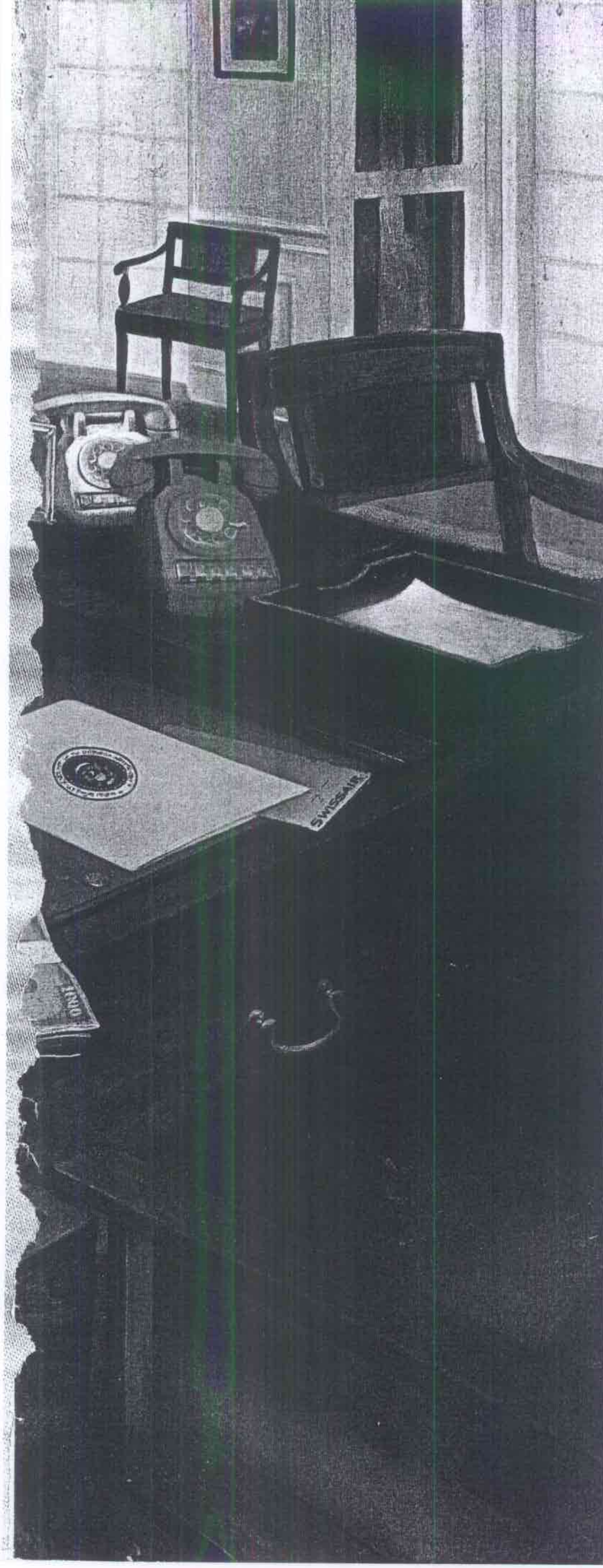
R.G. HAS HIRED AN "INVESTIGATIVE STAFF" TO FIND "A HUGE" CONSPIRACY ALA MAE.
"FORMER" CIA, F.B.I. TYPES!



RICHARD M. NIXON AND ORGANIZED CRIME

By JEFF GERTH

"Organized crime will put a man in the White House someday, and he won't even know it until they hand him the bill."

Ralph Salerno,
former New York Police Department
expert on organized crime
and co-author of
The Crime Confederation

One Watergate-demonstrated lesson of Richard Nixon's presidency is the danger of surrounding oneself in public life with questionable associates. The exact relationship between those associates and their boss has been the quintessential question of Watergate.

Yet behind the shadows of Watergate lurks another series of questionable Nixon associations—those with the underworld. Rather than accuse Richard Nixon of wrongdoing, this report raises a series of questions and describes coincidences and associations that demand further inquiry by the public, the press, legislatures, and investigative agencies.

Through a number of important personal relationships and financial deals, nurtured in the recesses of his private life, Nixon has unexplainedly found himself both involved with and receiving favored treatment from associates connected with organized crime. The record of the Nixon administration in actions, decisions, and cases involving organized crime not only makes it difficult to separate the public record from the private life of Richard Nixon, but also forces us to heed Ralph Salerno's warning. Is Richard Nixon's involvement with organized crime the longest cover-up?

NIXON, THE TEAMSTERS, AND ORGANIZED CRIME

On February 12, 1973, in San Diego County, Teamster Boss Frank Fitzsimmons huddled with Lou Rosanova, identified by the FBI as a major Chicago Mafia figure. Several hours later, Fitzsimmons boarded Air Force One with President Nixon for a flight to Washington.

Somewhere within the classic alliance of money, power, and politics lies this particular sharp-edged triangle: the Teamsters Union and its treasure chest, the Central States, Southeast and Southwest Areas Pension Fund; the shadowy empire of organized crime and its power; and the political fiefdom of Richard Nixon. Take away the glossy veneer from both the Teamster-financed gangster Xanadus and the various lavish "White Houses"(Western, Southern, and Washington), and you begin to glimpse the sinister forces that plague the highest office in the land.

An FBI agent who has been investigating widespread Teamster-Mafia financial deals told *Los Angeles Times* reporters Jack Nelson and Bill Hazlett: "This whole thing of the Teamsters and the mob and the White House is one of the scariest things I've ever seen."

Today the underworld is a shadowy empire held together by mutual arrangements, influence, and money. It uses various fronts —dummy corporations, attorneys, and clandestine foreign bank accounts—to protect itself in a maze of paperwork. It is the most successful of all American businesses, for with yearly revenues of at least $70 billion, organized crime is taking in about three times as much as General Motors.

