

Rebozo Bank and Gambling in Bahamas Attract Election Spending Investigators

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WASHINGTON, Jan. 20—For months now, in a tantalizing sidelight to the Watergate inquiry investigators have been trying to learn more about reported relationships between gambling interests in the Bahamas and the bank in Key Biscayne, Fla., owned by President Nixon's close friend, Charles G. (Bebe) Rebozo.

At least one investigator, Richard E. Gerstein, a Florida state attorney, has been looking into the possibility that the bank may have served as a way-station for funds "skimmed" from the gambling tables in the Bahamas and, after an appropriate interval, funneled quietly into the 1972 Republican Presidential campaign.

In addition, the Senate Watergate committee has investigated — but declined to comment on — reports that illegal campaign funds had been "laundered" in the Bahamas and then channeled through Miami into the campaign.

No proof has yet emerged that the Nixon campaign of 1972 received irregular contributions from or through the Bahamas or that Mr. Nixon's Bahamian associations, which stretch back more than a decade, have involved anything improper or illegal. Nor has there been any proof of "skimming" or "laundering."

Yet the paths of investigators have inexorably led to one Bahamian island, its gambling casino, and a number of men who have prospered there while maintaining a close relationship with Mr. Rebozo and his bank during the last decade.

The island is Paradise Island, less than an hour's flight southeast of Miami, where a dispirited Richard Nixon, accompanied by his family and Mr. Rebozo, went to for a rest in November, 1962, following Mr. Nixon's humiliating defeat in a bid for the California governorship.

As for the men, they include the following:

¶**Seymour Alter.** Mr. Alter, who set up a gift shop on the island with a loan from Mr. Rebozo's bank, has repeatedly been connected with reports of large sums of cash being trans-

ferred from the island to the bank. He eventually sold his gift shop at a large profit to a company controlled by Robert L. Vesco, who has been indicted in the United States for fraud, obstruction of justice and conspiracy and has taken refuge in the Bahamas. Mr. Alter acted as host for the Nixons and Mr. Rebozo during their three-week stay on the island, then owned by the grocery store heir, Huntington Hartford.

¶**James M. Crosby.** Mr. Crosby is chairman of the board of Resorts International, Inc., a publicly traded company that now owns a majority interest in Paradise Island, including one of the world's

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largest and most profitable casinos. Mr. Crosby says he contributed \$100,000 of his own money to Mr. Nixon's 1968 campaign and raised at least that much from friends.

¶**I. G. (Jack) Davis Jr.** Mr. Davis is the president of Resorts International.

All Five Interviewed

The New York Times, as part of a three-month inquiry in the United States and the Bahamas, interviewed Mr. Alter, Mr. Crosby, Mr. Davis, Mr. Hartford and Robert D. Pelouquin, a former Justice Department attorney who first encountered the Crosby-Davis operations during a departmental investigation centered on the Bahamas, later resigned his Government post and subsequently became security chief for Paradise Island. All five men have played a considerable role in the history of the island.

In the late nineteen-fifties, Mr. Hartford purchased the property, then known as Hog Island, with intentions of turning it into an exclusive gambling resort. But he was not in favor with the so-called "Bay Street Boys," a group of merchant-politicians who then controlled the Government and commerce of the Bahamas.

Consequently, he was never able to obtain the two things most needed to make a success of his venture—a gambling permit and permission to build a bridge over the harbor between his island and Nassau, the tourist-rich capital city of the Bahamas on New Providence Island.

For a while, Mr. Hartford transported guests from and to Nassau by boat, but he operated at a prohibitive loss, and the resort was closed by the

time the Nixons and Mr. Rebozo arrived in late 1962.

Mr. Alter, who was then working for Mr. Hartford, was living on the island, looking after things and searching for a buyer for the property.

Mr. Alter, 52 years old, born and bred in Manhattan, remem-



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bers the Nixon visit with a mixture of nostalgia and sadness.

