor for that project, Gifford said.

"So what I'm telling you is that it was politically motivated — aimed at getting the type of publicity it is getting for political reasons. In other words, to further champion his cause of having the other party designated by the city," Gifford said.

Moreover, Gifford said, Joyce's letter was written a week after Sportservice had said it wasn't interested in bidding for the Hynes contract.

Joyce declined to comment on the matter.

## Collins Investments

Solar Sportsystems, the Delaware North subsidiary that invested in Collins Investments, apparently has no other business in Kentucky.

It is unclear why the company, in 1984, invested \$200,000 in the Collins firm, which is designed primarily as a tax shelter for well-to-do individual investors.

However, Kentucky Jockey Club, a sister company, owned Latonia Race Course at the time and was lobbying the Kentucky General Assembly to extend special tax credits, a proposal that legislators eventually approved.

Gifford said he did not know who initiated the Solar Sportsystems investment.

Dr. Collins is no longer talking about investors in the three limited partnerships in thoroughbred horses and real estate that Collins Investments has managed, according to his lawyer, Frank Haddad of Louisville.

"He's not going to address any further questions concerning the investments or the investors. A lot of these investors have privacy rights of their own, and Dr. Collins has been advised not to discuss any further with the media about any of the investors. That's my advice to him. He's going to follow it," Haddad said.

The Courier-Journal reported on June 1 that at least 45 of the 98 investors in Collins Investments — which earlier this year merged with KHC Management Co. of Lexington, a subsidiary of the Kentucky Horse Center — have done business with the state of Kentucky or received state appointments.

Gov. Collins subsequently made an inquiry into her husband's business dealings and said she found no evidence of wrongdoing, but she said Dr. Collins has agreed not to seek investments from individuals whose firms do business with the state during her term as governor.

Barbara Hadley Smith, the governor's press secretary, said Friday that Collins did not look into Solar Sportsystems' background or its investment.

The governor's investigation concerned only firms that were identified by The Courier-Journal as having state contracts or appointments, Smith said.

In a May 21 interview with the newspaper, Dr. Collins talked openly about many of the partners in Collins Investments, but when asked about Solar Sportsystems, he had little to say.

"You're asking me now to talk about my investors, something I consider private," he said. "I don't want to discuss an individual without their being here."

## Cardinal Stadium

Smith, the Redbirds' owner, hired Kentucky Sportservice in 1985 as a subcontractor to operate the food concessions at Cardinal Stadium.

Smith has a contract with the Kentucky State Fair Board to provide food and drink concessions for all events at the stadium, including University of Louisville football games.

Asked how he chose Sportservice as the subcontractor, Smith said, "Because they're the best in the business. I know them all. It's that simple."

He said Delaware North's problems stem from an investigation "by a kooky newspaper guy in Phoenix who put the bite on them and was shaking them down and they said, 'Go to hell.' And he had this big investigation."

Asked if he was referring to Bolles, Smith said, "Oh yeah, yeah, yeah, yeah."

Later, Smith said it was a congressman, rather than a newspaper man, who "demanded this big investigation."

The congressman Smith apparently referred to is former Rep. Sam Stieger, R-Ariz., who first alleged that Emprise was connected with organized crime in speeches on the House floor in 1970.

Smith also said the Jacobs family "had a bum rap."

"I know these people. Half of their employees are (retired) FBI agents . . . the highest-type people. They're the best," he said.

He noted that Sportsystems Inc. has contracts to operate concessions at major league baseball stadiums in St. Louis and Milwaukee. They also provide food services in Cincinnati's Riverfront Stadium and Chicago's Comisky Park.

Smith said he had intended to operate the food concessions himself at Cardinal Stadium, "but it was just too much for me to do here personally."

Barry Strafacci, assistant executive vice president of the state Fair and Exposition Center, said the fair board had no input in Smith's selection of Kentucky Sportservice and knew nothing of the company's background.

"I'm flabbergasted," Strafacci said when read a copy of Joyce's letter. "The more you read, the more I was astounded."

Smith's contract gives him full authority to sublease food and drink concessions, but Strafacci said the fair board has certain overview responsibilities.

"If there was something amiss that we could put a finger on, then we would certainly have some prob-

lems, but we aren't aware of any problems. They have been operating a season and a half and doing a good job from our point of view," he said.

Nevertheless, Strafacci said he would look into the matter.

#### Other contracts

John Scharfenberger, director of community relations for the Regional Airport Authority of Louisville and Jefferson County, said APCOA has a three-year contract to operate the Standiford Field parking facility.

The airport authority put the contract out for bids, and APCOA was the only bidder, Scharfenberger said. The three-year contract, which calls for the airport authority to receive 90 percent of the gross revenues or a lump-sum payment (\$1.5 million this year), began June 1, 1985.

Scharfenberger said he was not aware of APCOA's connections.

Richard Wyatt, director of the Parking Authority of River City, said APCOA has contracts to operate the Riverfront, Arts Center and Galleria parking garages. The contracts were awarded by sealed bids in 1981, 1983 and 1984, Wyatt said.

Asked if he knew anything about APCOA, Wyatt said, "No, not at all. These are all older contracts, and I've only been director since January."

Karolle Swanson, spokeswoman for Mayor Jerry Abramson, said the mayor's office would look into APCOA's background before the contracts are rebid in 1987.

Jerry Carroll, president of Latonia, said Kentucky Sportservice retained food, drink and parking concessions at the racetrack as part of the purchase agreement.

"They were the sellers. It's hard to negotiate them out of that," he said.

Carroll said Delaware North President Jeremy Jacobs came to Cincinnati during the negotiations and met with him about the operation.

He said he was aware of Delaware North's origins and its predecessor's ties to crime figures "in the old days."

"I was aware of it 20 years ago," he said, "not now."