Organized crime has quietly entrenched itself within all levels of the social structure, leading Donald Cressey, consultant to the President's Commission on Violence, to conclude: "The penetration of business and government by organized crime has been so complete that it is no longer possible to differentiate 'underworld' gangsters from 'upperworld' businessmen and government officials."

Since the Teamsters' exile from the rest of the labor movement for hoodlum domination in 1957, the nature of its relationship with organized crime has shifted from one of muscle to one of money, a change that parallels the transformation of the mob itself. By 1969 the billion-dollar Central States Pension Fund was considered the prime source of working capital for the mob, or as the *Oakland Tribune* labeled it, the "bankroll for some of America's most sinister underworld figures." The price for this sordid alliance remains high: kickbacks, widespread cronyism, payoffs, extortion, defaulted loans, bankruptcies, and an insecure financial base for the retirement needs of rank-and-file Central States Teamsters.

Teamster officials have consistently neglected the needs of their membership while catering to the desires of the underworld and certain political magnates. For example, the mammoth Central States Pension Fund is paying pensions to only a small percentage of retired union members, and an accountant hired by the Fund estimated that 60 percent of the membership will never receive their pensions. The Fund's assets of $1.5 billion have been reduced to almost zero liquidity because of innumerable defaults, bankruptcies, and unsound investment policies.

Frank Fitzsimmons has been President Nixon's closest ally in the labor movement. The protest early in the year by independent truckers, many of whom are Teamster members, found Fitzsimmons vigorously supporting the Administration. Earlier, on July 17, 1972, Fitzsimmons had huddled with other top Teamster officials, influential mob attorney Morris Shenker, and ex-con Allen Dorfman at the Teamster-financed, underworld hangout LaCosta Country Club before going up the coast to San Clemente to make the announcement of Teamster support for Nixon's reelection bid.

Jimmy Hoffa, the former Teamster boss and architect of the Pension Fund–mob alliance, boasted in his heyday of wanting to control "a bank in every city." Well, a look at the Miami National Bank, Hoffa's bank in that city, illustrates the close connections between organized crime and the Teamsters; and with its interesting links to Richard Nixon, this bank will also provide a useful starting point for an inquiry into Nixon's involvement with organized crime.

In 1959, three years after its founding, control of the Miami National Bank passed to the Central States Pension Fund, which had made a loan of over $2 million to the principal owner of the bank, Lou Poller. Shortly thereafter, a coterie of Hoffa-Teamsters associates became directors of the bank, and loans became available for numerous mob-connected ventures. In 1964, a loan to the bank from Sam Cohen, front man and associate of mob chieftain Meyer Lansky, gave organized crime a foothold in the bank. By 1966, the Teamsters loan had been retired and Lansky and company were in full control. (According to a 1969 federal indictment of Lansky, Cohen, and others, the Miami National Bank was used between 1963 and 1969 as a depository for millions of dollars in skimmed and illicit funds, money that also flowed in and out of the interlocking Exchange and Investment Bank of Switzerland. Cohen and Morris Lansburgh, another Lansky associate indicted in the case, have pled guilty. Lansky's case is still pending.) These indictments of nine top officers and directors of the Miami National in the 1960's are just part of its sordid legacy.

"An FBI agent said, 'This whole thing of the Teamsters and the mob and the White House is one of the scariest things I've ever seen.' "

In a 1967 real-estate investment in two residential lots in Key Biscayne, Richard Nixon found himself with a mortgage connected to men who were principals of the Miami National during the early 1960's. (More about this investment later.) In 1968, Nixon's presidential campaign manager for the state of Florida was a man who had been chief executive officer and director of the Miami National Bank from 1959 to 1963. In 1970, President Nixon appointed to the federal bench a man who had been director of the Miami National Bank in 1963 and 1964. As we shall see, one of that judge's first decisions helped keep Nixon's best friend, Bebe Rebozo, an important Biscayne banker and real-estate speculator, from testifying fully about the passage of stock stolen by the Mafia through his bank.

The well-publicized commutation by President Nixon of Jimmy Hoffa's thirteen-year sentence for pension-fund fraud and jury tampering is a convenient starting point for looking at the connections among Nixon, the Teamsters, and the mob.

Nixon's action on December 23, 1971, came four months after the U.S. Parole Board had rejected Hoffa's parole application for the third time. In his book *The Fall and Rise of Jimmy Hoffa*, former Justice Department official Walter Sheridan details at some length the roles played by presidential assistants John Ehrlichman and Charles Colson and Attorney General Mitchell in obtaining Hoffa's release from prison. (Sheridan also comprehensively documents Hoffa's twenty-five-year-long personal and business associations with leading figures of organized crime.)

Perhaps, it could be argued, in releasing Hoffa from prison two days before Christmas when an election year was coming up, Nixon only made an astute political maneuver. However, the flood of Watergate has brought to the surface at least eight other questionable actions by the Nixon administration on behalf of Teamster officials and associates who have connections with organized crime. So just as the June 17, 1972, break-in at the Democratic National Committee's headquarters in Washington was only the visible tip of the huge iceberg that has come to be known as Watergate, the December 23, 1971, commutation of Hoffa has proved to be the apex of a triangle labeled Nixon, the Teamsters, and the mob.