"He was so morose," Mr. Alter recalled. "I pride myself on being a pretty good amateur comedian, but I couldn't get a laugh out of him."

The Nixons and Mr. Rebozo stayed at the Ocean Club, the small hotel on the island built by Mr. Hartford.

"I was given orders by Hartford that they were to pay for nothing," Mr. Alter said.

Friendship Develops

A friendship that continues to this day developed then between Mr. Rebozo and Mr. Alter.

"Bebe's a great guy," Mr. Alter said. "He recently brought some steaks out to the house [the Alter home in a Miami suburb]. My wife cooked them and we sat around and talked. Once in a while he has to get away from it all."

Mr. Nixon apparently remembered his first visit to Paradise Island rather fondly. On a table in Mr. Hartford's New York apartment is a silver cigarette box with the following message engraved on the lid:

"To the Hartfords, in remembrance of Thanksgiving 1962, Pat and Dick Nixon."

Mr. Alter said that, during the Christmas season that year, Mr. Nixon and Mr. Rebozo dropped by a liquor store Mr. Alter was then operating in New York to wish him well and thank him for his hospitality the month before.

Mr. Alter said that in the next few years, while Mr. Nixon was practicing law in New York, he saw him infrequently. Once, he said, he chatted with him at a party at Mr. Hartford's home and was

with him and Mr. Rebozo on a few occasions in Florida.

It was at a party in Miami in 1967 that Mr. Alter introduced Mr. Rebozo to Mr. Crosby. Mr. Rebozo introduced Mr. Crosby to Mr. Nixon later that year.

It was also Mr. Alter who brought Mr. Crosby and Mr. Davis together with Mr. Hartford in 1965 for negotiations on the sale of Paradise Island. That culminated in Resort International's predecessor concern, the Mary Carter Paint Company of Tampa, Fla., buying 75 per cent of the Hartford property on the island in January, 1966, and Mr. Alter collected a handsome fee for his effort.

He also became a "consultant" to the Crosby-Davis interests. One of his duties for Resorts has been to use his considerable influence with middle-level officials in the Bahamian Government to help solve some of the problems encountered by the company in developing and operating the island.

"He has some Bahamian friends he entertains," Mr. Crosby said.

Mr. Alter was not so subtle. He described how he entertained Bahamian customs officials who, in turn, were able to expedite the rather large amount of business Resorts does with their agency.

Customs and other Bahamian Government personnel have traveled, partly at Mr. Alter's expense, to Las Vegas and Acapulco, he said, where the Resorts "consultant" arranged for women, lodging, liquor and food for them.

"They would be insulted if I offered them money," Mr. Alter said when asked about cash payoffs. "These are my friends. I'm the godfather of two or three of their children."

A \$100,000 Donation

Shortly after Mr. Rebozo introduced Mr. Nixon to Mr. Crosby in late 1967, Mr. Crosby decided to donate \$100,000 for use by Mr. Nixon in the following year's New Hampshire Republican primary campaign. The contribution took the form of \$3,000 personal checks to each of 33 committees and a single \$1,000 check.

"Nixon was explicit on that point," Mr. Crosby said. "He said that was the legal way."

The law then allowed individual contributions of up to \$5,000 to each committee set up as part of a campaign for Federal office.

Mr. Crosby also raised money for Mr. Nixon by soliciting donations from his friends, but he said he did not handle the money personally.

He said that in conversations with Mr. Nixon in 1967, it became clear to him that the prospective candidate was in great need of funds for the New Hampshire primary. He said that he admired Mr. Nixon's fortitude in his determination

to run for President a second time.

Before starting his New Hampshire campaign, Mr. Nixon was Mr. Crosby's guest for two days during the official opening in January, 1968, of the Paradise Island Hotel and Villas and the adjoining casino, which form the core of Resorts properties on the island. Mr. Nixon stayed at the Ocean Club. According to all accounts, he did not go into the casino.

