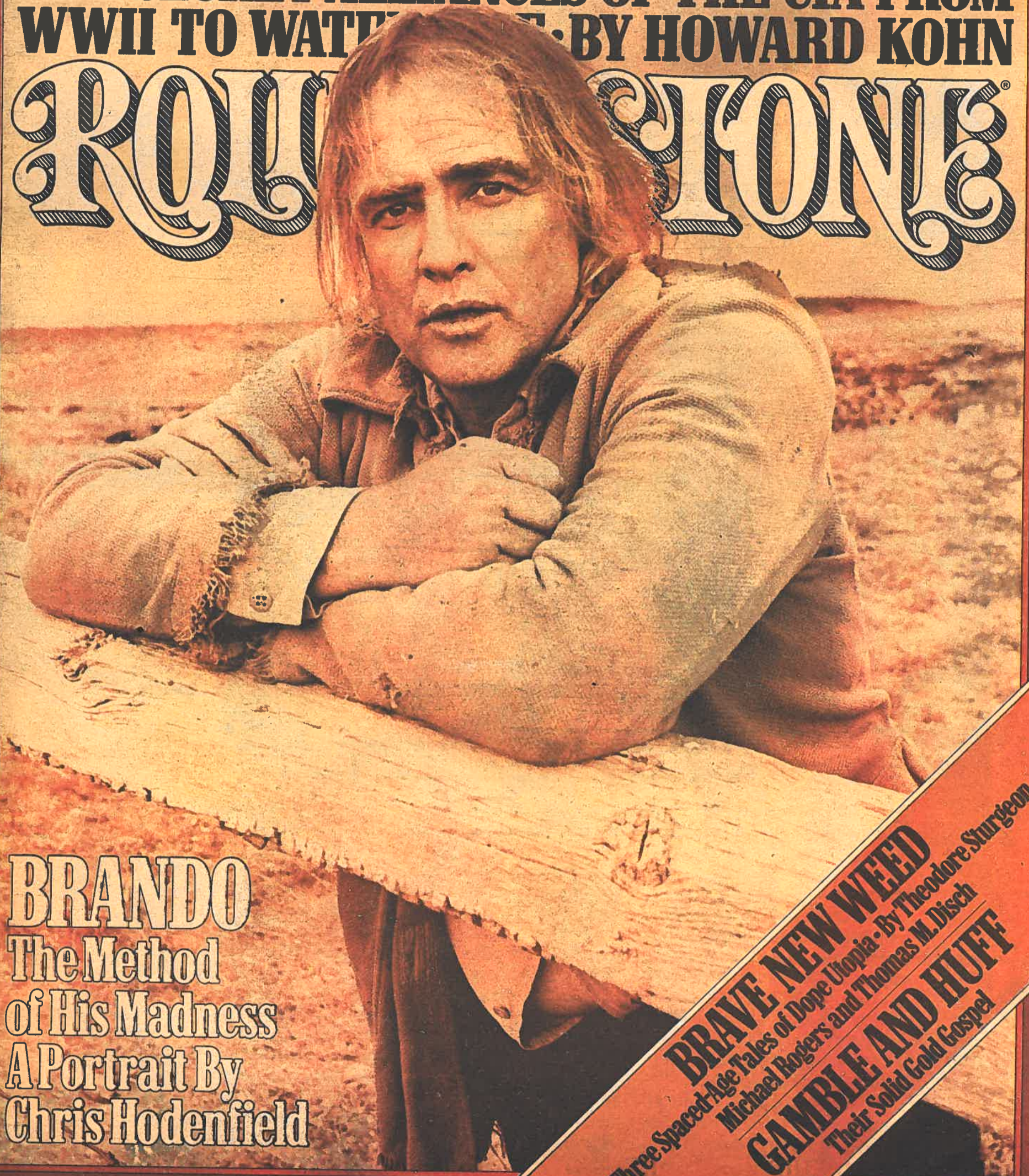


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# THE HUGHES-NIXON-LANSKY CONNECTION: THE SECRET ALLIANCES OF THE CIA FROM WWII TO WATERGATE • BY HOWARD KOHN

# ROVER STONE



**BRANDO**  
The Method  
of His Madness  
A Portrait By  
Chris Hodenfield

**BRAVE NEW WEED**  
Three-Spaced-Age Tales of Dope Utopia • By Theodore Sturgeon,  
Michael Rogers and Thomas M. Disch  
**GAMBLE AND HUFF**  
Their Solid Gold Gospel



"All the News that Fits"

**I N T H I S I S S U E**

*Strange Bedfellows* • by Howard Kohn

40

**T**HE HUGHES-NIXON-LANSKY CONNECTION: The Secret Alliances of the CIA" is one of the most ambitious and intricate pieces we have ever attempted. Howard Kohn began work on it nearly a year ago, when all he had to look at was the emerging connection between the Miami-based Cuban exiles and the CIA. Early on he discovered new details about the CIA's contracts with the Mafia to assassinate Castro, but the then-exclusive information was revealed a few months later by the Senate select committee headed by Frank Church.