In April 1973, Denny Walsh of the *New York Times* revealed that FBI wiretaps had uncovered a massive scheme to set up a nationwide health plan for Teamsters, with members of the Pension Fund and organized crime playing a key organizational role and receiving lucrative kickbacks. But FBI requests for further wiretap authorization were turned down by the then Attorney General, Richard Kleindienst. Principals at meetings to discuss the plan had included Teamster boss Frank Fitzsimmons, Pension Fund consultant Allen Dorfman (the man often considered the main link between the Fund and organized crime), and various high-level figures in organized crime, including Lou Rosanova. On the weekend of February 10, 1973, discussions about the health plan were held at the La Costa Country Club in northern San Diego County, the Teamster-financed luxury hotel and spa considered by federal law-enforcement officials to be the leading West Coast retreat and meeting place for organized crime. On that same February weekend the trio of John Dean, John Mitchell, and John Ehrlichman were also meeting at La Costa, working out the details of the Watergate cover-up. After the details of their elaborate conspiracies were thrashed out, the La Costa schemers went their separate ways. Teamster boss Fitzsimmons hitched his ride back east on Air Force One the same day with President Nixon.

At the same time, in Chicago, the Illinois Legislative Investigation Commission filed an intelligence report that quoted a federal investigator as saying the Nixon administration had decided not to prosecute Fitzsim-

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mons's son, Richard (a Detroit Teamster official with close ties to organized crime), in a fraud case "due to the love affair" between Fitzsimmons and the White House. The report further stated that "any information pertaining to investigations of either the misuse of Teamsters' funds or illegal activities of Teamster officials is frowned on by Washington."

In May 1973, Jeff Morgan and Gene Ayres of the *Oakland Tribune* reported that a former top White House aide had interceded in the massive federal investigation of some Teamster leaders and their associates in the Beverly Ridge Estates scandal. (Beverly Ridge is a housing development in Beverly Hills that had received over $12 million in Pension Fund loans before going bankrupt.) That aide, the late Murray Chotiner—who at the time of the intervention was special counsel to the president—was reported to have called the U.S. Attorney in Los Angeles handling the investigation. (Chotiner, a controversial troubleshooting confidant of Nixon, had represented numerous underworld figures throughout his career.) The Beverly Ridge investigation ended in the indictment of only three men, all of whom pled guilty. One of the three, Leonard Bursten, a former director of the Miami National Bank and a friend of Hoffa's, had his fifteen-year prison sentence reduced to probation.

On June 1, 1973, the *Los Angeles Times* ran a lead editorial entitled "Nixon, the Teamsters, the Mafia." One administration action questioned by that newspaper, among others, was the approval by John Connally while Secretary of the Treasury of a moratorium on $1.3 million in back taxes owed the government by Dave Beck, a past president of the Teamsters Union and a man with strong racketeer connections.

In his June 1973 testimony before the Senate Watergate Committee, John Dean submitted White House papers that revealed that a leading Florida Teamster official and contractor, Cal Kovens, had won an early release from federal prison in 1972 through the efforts of former Senator George Smathers, Bebe Rebozo, and Charles Colson. Kovens, who had been convicted in the same Pension Fund fraud case that jailed Hoffa and who later suffered a heart attack in prison, was a frequent recipient of Pension Fund loans. Among his Southern Florida projects was the Fund-financed ($12 million) Sky Lakes development in North Miami. Two of Sky Lakes's more notable residents were Frank Fitzsimmons and Allen Dorfman, and the owners of the development included Sam Cohen and Morris Lansburgh, close associates of Lansky.

Shortly after his release from prison, Kovens managed to scrape together $50,000 for the Nixon reelection campaign.

In July 1973, *Overdrive*, the magazine of the independent truck drivers, revealed two more prosecutions that had been killed by the Nixon administration. One of these involved a tax case against Morris Shenker. In 1971, *Life* magazine had called Shenker the "foremost mob attorney" in the country and alleged that his mob ties may have exceeded legal representation. The tax case against Shenker had been sent to Washington for a routine review after years of investigation and prior to charges being filed. But Attorney General Kleindienst proceeded to turn the case down, ruling "insufficient evidence." *Overdrive*, which has been in the forefront of the crusade against corruption in the Teamsters Union, reported that after Kleindienst's decision "the entire file of the Shenker case disappeared from Justice Department files in St. Louis." Shenker, it will be recalled, had sat in on the July 1972 meeting at La Costa that produced the Nixon reelection endorsement.

The second case cited by *Overdrive* involved a Teamster official in Milwaukee who was a trustee of the Pension Fund and a "close associate of organized-crime figures in the city," where "pressure from Washington" threw a monkey wrench into his prosecution for a $250,000 kickback for a Pension Fund loan.

On February 19, 1974, Allen Dorfman, a close ally of both Fitzsimmons and Hoffa and a man with considerable influence on the Pension Fund, was indicted in a $1.4 million Pension Fund fraud indictment. Dorfman, who had only recently served time in a previous Pension Fund kickback case, has, as we have previously said, long been considered the link between the Fund and organized crime. Agents of the Federal Bureau of Investigation were prevented from arresting Dorfman immediately following his indictment thanks to the efforts of his attorney, Jerris Leonard, a former assistant attorney general in the Nixon administration. Dorfman spent the ten days between his indictment and his arrest playing golf at La Costa with Lou Rosanova. And on the day of his indictment, Dorfman was with Frank Fitzsimmons at Palm Springs.

"How does it look!"

NIXON, THE BAHAMAS, AND ORGANIZED CRIME

While the combination of Nixon, the Teamsters, and the mob forms a clearly defined triangle, a clear picture of the relationship between Nixon, the Bahamas, and organized crime is more elusive. In some ways, however, it is an even more ominous relationship, especially as regards Nixon's personal presence.

