

# Las Vegas, 1961: A Federal Wiretap

First of Three Articles  
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Las Vegas, it has been said, is a mirage that "belongs to the Mob . . . Nobody is about to take it away from them."

Its opulent casinos on the Strip, the plebian slot-machine parlors of Glitter Gulch, and the well-fleshed girls of the chorus lines, have a deadly fascination for Romanians and Jet Set alike. They come by the millions to Las Vegas and leave behind for the gambling houses — and the

Mob — \$250 million to \$300 million a year.

This mecca of anti-Puritanism, set down in a wasteland of hot sand and rock, became in the winter of 1960-61 the operating headquarters for a mysterious little enterprise with the innocuous name of "Henderson Novelty Company."

The company's business, it revealed in an application for a post office box in May, 1961, was to provide a "musical rental service."

That statement, apparently, was untrue.

The main business of Henderson Novelty Company was cave-dropping for the Government of the United States. Its organizers were agents of the FBI whose purpose, so far as can be divined, was to strike a blow at organized crime in America.

That purpose has not been achieved. The Henderson Novelty caper threatens, instead, to discredit the Department of Justice or the FBI or both.

It could damage the reputation of prom-

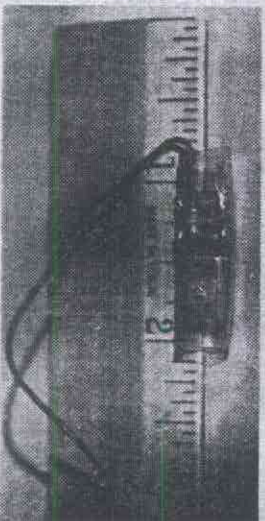
## ping Operation Is Born . . .

inent men in public life — perhaps an Attorney General, perhaps J. Edgar Hoover.

It could prove politically embarrassing to the White House for it has placed in jeopardy the Government's case against Robert G. "Bobby" Baker, Senate Majority Secretary when Lyndon B. Johnson was Senate Majority Leader.

It has jeopardized the income tax conviction of Fred B. Black Jr., the Washing-

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The "bug" that touched off the wiretap furor.



ton business consultant who was Baker's business associate, and briefly, a neighbor of then Vice President Johnson.

Moe Dalitz, Johnny Drew, Ruby Kolod and other professional gamblers of fearsome repute may likewise escape the Federal charges that confront them — income tax evasion, in the case of Kolod, extortion.

These far-reaching contingencies have precipitated a bitter controversy within the Justice Department over the question of who is responsible for what. The Supreme Court has become interested in the same question and has demanded in Black's case an explanation from the Attorney General for the practice of government eavesdropping in a free society.

Finally, the Las Vegas agents of the FBI who invented Henderson Novelty are confronted here today with a \$2 million damage suit and the possibility of prosecution for criminal behavior under Nevada law. They were engaged, attorneys for Bobby Baker have argued, in "a studied, well-organized, amply financed criminal conspiracy."

This is not the kind of language ordinarily employed to describe the law-enforcement activities of the FBI, often called "the most respected, feared and incorruptible police force in U.S. history."

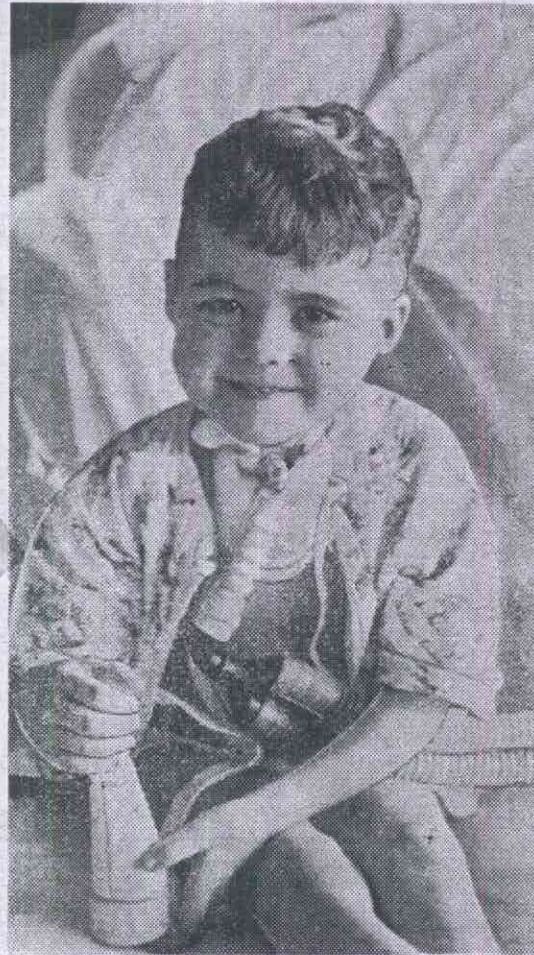
But it is nevertheless a crime under Federal law for anyone — either a private citizen or the FBI—to "intercept any communication and divulge or publish the existence, contents, substance, purport, effect, or meaning of such intercepted communication to any person."

