

FBI Agent Tells Court Of Bugging

Says Operation Was Aimed at Vegas Casinos

By Richard Harwood
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DENVER, June 28—The agent in charge of the Las Vegas FBI office described in Federal court today a 16-to-17-hour-a-day electronic eavesdropping operation aimed at Las Vegas gamblers and casinos from 1961 to 1963.

In carrying out this operation, said Dean Elson, the FBI worked behind a fake business firm—Henderson Novelty Co.—which leased telephone lines for eavesdropping purposes and arranged for the secret installation of “bugs” in an undisclosed number of casino offices, hotels and private homes.

Elson said the operation was well under way when he took charge of the Las Vegas FBI office in November, 1961, and that it continued at least until late 1963. It was so extensive that at least 20 FBI agents were engaged at various times in the monitoring of a single bug in the executive suite of the Desert Inn, a major Las Vegas casino.

Silent on Authorization

At the insistence of the Justice Department attorneys, Elson declined to say who authorized the bugging, although he said it was not based on any executive order from the White House. FBI headquarters in Washington, he said, was fully aware of the operation and received transcripts regularly on all intercepted conversations.

Elson took the stand today as the first witness in an unusual hearing before Federal Judge Arnold A. Arraj. The hearing was called to permit attorneys for three convicted extortionists—Ruby Kolod, Felix (Milwaukee Phil) Alderisio and Willie Israel Alderman—to attempt to prove the innocence of their clients from the

See TAP, A8, Col. 1

A 8

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TAP
From A1

FBI Agent Tells

FBI's secret transcripts of “bugged” conversations in Las Vegas.

The lawyers, headed by Thomas Wadden and Peter Taft of Washington, claim that the transcripts will show that Kolod and his accomplices made no telephoned threats to a Denver businessman, Robert Sunshine. They were convicted on this charge last April.

Judge Arraj ruled today that the questioning of the FBI agents had to be limited

to transcripts obtained through a “bug” installed in the Desert Inn on March 22, 1962. It was in operation until Aug. 15, 1963.

Elson said it was installed as part of an FBI effort to gather information “about illegal activity engaged in by the ownership of the Desert Inn,” for “intelligence purposes” and for evidence about a “skimming” operation involving “vast sums of money”

never reported as income by the casinos.

The installation of the Desert Inn bug was arranged by one of Elson's agents, an electronics expert named Robert D. Lee. A leased telephone wire was run, Elson and Lee testified, from the FBI office to the central telephone exchange in Las Vegas. It was connected to a second line, running from the central exchange to the main telephone

Federal Court of Las

cable connection at the Desert Inn. From that point, two wires were run to the executive office of the hotel and were attached to a listening device, hidden beneath a table, midway between two telephones in the office.

The device, said Lee, drew its power from batteries. It was essentially a microphone, he said, which picked up all conversations in the room. He refused to say where he got the “bug” and whether the FBI manufactured it.

Operation Described

Each morning at 8, the agents said, FBI personnel went into a small room at FI headquarters containing a number of monitoring machines, each equipped with a loudspeaker and a tape recorder. Each machine was connected to a listening device located somewhere in Las Vegas. A card was pasted on each machine bearing a typewritten list of people whose conversations were of particular interest to the FBI.

At the start of the morning

shift, each machine was switched on, with a single agent or FBI clerk monitoring as many as three or four “bugs” simultaneously.

Whenever someone entered a “bugged” room and began a conversation, a notation was made in a log identifying, wherever possible, the people whose voices were heard and the substance of their conversation. If it was a conversation “pertinent” to the wide-ranging interests of the FBI, the tape recorder was turned on.

These tapes were turned over each day to the agent assigned to a particular casino or group of gamblers. In the case of the Desert Inn, the “case agent” was Burns Tool-ey, Elson said.

Tooley and other “case agents” played back the recordings and had them transcribed verbatim. Copies of these transcripts, according to Elson, were mailed promptly to FBI headquarters in Washington.

Taft and Wadden tried re-

peatedly today to obtain copies of the transcripts and FBI logs relating to the Desert Inn bug but without success.

They also failed to obtain from Elson or any of his agents any information about phone calls to Sunshine which Kolod might have made from the Desert Inn.

The agents and clerks who actually did the monitoring, from 8 a.m. until 1 a.m. each day, said they had no records of any Kolod calls and would not have recognized his voice in any event.

Both Elson and Lee were insistent that the “bug” in the Desert Inn was not a wiretapping device. It would pick up the end of a telephone conversation carried on by the person in the “bugged” room, but would not pick up the other end of the conversation, they said.

Kolod Under Probe

They said Kolod, one of the owners of the Desert Inn, was on the list of men who were under investigation by the FBI. But they said they did

Vegas 'Bugging'

not "bug" his home in Las Vegas. thing, we wouldn't record that," he said.

Allen Chamberlain, an FBI clerk assigned to monitor the Desert Inn "bug" in 1962, said he was responsible for monitoring at least two other "bugs" at the same time. If conversations came in over all three loudspeakers, he said, he switched on his recording machines and took down everything that was said.

"But if it was just a couple of women talking about some-

Wiretapper Back on Police Job

HARRISBURG, Pa., June 28 (UPI)—State Police Detective Angleo Carcaci, who was suspended after testifying under oath at a legislative hearing that he engaged in illegal wiretapping, began new duties today after reinstatement at full back pay.

Lt. Col. Paul A. Rittelmann, acting State Police Commissioner, announced late Mon-

day that plans to bring court-martial proceedings against Carcaci had been dropped and that Carcaci had been assigned to a troop.

Carcaci ignited the wiretapping controversy on Feb. 22 when he testified before a special State House committee that he used wiretapping in some investigations under orders from superiors.

Carcaci and Maj. Willard J. Stanton, the detective's immediate superior, were suspended in mid-April by Rittelmann, who took over as Commissioner when E. Wilson Purdy resigned at the height of the wiretapping storm.

Rittelmann ordered court-martial proceedings against Stanton, who was acquitted on all counts last week.