Organized crime's beachhead in the Bahamas, a natural development after their large losses following the 1959 Cuban revolution, reached its fullest extent in the mid-1960's with the control, through the Bahamas Amusement Company, of three hotel casinos. By 1967, with a Royal Commission of Inquiry and magazines like *Life* leading the attacking forces, the reconstruction and investigation of organized crime's seven-year stranglehold on the islands had become high drama. The leading character

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was the syndicate kingpin and financial wizard, Meyer Lansky. Working through two wheeler-dealers, Wallace Groves and Lou Chesler, and in conjunction with corrupt Bahamian officials, one of whom collected $1.8 million in "fees" for his services, Lansky became a silent partner in all three gambling saloons and a spokesman for the syndicate.

In 1965, with the boom in full force, Groves made plans with the Florida-based Mary Carter Paint Company for two new casinos. A man named Seymour Alter handled such details as the crucial sale of Paradise Island (a small island off Nassau) to the paint company, for which Alter claims he collected a handsome fee. A January 1966 Justice Department memo saw the handwriting on the wall: "Mary Carter Paint Company will be in control of Paradise Island with the exception of the casino which Groves will control. The atmosphere seems ripe for a Lansky skim." In 1967, Mary Carter opened one of its two casinos, the Nassau Bay Club, with Richard Nixon as an honored guest. The following year it opened its second casino on Paradise Island.

After the shock waves created by the 1967 Royal Commission investigations, the central question had become whether organized crime's influence in the Bahamas had vanished or merely become less visible. As late as 1970 there was solid evidence of Meyer Lansky's presence. In a June 1972 indictment in Miami of Lansky and his associate Dino Cellini, government prosecutors alleged that in 1968 Lansky maintained at least some control over running junkets (an integral part of a casino operation) to the Paradise Island casino. In late 1969 the Mary Carter Paint Company—by now called Resorts International—reluctantly released Dino Cellini's brother, Eddie, from his post at the casino. Even after his dismissal, intelligence reports by the Dade County sheriff's office placed both Cellinis at Resorts International's Miami office, where they checked credits and booked junkets. As late as 1970, newspapers were quoting government investigators as believing that the "resourceful Lansky is still managing to get his cut from the Bahamas."

On January 21, 1974, Denny Walsh of the *New York Times* disclosed that Seymour Alter had been the man responsible for hosting Richard Nixon in 1962 on the first of his many visits to the Bahamas. Walsh also wrote that Alter was being investigated for possible "skimming" of funds from the Paradise Island casino through Bebe Rebozo's Key Biscayne Bank, a bank with which Alter had very close ties. Walsh also reported that the chairman of the board of Resorts International had donated $100,000 to Nixon's 1968 campaign and had raised at least that much again from friends. Some details of the Nixon-Resorts International connection had surfaced previously—for instance, the fact that Resorts International had offered various facilities to Nixon and his staff during the 1968 Republican Convention in Miami Beach. Although it had been previously known that Nixon and Rebozo were friends of James Crosby, the head of Resorts International, Walsh revealed for the first time that it was Alter who introduced Rebozo to Crosby in 1967, which led in turn to Nixon being Crosby's official guest at the January 1968 opening of the Paradise Island Casino. (Though considered a great poker player from his World War II days, Nixon stayed away from the casino.)

Nixon needs a "clean" explanation for his close proximity to the Bahamas-Resorts International setup. The Resort's casinos were at least conceived and formulated, if not operated, while the influence of Meyer Lansky on Bahamian gambling remained strong. At present, Seymour Alter provides that explanation. He has no visible links to organized crime. Yet questions remain.

Alter has known his way around the Bahamas for a long time. In 1965 it was his "consulting" ability that enabled Mary Carter to buy Paradise Island for its casino, at a time when Mary Carter's partner was Wallace Groves's Bahamas Amusement Ltd. The certificate of exemption to run the Paradise Island Casino had been obtained for $750,000 from the Bahamian Club, a small gaming room in Nassau. *Life* magazine, in its February 3, 1967, issue stated: "Under the Bahamian Club's present management Lansky and Company pull the managerial strings and are slated to run the Paradise Island Casino when it opens."

> **"It is no longer possible to differentiate 'underworld' gangsters from 'upperworld' businessmen and government officials."**

While there are other additions to be made to the Nixon-Bahamas-mob network—such as Lou Chesler's $14,000 contribution to Nixon's 1960 campaign—it brings us no closer to the bottom line. They do, of course, reinforce the belief among government investigators and other observers that the mathematical probability of coincidence as the answer is slim indeed.

The activities of Charles (Bebe) Rebozo, the closest of Nixon's friends, have been put under intense public scrutiny as a result of Watergate, but they still remain an enigma. The accepted legends portray Rebozo as a millionaire banker who stays aloof from politics but is willing to lend support, financial and otherwise, to Richard Nixon and his family.

In fact, his willingness to help finance Nixon's San Clemente estate and purchase a home for Julie Nixon Eisenhower and her husband David in Bethesda, Maryland, comes more from benevolence than from great riches. Rebozo's personal wealth is, according to his own statements, surprisingly low—certainly no match for that of another close friend of Nixon's, the Aerosol millionaire Robert Abplanalp, who is reported to have $250 million. In a June 1967 net-worth accounting submitted to the Small Business Administration, Rebozo put his wealth at a little over a half-million dollars. By 1970, even after selling some real estate to the government—and receiving, as *Newsday* reported, "favored treatment"—his net worth had climbed to only just over a million dollars.

Most of that wealth was derived from his ownership of the Key Biscayne Bank, the only bank on the prosperous island of Key Biscayne. This bank, with its limited assets and lack of financial activity (it ranks dead-last among Florida's 607 banks in the percentage of its deposits lent out to customers), has been described by a federal bank examiner as "so conservative that it is almost not a bank."

And yet the Key Biscayne Bank is the little bank that could.