We have put together a narrative of these "strange bedfellows," based entirely on factual information; compelling patterns have emerged which point to a reading of postwar history that foreshadows recent revelations about the "intelligence community."

As details about the CIA were released piecemeal during the year—by the Senate committee and various investigative reporters, most notably the *New York Times* staff and CBS correspondent Daniel Schorr—so the shape and scope of our story changed almost weekly.

Webbs of circumstance and coincidence were investigated for connective details that have turned up a large and concrete pattern of alliances. These suppressed connections help to account for many of the aberrations that have pockmarked the domestic and international record of the United States since World War II.

At several points in the narrative, it was tempting to include interpretations and conclusions. But no matter how inescapable certain theories appeared, we tried to limit the report to the facts.

We did assess motives in cases where two or three sources, who would all have reason for different points of view, could at least agree on what were major matters of policy. Where the evidence was too conflicting and could not be resolved, we left the matter hanging.

The trickiest area, of course, is the assassinations of the Kennedy brothers. So far, no direct participant has been willing or able to talk. But we have filled in the CIA and Syndicate connections that surround this whole area and let the reader evaluate the grim possibilities.

So here it is: 30 years of domestic subversion, bribery and murder—for the first time, the whole poisoned enchilada, the whole ball of wax, the whole Bay of Pigs.

J.W.

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The Gospel according to Gamble & Huff is related and folk singer Phil Ochs is remembered.

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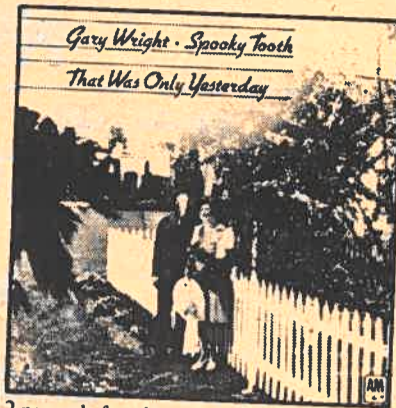
• Cover Photograph by Mary Ellen Mark; Uranium print by Joel N. Snyder •

Illustration by GREG SCOTT

**4 NEW-OLD ALBUMS FROM A&M.**

**1. GARY WRIGHT/SPOOKY TOOTH—THAT WAS ONLY YESTERDAY**

In the late '60s, a British band called Art met up with an organ player from New Jersey named Gary Wright and Spooky Tooth was born. Later Gary left and did 2 solo albums, one in '71 and another in '72. This 2-record set includes 6 selections from those solo albums, 8 selections of Spooky Tooth featuring Gary on vocals, and more. Includes material that Wright freaks rate as some of his very best.



2 records for the price of 1

**2. GRAM PARSONS/THE FLYING BURRITO BROS. SLEEPLESS NIGHTS**

Nine of these 12 tracks were recorded by The "Original" Flying Burrito Brothers in early '70, shortly before Gram Parsons left the group. The remaining 3 tracks were recorded during sessions for Gram's '73 Warner Bros. album, *Grievous Angel*. Reflecting on Gram in her liner notes, Emmylou Harris says "...they came to see this young man and to hear the voice that would break and crack but rise pure and beautiful with sweetness and pain."



**3. REGGAE SPECTACULAR JIMMY CLIFF AND VARIOUS ARTISTS**

When we released Jimmy Cliff's "Wonderful World, Beautiful People" in late '69, many people thought "reggae" was a town in Jamaica. In fact, that song (included here) laid the groundwork for much of the current reggae explosion. These 2 records feature hits by Cliff along with others by Greyhound, Blue Haze, Bob and Marcia, and The Harry J. All Stars. Includes Jimmy's classic, "Many Rivers To Cross."



2 records for the price of 1

**4. FAIRPORT CHRONICLES BY FAIRPORT CONVENTION**

This 2-record collection traces the ever-changing Fairport Convention's evolution from 1967's underground through to their emergence as Britain's premier electric folk revivalists. Prime Fairport material by Sandy Denny, Ian Matthews, Richard Thompson and David Swarbrick, whose work made Fairport one of the best-loved groups in folk-rock.



2 records for the price of 1

**EVERYTHING OLD IS NEW AGAIN ON A&M RECORDS & TAPES**

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## Strange Bedfellows

# THE HUGHES-NIXON-LANSKY CONNECTION: THE SECRET ALLIANCES OF THE CIA FROM WORLD WAR II TO WATERGATE

BY HOWARD KOHN



**HOWARD HUGHES**

Hughes was the billionaire recluse who became a CIA and Syndicate front. His largess helped Nixon's ascent and descent in American politics.

**RICHARD NIXON** inspects a Cuban sugar plantation in 1955. The vice-president had once entertained the idea of establishing law or business connections in Havana.