Mr. Alter recalled a conversation he had had with the future President while driving him and Mr. Rebozo to the Nassau airport.

Mr. Nixon, according to Mr. Alter, had asked Mr. Alter whether he should try for the Presidency. Mr. Alter said he had replied that Mr. Nixon would never forgive himself if he did not make the race.

Mr. Alter said that in another talk with Mr. Nixon around that time, about the war in Vietnam, Mr. Nixon had said that the way to end the conflict was to isolate the North Vietnamese Government

source has purposely been obscured.

The network attributed its information to sources close to the Senate committee. It did not specify which of the Bahamas' three casinos it was referring to, nor did it explain the method of "laundering."

The next day, an A.B.C.-affiliated television station in Miami reported that the committee was searching for "ties" between Mr. Rebozo's bank and the Paradise Island casino.

Mr. Davis branded as "absurd" any intimation that the casino was used as a "laundry" for 1972 campaign money.

Nevertheless, the only minority interest in Resorts properties on Paradise Island—Huntington Hartford—has charged in a civil lawsuit that some casino profits are being concealed. Mr. Hartford is entitled to share in the casino's receipts according to a formula geared to an annual profit factor in excess of \$6.25-million, a profit that has never been realized.

Mr. Hartford contended in an affidavit that the casino's financial statements were "falsified" to hide part of its earnings—a practice known as "skimming."

Mr. Crosby and Mr. Davis deny this allegation, as does Mr. Peloquin. They point out that the Hartford affidavit suggests that a travel guide was a source for his accusation.

On Aug. 8, Mr. Alter's name came up during questioning by the Senate Watergate committee's staff of Franklin S. DeBoer, then a vice president and trust officer of Mr. Rebozo's bank.

"Do you know whether Mr. Alter brings currency into the United States from Paradise Island?" Mr. DeBoer was asked. "I heard he does," was the reply.

Mr. Peloquin said the committee's investigation of reports that "skimmed" casino receipts found their way into the 1972 campaign showed there was no substance to the allegations. Attorneys for the committee refused to comment when asked if that was an accurate account of their findings.

Cooperation Reported

Mr. Peloquin added that Mr. Crosby, Mr. Davis and Mr. Alter had cooperated fully with Federal and Florida investigators.

In an interview, Mr. DeBoer referred to Mr. Alter as a "bagman." Asked why, he said, "I'm just quoting 10,000 other people," though he refused to identify anyone.

Mr. Alter told The Times that he brought cash from the island to the bank twice in 1972. But he insisted that it was neither "skimmed" money nor money intended for the campaign. Instead, he said, it consisted solely of profits from his gift shop.

Mr. Alter's five-year relationship with the bank is of interest to the Watergate special pro-

secutor's office, the Internal Revenue Service, the Senate Watergate committee and the Dade County office of Mr. Gerstein.

The relationship began in 1968 when Mr. Alter opened a checking account at the bank because he felt that if he ever needed money for a "substantial" business deal, "Bebe was a friend I could talk to, so I wanted to be a customer."

Subsequently, Mr. Alter borrowed \$30,000 from the bank to start his gift shop in the arcade between the Paradise Island



The New York Times

James M. Crosby, who said he gave \$100,000 of his own money to Mr. Nixon's 1968 campaign fund, now owns a major interest in the island.

casino and the Britannia Beach Hotel, the Resorts property where Howard R. Hughes, the reclusive billionaire, lived during his stay on the island a few years ago. Mr. Alter said he had paid off the loan in two years.

Late last November, a former officer of the bank, Richard Stearns, reportedly said in a statement taken under oath by Martin Dardis, chief investigator for the Dade County prosecutor, that he had met Mr. Alter at the bank after normal business hours more than once. In some instances, Mr. Stearns reportedly said, he gave Mr. Alter a \$100 bill for every five \$20 bills.