It is the Key Biscayne Bank that has lent large sums of money and handled accounts for various officials of the company that owns the Paradise Island Casino in the Bahamas—a foreign country. It is the Key Biscayne Bank that has lent $195,000 to an Atlanta businessman with no financial ties to the Miami area, a loan collateralized by 900 shares of IBM stock—stock stolen by the Mafia expressly to meet the needs of the transaction.

Washington Post reporter Ron Kessler has disclosed that Rebozo cashed 300 shares of the stolen stock after an insurance company investigator had informed Rebozo that the stock was stolen. The investigator, who testified under oath about his warning, had also written a report about his interview with Rebozo in which he stated: "This would appear to me to be a shady deal, and I suspect that Mr. Rebozo is aware of this and did not want to become involved. . . ."

Rebozo, who denies knowing the stock was stolen before he sold it, was saved from further involvement in the case when in 1971 the Justice Department quietly settled out of court the case against the eight mob defendants who stole the stock. Rebozo would have had to testify under oath had the case, which had been under investigation for over a year, actually come to trial.

Furthermore, a civil case involving the stolen stock and Rebozo's bank was terminated after a one-day trial by U.S. District Court Judge James King. King, who was appointed to the bench by President Nixon in 1970, shut off discussion of the procedures normally used by banks to determine if negotiable stock (which the IBM stock was) is owned by a loan applicant (which it wasn't in this case). In 1963 and 1964, Judge King, at that time a lawyer, was also a director of the Miami National Bank. This was a time during which, according to a

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government indictment, the Miami National was used by Meyer Lansky to transfer and hide illicit funds.

Besides handling personal savings accounts and certificates of deposit for Richard Nixon, the Key Biscayne Bank found it good business to handle accounts for the Committee to Re-elect the President and to allow a $100,000 contribution from Howard Hughes to sit in one of its safe-deposit boxes for three years. It is these activities of Rebozo, as an unauthorized fund-raiser and political troubleshooter, that have cast doubt not only on his financial practices and those of his bank but also on his assertion that his political relationships have always only been "social."

It is the controversial $100,000 Hughes contribution—so controversial, indeed, that Hughes's emissary, Richard Danner, was eventually convinced by Rebozo to take the money back—which triggered interest into the early roots of the Nixon-Rebozo relationship. Curiously enough, it is Richard Danner who seems to hold the key to much of that early history.

For twenty years, Mr. Nixon and his biographers have always maintained that he never showed up in Florida or met Bebe Rebozo until George Smathers introduced them in 1951. However, in the summer of 1972, I learned from ex-FBI agent John Madala that Nixon had come down to Florida for "numerous" pleasure excursions during the "late 1940's," and that on those excursions Nixon went fishing first with Tatum "Chubby" Wofford, a Florida hotel owner and real-estate speculator, and later with Rebozo. Madala indicated that his old friend Richard Danner had helped make the necessary arrangements. (Danner and Madala had worked together in the Miami FBI office during the Forties.)

In a September 1972 interview in his plush Las Vegas office, Danner confirmed Madala's story and told me about one of Nixon's Miami visits.

This was in 1948, at a time when Nixon was involved in prosecuting the Alger Hiss case. According to Danner, George Smathers, who had introduced Danner to Nixon in Washington in 1947, called from Washington to tell Danner, "Dick is on the verge of a physical breakdown. We're all concerned about him." So Smathers put Nixon on the train and Danner met him at the other end in Miami. (Danner remembers that he thought Nixon looked like a "Northern hick" coming off the train in his heavy overcoat.) After a week in Vero Beach, where Danner had a car dealership, the two headed for a Miami osteopath. Danner called Rebozo, telling him, "Bebe, get your boat and meet us at the doctor's office." Rebozo did as instructed, and the three then went out on his yacht.

According to both Madala and Danner, Nixon's first Florida yachting companion was Wofford, but the "wild man" (Danner's description of Wofford) had personal problems and moved to Georgia. Wofford had other problems, too. His Wofford Hotel, according to testimony given in hearings before the celebrated Kefauver Committee on Organized Crime in 1950–51, served as headquarters for major New York syndicate figures, who owned part of the hotel in conjunction with their local representative, Abe Allenberg. (Richard Danner was a friend of Allenberg's and had worked for him in 1946 at the Miami Beach Hotel Owner's Association.)

The Kefauver hearings, which opened in Miami, painted an alarming picture of nationally known gangsters working in harmony with Florida public officials. (Danner, as city manager of Miami from 1946 to 1948, found himself caught in the middle of a gangland dispute over control of the city police and was dismissed from office.)

It is essential to Nixon's later image that these visits to Florida during the 1940's be kept secret, for no one knows exactly what is in the Pandora's Box that contains the true story of his relationships with Danner, Wofford, and Rebozo.

Most experts have found it difficult to separate the worlds of organized crime and gambling; and unfortunately Danner, Nixon, and Rebozo have made no attempt to clear up their cloudy connections with organized crime and gambling in the 1940's. In fact, it was Danner who in 1952 accompanied Nixon on a quick jaunt to a mob-operated casino in Cuba, and it is his closeness to Nixon that cements Danner's position as the head of Howard Hughes's Sands Casino in Las Vegas. As for Rebozo, in 1968 he chose from among the scores of construction firms available in Miami the one headed by former Cleveland mobster "Big Al" Polizzi to build his shopping center in Miami's Cuban community.

"Most of the money Nixon borrowed to finance his Fisher Island purchases came from a bank connected to organized crime."