Both wiretapping and eavesdropping are also crimes under the laws of Nevada and other states. Furthermore, both Federal and state courts have held that eavesdropping involving a trespass is a violation of the constitutional protections against unreasonable search and seizure.

It was in this context that the Henderson Novelty Company began operations in Las Vegas more than five years ago. The story, taken from sworn affidavits filed in the Federal District Court in Las Vegas and from sworn depositions by officials of the Central Telephone Company, has not been denied by the Justice Department or the FBI.

#### Leasing Phone Lines

Late in 1960 or early in



Associated Press

**BRAVE LAD**—Paul Baxter Jr., 5, of Orlando, Fla., victim of an obliterative airway disease, can breathe through a tube in his throat that is attached to a machine at his bedside in Gainesville and which pumps oxygen to his lungs. Without the respirator, Paul would not be able to live more than 10 minutes.

1961—the date is uncertain—Dean Elson, head of the FBI office in Las Vegas, and M. B. Parker, one of his agents, paid a call on Frank Dresslar, president of the local telephone company. They informed Dresslar and other officials of the company that they wished to lease 25 private telephone lines to connect the FBI office at 301 S. 11th st. with the company's central telephone exchange.

The bills for this service, the agents said, were to be mailed to the Henderson Novelty Company—at 301 S.



11th st.—or to Post Office Box 1423. The bills would be paid in cash.

Following this meeting, Dresslar instructed his subordinates to supply "whatever service they needed." On May 18, 1961, the lease agreement was concluded.

The company's records covering the use of the 25 FBI lines in 1961 have not been made public. But the service order journals for 1962 and 1963 have been produced. They indicate 24 to 26 separate uses of the leased lines by the FBI.

#### Connected in 1962

One of the lines—LL 24-9—was connected surreptitiously on Oct. 30, 1962, to the central exchange serving the Fremont Hotel, a downtown casino, whose president and major stockholder is Edward Levinson, gambler and business entrepreneur. Levinson's partners in various enterprises have included Bobby Baker and Fred B. Black Jr.

An extension of LL 24-9 was run from the exchange to Levinson's office, where it was hooked up to a listening device installed in the telephone on Levinson's desk. In this way all telephone conversations in the room, could

be monitored in the offices of "Henderson Novelty."

The techniques used for these installations have been described in an affidavit of Marvin E. Barr, a special service supervisor for Central Telephone in 1962 and 1963:

"If the intended destination of the new (FBI) leased line was the Fremont Hotel, for example, John Zacker (a Central Telephone employe) would then induce trouble on the Fremont Hotel telephone lines down at the central office.

#### Trouble Corrected

"When the Fremont Hotel called in to complain of its disrupted service, John Mallory (a Central Telephone employe) would be sent out to make the repairs. Under the pretext of making the repairs, Mallory would install the new leased line on behalf of the Henderson Novelty Company at its intended destination within the Hotel in accord

with his directions from Bob Lee (an FBI agent). After installation of the line John Zacker would correct the trouble he had induced on the Fremont Hotel lines." The bugs used apparently were

supplied—and may have been manufactured—by the FBI.

Several months after the tap was installed on Levinson's phone and the "bugs" were installed in his office, Levinson decided to redecorate the room.

In the course of this beautification project, he asked the telephone company to move his phone. The man assigned to the job was Al Kee, a \$95-a-week installer with a sufficiently high regard for Levinson that he used his day off to do the job.

#### Notifies Levinson

Kee, quite by accident, discovered the "bug" hidden in Levinson's telephone instrument. He immediately informed Levinson.

LL 24-9 was traced to the switchboard and from there to the main cable serving the hotel. The cable diagram, which was available to the hotel, listed LL 24-9 as a line leased to the Henderson Novelty Company.