Money Deposited

Mr. Alter said that he had put the cash from the gift shop, totaling between \$35,000 and \$37,000, in a safe deposit box he had at the Key Biscayne bank. He explained that he carried relatively small bills and exchanged them for \$50 bills and \$100 bills at the bank so that the money would fit into the box. He said he had arrived shortly after the bank closed on the first trip, and Mr. Stearns had let him in.

He sold the gift shop, including his Resorts lease, last January to a company controlled by Mr. Vesco, for \$315,000. This money took the form of two checks that Mr. Alter deposited in his non-interest-bearing checking account at Mr. Rebozo's bank.

Within 60 days, Mr. Alter said, he moved the money into a half-dozen savings accounts in as many banks. Still later, he said, he bought three \$100,000 certificates of deposit, which he says he still holds.

In 1972, Mr. Alter said, he again made a loan from the Rebozo bank, this one for \$70,000, to buy \$170,000 worth of Resorts bonds on which he was "offered a good deal." He put the bonds up as security for the note and pledged it personally, he said. The loan is still outstanding. According to Mr. Alter, he uses interest on the bonds to meet his payments on the loan.

Mr. Davis and Resorts maintain small accounts at the bank. Mr. Crosby and Mr. Davis said this was the extent of their business dealings with Mr. Rebozo, except when he is a customer at Paradise Island. They said he had visited the island about 20 times in the last four years, that he usually arrived in the evening and left the next day.

Everyone interviewed by The Times said that Mr. Nixon has not been on the island since becoming President.

Visit in 1968

Apparently the last time he was there was in June of 1968, when he flew to Nassau for a four-day rest after attending the funeral in New York of Senator Robert F. Kennedy.

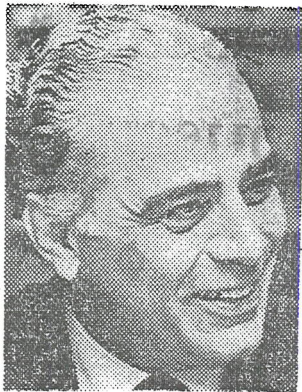
Although Mr. Nixon did not stay on the island, he and Mr. Rebozo had dinner there with Mr. Crosby and Mr. Davis on the evening of June 10, 1968, at the Martinique Cafe, a restaurant built by Mr. Hartford and now owned by Resorts. Mr. Crosby and Mr. Davis described the meeting as purely social.

In 1972 Mr. Vesco's organization agreed to pay \$58-million for certain Paradise Island properties, including the casino. Everything but the closing date had been agreed upon in negotiations between Resorts and the Vesco interests, but the deal was suspended after Mr. Vesco was named as the central figure in one of the largest civil fraud complaints ever filed by the Securities and Exchange Commission.

In the suit, brought in November, 1972, in the Southern District of New York, 42 individuals, corporations, mutual funds and banks were accused of having bilked Investors Overseas Services, the mutual fund empire built by Bernard Cornfeld that later fell into Mr. Vesco's hands, of \$224-million.

Two Vesco associates who are also defendants in the action head the two companies that were the prospective purchasers of the casino, two hotels, the toll bridge across Nassau Harbor and other properties on Paradise Island.

The \$58-million did not in-



United Press International

Charles G. Rebozo, whose bank in Key Biscayne, Fla., is being looked into as a possible way-station for funds skimmed from Bahamas' gambling tables.

through high-level talks with China and the Soviet Union, along with the mining of Hai-phong Harbor after first giving the two Communist powers ample opportunity to get their ships out.

"It's been such a thrill for me to watch that plan unfold," Mr. Alter said.

Last summer the American Broadcasting Company reported that the Senate Watergate committee was investigating reports that illegal Nixon campaign funds had been "laundered" through gambling casinos located in the Bahamas, with the cash being routed through Miami.

"Now Rebozo's associates are being asked to explain their role, if any, in such transactions," A.B.C. reported.