The trail of the Hughes $100,000—which includes meetings between Danner and Nixon—has served only to tighten the web of connections among Nixon, Danner, and Rebozo. While Danner has admitted under oath that it was he who introduced Nixon to Rebozo, the nearest he has been able to place the time of that first meeting is "about 1950." (The date contradicts what he told this writer in September 1972 before Nixon's troubles began.) Nixon's early trips to Florida for rest and recreation engendered friendships and associations that later in his career—at a time when he was at his political and financial nadir—were to be of crucial importance to his recovery.

SOME DEALS NIXON COULDN'T REFUSE

Some of Richard Nixon's shrewdest Florida real-estate ventures have found him in strange company. For this he can thank his good friend and banker Bebe Rebozo. Rebozo, who has had a hand in all of Nixon's real-estate investments, is, as we shall see, as adroit a real-estate speculator as he is a banker.

Between 1962 and 1967, Nixon bought stock in Fisher Island Inc., a closely held corporation that owned 90 percent of the land on Fisher Island, an undeveloped and unconnected piece of land just off the tip of Miami Beach. Everything about Fisher Island Inc. and Nixon's involvement with it is characterized by an uncomfortable coziness. Membership in this investment syndicate—which numbers less than twenty-five—is tightly controlled and most of the stockholders know each other very well indeed.

For Nixon's Fisher Island investment, hospitality was the byword. Rebozo, president of Fisher Island Inc., arranged for his good friend Nixon to buy 199,891 shares of stock at $1 a share. Nixon sold 14,000 of those shares at $1 a share to Pat Buchanan and Rose Mary Woods, his trusted longtime aides, and in May 1969 he sold his remaining 185,819 shares *back* to Fisher Island Inc. for $2 a share, realizing a nifty 100 percent capital gain.

To finance his Fisher Island purchases, Nixon borrowed $41,000 from Rebozo's bank and $24,000 from another Miami bank (the Merchants Bank) controlled by fellow Fisher Island investors, and he turned to the City National Bank of Miami for a loan of $100,000 to finance the bulk of his Fisher stock purchases. (The White House has not revealed the exact date of the loan, but several reliable sources indicate that most of Nixon's Fisher purchases occurred in 1966 and 1967. It can be assumed that the loan coincided with the timing of those purchases.)

There is no reason to assume that City National Bank was not part of the friendly Fisher tradition. After all, there was ample financial assistance available from fellow investors like Rebozo, so surely Nixon must have felt comfortable in turning to City National for his largest Fisher-related loan. There is only one problem with that assumption. His name is Max Orovitz, a prominent trustee and director of the City National Bank during the mid and late 1960's, a man who despite his respectable trappings—or some would say *because* of those trappings—finds his name inextricably linked to Meyer Lansky's. And so, in fact, the largest of Nixon's Fisher-related borrowing came not from fellow-investors, but from a bank connected to organized crime.

Max Orovitz's troubles began in the early 1960's with a real-estate company of which he was a principal owner, the General Development Corporation (GDC). Orovitz had a supposedly respectable company—like the Mackle brothers whose Key Biscayne Inn has always opened its doors to their good friends Richard Nixon and Bebe Rebozo—but GDC also had gangsters "Trigger" Mike Coppola and Lansky-associate Lou Chesler as its principals. Worse for

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Orovitz was the fact that in 1961 he committed an elaborate securities fraud involving GDC stock and some fancy Swiss-bank maneuvers. (His 1968 conviction was part of U.S. Attorney Robert Morgenthau's war on organized crime.)

Orovitz hasn't been able to rid himself of some of the friends of his GDC days. In 1963 Meyer Lansky and his key lieutenants planned the installation of gambling casinos in the Bahamas in Orovitz's office, and Orovitz was later put on the payroll as a "consultant," of the company that controlled the first casino on the island.

In 1967 the Royal Commission of Inquiry examined Orovitz's role in handling stateside money transfers and manipulations for the Lucayan Beach Casino, including some large transactions between Orovitz and Lansky couriers that produced unauthorized signatures on checks after they were cashed, giving rise to the suspicion that tainted money was being laundered. At the time of the transactions, Orovitz was using the mob-controlled Bank of Miami Beach. A Justice Department memo was later to offer "proof of a collection account in the Bank of Miami Beach with Max Orovitz taking millions of dollars out of the account for the benefit of Lansky and Chesler."

Orovitz began to feel the heat, and in 1965 he transferred the casino accounts to the City National Bank of Miami, of which he, together with another Lansky associate, had become a director. Orovitz and the casino accounts remained at the City National at the time it granted Richard Nixon his $100,000 loan.

By 1970 Orovitz set his sights on Israel, and when Meyer Lansky took refuge in Tel Aviv that year, federal investigators—who consider Orovitz a "respectable associate of Lansky"—were not surprised to see Lansky, the aging but still active financial wizard, take up residence at the Orovitz-owned Dan Hotel in Tel Aviv.

By 1970, according to his December 1973 financial statement, President Nixon had paid back his $100,000 loan to the City National—and in one lump sum we're told.

One clue to the City National loan is real-estate broker Nat Ratner, who handled the 1957 sale of Fisher Island to Rebozo's syndicate. Ratner later handled plans for the island's development, owned Fisher stock (at the same time that Nixon did), and helped Rebozo distribute pieces of Fisher stock as favors to friends.

But it is Ratner's large stock holdings in the Bank of Miami Beach that is most interesting. As we have previously seen, this bank, originally set up to service Cuban casinos operated by organized crime, continued to perform laundering services through the Sixties and was still considered mob-connected when Ratner unsuccessfully tried to take it over in 1965. (The Bank of Miami Beach was considered a sister bank of the Miami National Bank in those days, sharing many of the same directors and performing many of the same services.)