The date was April 27, 1963.

News of this discovery spread through the Las Vegas gambling fraternity. On July 2, two more lines leased to Henderson Novelty—and two more "bugs"—were discovered at the Sands Hotel, in which both Frank Sinatra and Dean Martin had a financial interest. One was in the hotel bedroom of Carl Cohen, the manager at the Sands; the other was in his sitting room.

Early in August, 1963, Major Riddle, managing partner of the Dunes Hotel, unearthed a leased line and a "bug" in his office. Similar discoveries followed at the Stardust Hotel, the Desert Inn, and the home of Johnny Drew of the Stardust.

By now it was obvious to the gambling crowd that they had been the object of "a massive wire-tapping and eavesdropping surveillance." It was less obvious who was behind it and why.

#### Retains Lawyer

Levinson paid a call on officials at the telephone company in August to discuss the matter but learned nothing. He was then advised to get a lawyer and in due course re-

tained Edward Bennett Williams of Washington.

In February, 1964, Williams filed a multimillion-dollar damage suit against the Central Telephone Company, charging breach of contract, conspiracy and invasion of privacy. In the months that followed, depositions were obtained from Company officials in which the FBI's role in the buggings was described in considerable detail.

Two days after the discovery of the "bugs" in Levinson's office, the company revealed, the FBI ordered LL 24-9 disconnected and further ordered the company to change its billings for the leased lines from Henderson Novelty Company to another fictitious company, Clark Associates (with the same FBI address on South 11th Street.

Similar instructions were issued by the FBI each time a "bug" was discovered.

Frank H. Rogers, Central Telephone's divisional vice president, became concerned and in September, 1963, according to his deposition, asked three of the Las Vegas FBI men to come to his office. He identified them as M. B. Parker, Robert Lee and James Moreland.

Rogers asked the agents for an explanation of what they were doing with the 25 leased lines. But they reacted, Rogers

testified, like a trio of Sphinxes:

"They did not admit any connection . . . with Henderson or Clark Associates . . . They did not say anything about placing the bug . . . It was pretty silent as far as their end of the conversation went."

Their only pertinent comment, Rogers said, was: "We have heard about it (the buggings)."

Later, company officials were to have another meeting with the agents at which there was an argument over a \$1400 bill owed by Henderson Novelty and Clark Associates.

#### Baker Inquiry

The FBI claimed, according to the telephone company's Vernon Rogosch, "that they didn't think they owed it" because they had given instructions in 1964 that the leased lines were to be disconnected.

Whether the bill has ever been paid, is not recorded.

In any event, the FBI at



this time—early 1964—had other problems to worry about. The Bobby Baker investigation was heating up in Washington and it was beginning to dawn on the FBI that Baker's fate and Levinson's fate were intertwined and that, further, the bugging of Levinson's office with LL 249 might prove to be a



Associated Press

**THE "BIKE" BOYS**—Members of a Hartford, Conn., motorcycle club gather on a Laconia, N.H., street corner wearing face paint and various hair ornaments. They're

awaiting a weekend of "bike" racing at Loudon, N.H. A riot involving 5000 motorcycle racing fans at a resort broke out near Laconia at a similar event last year.

crucial factor in the ultimate outcome of both cases.

Baker submitted a cryptic statement to the Senate Rules Committee on Feb. 20, claiming that the FBI was after him and that "my privacy of communication has been invaded by agents of the government."

On the same day, Baker's lawyer—Edward Bennett Williams—produced for photographers the "bug" that had been discovered in Levinson's office at the Fremont.

Two weeks later, Levinson himself appeared as a witness in the Baker inquiry and

charged that "agents of the executive branch of government and the Central Telephone Company of Nevada" had bugged his telephone in "an unconstitutional invasion of my privacy."

Clearly, the wiretapping issue was going to figure prominently in events yet to come. How prominent an issue it would be and how far-reaching its implications, could not be foreseen at that time. But even then, seeds of dissension within the government were being sown.

If the Baker case, the Black case, and the highly publi-

cized Justice Department drive against "organized crime" in Las Vegas and elsewhere were to be lost as a result of these Government procedures, where would the fault lie?

That is an issue seething beneath the surface in the Justice Department today, an issue that may erupt publicly and to the grave embarrassment of public officials at the highest levels of the Federal Government.

**NEXT: FBI vs. Justice Department: policy and practice clash on wire tapping.**