The term "laundered" is applied to money whose ultimate

clude the bridge, which is owned by a private company, the majority of whose stock is held by Mr. Crosby.

The S.E.C. charged that \$15-million of the money allegedly "looted" from I.O.S. mutual funds was diverted to Gulf Stream (Bahamas) Ltd., headed by Gilbert R. J. Straub. Gulf Stream was formed in September, 1972, to purchase the bridge and selected properties on Paradise Island.

The President's Nephew

Mr. Straub is the man in the Vesco empire who is the immediate supervisor of Donald A. Nixon, the President's 27-year-old nephew, according to F. Donald Nixon, the President's brother and Donald's father. Donald A. Nixon has described himself as the administrative assistant to both Mr. Vesco and Mr. Straub, and has said that Mr. Straub is a personal friend of his father.

In papers on file in Federal court in New York, the S.E.C. has identified Howard F. Cerny, a New York lawyer closely associated with Mr. Vesco, as representing Gulf Stream in the proposed transaction. Mr. Cerny once said he represented the President's two brothers.

The attorney, also a defendant in the S.E.C. suit, has been credited by F. Donald Nixon with helping the President's nephew become a Vesco aide.

Mr. Crosby says that his acquaintance with the President, his friendship with Mr. Rebozo and the financial assistance he rendered to Mr. Nixon's 1968 campaign have never resulted in favored treatment by the Nixon Administration.

Mr. Crosby did not contribute to Mr. Nixon's 1972 reelection campaign, though he

was solicited by the President's personal lawyer, Herbert W. Kalmbach. When asked why, his response was, "I felt I had given enough."

He said he has rarely seen Mr. Nixon since Mr. Nixon became President. When he has seen the President, he said, it has usually been at large White House social affairs.

Owned by Abplanalp,

Grand Cay, one of a number of small islands in the northern Bahamas on which the millionaire industrialist, Robert H. Abplanalp, holds 99-year leases, is a frequent Presidential hideaway. Mr. Abplanalp is a close friend of the President and helped finance the purchase of his estate at San Clemente, Calif.

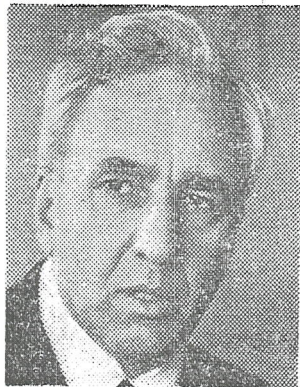
Mr. Abplanalp is an occasional visitor to the Paradise Island casino, where he has sometimes lost several thousand dollars at the gaming tables.

On a couple of these visits, Mr. Abplanalp had dinner with Mr. Alter, whom he met through Mr. Rebozo. Mr. Abplanalp is a director of the Rebozo bank. Mr. Alter said he had a standing invitation from Mr. Abplanalp to fish his area of the Bahamas, but has never done so.

Grand Cay is reachable only by boat, helicopter or seaplane, and when the President is there, the nearest reporters are on Walker's Cay, another Abplanalp property six miles away. Thus, it is impossible to keep track of who comes and goes at Grand Cay or, for that matter, whether the President is on the island all the time.

Mr. Crosby spent an afternoon in 1971 on Grand Cay with the President, Mr. Abplanalp, Mr. Rebozo and Henry A. Kissinger, then Mr. Nixon's foreign policy adviser and now Secretary of State.

Mr. Crosby and Mr. Kissinger arrived in Mr. Abplanalp's seaplane from Paradise Island, where Mr. Kissinger had been relaxing at the Ocean Club.



The New York Times
Huntington Hartford, the grocery store heir, bought property, then known as Hog Island, in late 1950's.



The New York Times/Donal F. Holway
Paradise Island in the Bahamas, where Richard M. Nixon and Charles G. Rebozo went for a rest in November, 1962, after Mr. Nixon's defeat in a bid for the California governorship.