Nobody has been willing to talk about the circumstances surrounding the City National's $100,000 loan to Nixon. And while the president has been forced by the pressures of Watergate to reveal an obligation he expected to remain a secret, he still finds the cozy hospitality of Fisher Island Inc. rewarding, long after the sale of his stock.

Take his 1967 purchase of two empty lots in the Cape Florida section of Key Biscayne—one has to give him credit for the uncanny ability to turn a simple real-estate deal into a hatful of magic tricks. As we have seen in the Fisher Island investment—and as any good magician will tell you—there's more here than meets the eye.

In October 1968, Nixon valued his two Cape Florida lots at $51,382, reasonably close to the price of $53,100 indicated by the tax stamps. But in a 1969 financial statement the same asset was valued at $37,600 by Nixon. To further confuse matters, the president failed to register the deed for one of the two lots until June 1971, four years after its purchase, and a few days after an outstanding mortgage on the lot owed to Max Orovitz's City National Bank was satisfied. Finally, in his "fullest" disclosure of December 1973, Nixon revealed that the price he had paid was $38,080 and that his daughter Tricia had a hidden investment of $20,000 in the two lots. This, of course, would have made her a greater than 50 percent partner, but when it came time to divide up the profits—the lots were sold in December 1972 for $150,000 to Robert Abplanalp's attorney—Tricia got the short end and only 40 percent of the profits.

"It is essential to Nixon's image that his visits to Florida during the 1940's be kept secret."

Nixon bought the lots from the Cape Florida Development Co., which was headed by Donald Berg and whose original principals included Bebe Rebozo. Berg, a business and personal associate of Meyer Lansky's front-man Lou Chesler, was found to be "unsavory" by the Secret Service, who then asked the president to stop frequenting Berg's Key Biscayne restaurant. In 1966 Rebozo and Berg had obtained the land from the World Wide Realty Company, considered by federal investigators to be a "real-estate front" in Lansky's financial empire. Headed by Arthur Desser, a close friend of Jimmy Hoffa's, World Wide had close financial interlockings with the Miami National Bank at the time it was skimming money for Lansky. And among the mob-connected principals of World Wide was the Teamsters Pension Fund "consultant" Allen Dorfman, who came into his 25,000 shares in the company at about the time the Pension Fund loaned Desser and World Wide $5.8 million. During the 1960's Dorfman and World Wide Realty had been owners of the building in which both Miami National and World Wide had their offices.

Amidst all of this Florida wheeling and dealing, World Wide Realty was unable to file required financial statements to the Securities and Exchange Commission in Washington; and in 1971, after five years of either late or missing financial statements, the SEC filed a complaint against the company. Under the terms of the consent decree, reached six months later, World Wide was required to submit the missing statements and to comply satisfactorily with SEC requirements in the future. As of March 1974, World Wide had not met the terms of that decree and further investigation has revealed other irregularities and possible violations. For example, neither of the large Teamster Pension Fund loans to the company are reflected in World Wide's financial statements—an apparent violation of SEC regulations.

Nixon went to unusual lengths to cover up his financial connection to World Wide Realty. He chose to record only one of the two lots he purchased in 1967—the one that had been sold to Cape Florida Development by World Wide Realty free of mortgage or lien. (The recording of a parcel of real estate is the legal instrument that conveys title to the land into the hands of the buyer.)

The other lot, also purchased by Cape Florida Development from World Wide Realty, and subject to a mortgage retained by World Wide, was also still subject to a mortgage held by City National Bank when purchased by Nixon in 1967. Nixon chose not to record this lot for four years—a highly unorthodox transaction that would have left him liable to losing ownership of the lot and his investment if the Cape Florida Development Company had had financial trouble. Nixon waited until June 1971, a few days after the mortgage was satisfied and any tainted financial connections gone, to record the lot.

Today, mortgages on the two lots are held by Rebozo's bank. That's not surprising since its been an "all in the family" transaction all along. The only real question is, who's in the family?

BACK IN CALIFORNIA

Mixing it up with wheeler-dealers in those Miami real-estate ventures was not exactly a new experience for Nixon. In 1961 he had purchased one tract and part of another in the Trousdale Estates development in Beverly Hills. That land was encumbered at the time to the Central States Pension Fund, which had loaned the developers over $6.7 million. To protect the interest of the Pension Fund, the trustees of the Fund exercised tight control over how the lots were sold. The trust deeds that the Fund held as security for the loans contained complicated provisions to insure that control. Nevertheless, Nixon managed to get his lots at a discount—in fact he paid only $35,000 for land that had a mortgage of $42,000 on it.

Southern California is where Nixon started, and his leading financial angel there has been C. Arnholt Smith, a San Diego millionaire. For twenty-seven years the political and financial empires of Nixon and Smith followed parallel paths. But today Smith finds his empire in shambles, and —not surprisingly—he attributes his problems to Watergate and his closeness to Nixon. With Smith's collapse, the extent of his dealings down through the years with organized crime has come to the surface.

Smith joined the Nixon bandwagon early in the game—Pat Nixon gratefully remembers "Arnie" as "one of our first supporters" —and he lost no time in introducing the then congressman to some members of his entourage. One frequent stop was a downtown delicatessen run by Lew Lipton, a convicted bookmaker and a man with extensive connections in the Southern California underworld. Twenty-five years later, Lipton still cherishes a photo of Nixon frequenting his restaurant.

For Lew Lipton, the road to fortune was Smith's billion-dollar United States National Bank, where he was made a senior vice-president and loan officer. (The United States National collapsed in September 1973, resulting in the largest bank failure in U.S. history.) In an article detailing Smith's various dealings with organized crime, including loans by the United States National to the underworld, the *New York Times* noted that "Smith brought him [Lipton] into the bank for the loans and accounts Mr. Lipton would hopefully be able to create through his connections."

Investigative free-lance reporter Lowell Bergman has also traced the strange passage of over $10 million in Pension Fund money through the U.S. National via Lipton.

The most obvious example of Smith's connections with the underworld revolve around his business and his personal relationship with John Alessio. Alessio's empire was originally rooted in Tijuana, Mexico—in the Caliente racetrack and a lucrative and legal bookmaking operation—but its funds spilled across the border and into real estate and hotels. According to Denny Walsh in the *New York Times*, American gangsters found Alessio's operation a convenient "lay-off book." The *Times* also felt that "Alessio's bookmaking operation would not have survived without the cooperation of the underworld." While Smith and his bank had propelled Alessio from rags to riches, it was Alessio's problems that were the start of Smith's downfall.

About the time Smith's Westgate-California Corporation merged with the Alessio Corporation, federal agents began a close scrutiny of Alessio's crime connections and his fast shuffling of money. By 1970 the IRS had put together a tax-evasion case against Alessio. He had contributed $26,000 to the Nixon campaign in 1968, but bigger guns were needed. Smith himself took a trip to Washington to talk to Nixon directly. There was a lot hanging in the balance: the tax-evasion case, Smith's under-the-counter stake at Caliente, and the fact that the Organized Crime Strike Force's investigation of Alessio was also zeroing in on Smith for illegal contributions to Nixon's 1968 campaign. White House strong-arm tactics, including—according to *Life* magazine —efforts to circumvent the IRS Commissioner and personally obtain Alessio's tax records, were rebuffed by IRS Special Agent Dave Stutz. John Alessio eventually ended up serving two years in prison for income tax evasion.

It was only three years later that Smith himself began to feel the squeeze: the largest tax lien in IRS history ($22.7 million), a suit by the Securities and Exchange Commission, and continuing criminal investigations by the FBI and a federal grand jury.

Smith, the man who brought a million dollars to the 1968 campaign and who watched that year's election results with the president in his Waldorf Astoria suite, was himself caught in the Watergate developments. His $250,000 contribution in 1972 had been returned, and his guardian angel in Washington was himself in desperate straits.

Thus, federal investigators were not surprised when Smith turned to a key mob attorney and financial organizer, John Donnelley, to save his dwindling empire. For Smith, his connection with organized crime was the last layer to be stripped away in his long cover-up.

"Neither Nixon nor Rebozo have attempted to clear up their cloudy connections with organized crime and gambling."

WAR ON ORGANIZED CRIME

In retrospect, one of the first "inoperative" statements made by President Nixon was his April 24, 1969, call for a "war on organized crime." While his message was received with eager enthusiasm by dedicated federal investigators and prosecutors around the country, their superiors at the highest echelons of the Justice Department had other priorities—harassment of the political opposition, the press, and minorities. On one hand, there was the 1972 conviction in New York of Allen Dorfman for loan kickbacks (the prosecutor being Assistant U.S. Attorney Richard Ben-Veniste, who has since earned fame as a Watergate prosecutor); and, on the other, there was the revelation that over half of the Justice Department's 1,600 indictments in organized crime cases from 1969 through 1973 would be thrown out due to "improper procedures" followed by Attorney John Mitchell in obtaining court-approved authorization for electronic surveillance.

Mitchell's successor, Richard Kleindienst, was reluctant to take up the call against organized crime. In addition to the Teamster-related prosecutions killed by Kleindienst, there was his December 1972 commutation of the sentence of Mafia-kingpin Angelo "Gyp" de Carlo after he had served only two years of a twelve-year sentence. Although de Carlo, who was released for reasons of health, died ten months later, the FBI maintained that once out of jail he continued to engage in his same old business of organized crime. And while various investigative inquiries failed to nail down any illegal intervention in the case, the application for commutation took officials of the Justice Department's organized crime section by surprise and prompted Senator Henry Jackson, head of the Senate Permanent Subcommittee on Investigations, to remark, "Something smells."

One final legacy of Kleindienst's Attorney Generalship in the war on organized crime is his role in a $100,000 bribe offer to stop the prosecution of several underworld figures caught in a stock-fraud case. In sworn testimony, Kleindienst admitted to being offered the $100,000 bribe (which would be paid in the form of a contribution to Nixon's 1972 campaign) by an aide of Senator Hiram Fong, a Republican from Hawaii. Kleindienst said he refused the offer but also said that it took him an entire week to realize it was a bribe!

During cross-examination, the prosecutor asked Kleindienst, "If you had regarded the conversation as something regarding a bribe offer, you would have immediately reported it, would you not?"

"Yes sir," replied Kleindienst, "I would have."

Kleindienst admitted that he reported the bribe a full week later, upon learning from J. Edgar Hoover that federal agents were investigating the case.

One would expect the Attorney General to be more alert. But what is most troubling are reports aired in the *Washington Post* shortly after the indictments in the fraud case (and ten months before Kleindienst's testimony on the bribe). Those reports quoted "sources at the U.S. Attorney's office in New York" and indicated that after the meeting between Kleindienst and Fong's aide, "Kleindienst immediately contacted Justice's Criminal Division and an FBI agent was assigned to infiltrate the group of alleged conspirators."

Kleindienst's confusion about recognizing and reporting a criminal act bears a striking resemblance to actions of other Nixon team members—even the boss himself—in regards to their knowledge of and participation in the Watergate break-in and subsequent cover-up.

History may or may not prove that Richard Nixon has fulfilled Ralph Salerno's prediction that organized crime would one day put a man in the White House. Yet Nixon has left one inescapable political legacy—the unparalleled panoply of organized criminal activity and offenses committed by his White House during his years in office.