**MEYER LANSKY**

Lansky built the Mafia into a leading multinational corporation by immersing it in banking, real estate, tourism and gambling. With Fulgen- cio Batista's help, he was able to open posh new casinos in Cuba.

**B**OB HALDEMAN SAT IN THE OVAL OFFICE and outlined the problem. A security guard had stumbled onto a burglary at Democratic National Headquarters six days earlier. FBI agents had been asking embarrassing questions ever since.

Richard Nixon's solution, as recorded by the White House taping system, was simple: the CIA should tell the FBI to call off its detectives. The CIA would agree, Nixon assured Haldeman, because "if it gets out that this is all involved, the Cuba thing would be a fiasco—it would make the CIA look bad—and it is likely to blow the whole Bay of Pigs thing which we think would be very unfortunate, both for the CIA and the country."

Haldeman carried Nixon's message to CIA director Richard Helms. And later he told the Senate Watergate committee of Helms's reaction to the Bay of Pigs reference: "On that one Mr. Helms jumped up very rapidly and very defensively to say, 'That is of no concern at all. We don't want to get into that at all.'"

The Bay of Pigs operation had taken place ten years earlier as a plan to overthrow the government of Fidel Castro. Among its participants had been John F. Kennedy, Robert Kennedy, Richard Nixon, Mafia leaders and hitmen, Howard Hughes, the CIA, Richard Helms, Charles "Bebe" Rebozo, Robert Maheu, E. Howard Hunt, Frank Sturgis and the Mullen Agency. Then they all reappeared in the Watergate scandal.

All, except the Kennedy brothers. They were dead.

Both the Bay of Pigs affair and the Watergate scandal were rooted in the cynicism of a World War II alliance.

The year was 1942. The U.S. had just entered the war. The Department of War was worried that Nazi saboteurs were infiltrating the docks and shipyards along the East Coast. Already the troopship *Normandie* had burned and sunk in her Manhattan berth.

Then a Navy officer suggested seeking help from the Mafia, which controlled an army of toughs through its influence in the dockworkers' unions. In short order, Naval Intelligence officials struck a bargain with Meyer Lansky.

Lansky had grown up in a scruffy New York neighborhood where he had learned to bootleg, loan-shark and kill on assignment. He also had gained a reputation as a business wizard and become close friends with Lucky Luciano, the Mafia's don of dons.<sup>1</sup> In 1931 Luciano's hitmen had carried out a bloody purge of the Mafia's old guard "Moustache Petes" to clear the way for his takeover. Then he had employed Lansky to modernize the Mafia's ingrown family structure. But in 1936 Luciano had been sent to prison with a 50-year sentence, a misadventure that jeopardized the vision of a new mafia. Other leaders in the blood-oath Sicilian fraternity still considered the Jewish Lansky an outsider and, without Luciano around, balked at his innovations.

Lansky saw the Naval Intelligence deal as a chance to improve his position among the ruling lords of organized crime by opening prison gates for the don of dons. Lansky persuaded Luciano to have Mafia henchmen patrol the waterfront. In turn Luciano was to be set free.

As New York City's Mafia-fighting special prosecutor, Thomas Dewey had catapulted to the governor's chair by putting Luciano behind bars. But Governor Dewey now agreed to the deal and transferred Luciano from Dannemora state prison, known as "Siberia," to gentlemen's quarters at a prison near Albany. Then shortly after V-E Day he signed the parole papers.

By then the Mafia had developed a larger friendship with the Office of Strategic Services (OSS), the country's first autonomous intelligence agency, set up to oversee all wartime espionage. The OSS made a pact with the Mafia, known as Operation Underworld, that included gangland assistance for the Allied armies when they landed in Sicily. Having an IOU from the OSS seemed like a shrewd investment for the Mafia.

But at the war's end in 1945 the OSS was disbanded, a move that dismayed both the Mafia and a secret circle of businessmen, politicians and espionage experts.

The men in this circle were from well-bred, well-educated backgrounds, generally Easterners with connections at the highest levels of government and finance. Allen Dulles, a Princeton graduate and former top-ranking OSS official, and Governor Dewey were two of their leaders. Both Dulles and Dewey had been Wall Street lawyers, on the opposite side of New York from Lansky and Luciano, and they both expected to reach top positions in Washington. Their mentor had been Dulles's brother, John Foster, who had represented the U.S. government in crucial treaty negotiations after both world wars.

1. According to Mafia legend, Lansky and Luciano first met on October 24th, 1918, in a New York slum. Lansky was walking home from his job in a tool-and-die shop when he heard screams. Luciano was beating up a girlfriend because she'd seduced a pubescent boy, one Bugsy Siegel. Lansky flew into the fray with a zeal that landed him in jail. But the daring of the scrawny Lansky earned Luciano's respect and formed a basis for their partnership. When Siegel grew up, he appropriately became their junior partner.

World War II had turned the U.S. into the world's most powerful nation. Dewey, the Dulles brothers and others had formed their secret circle because they saw themselves as loyal and pragmatic Americans with a duty to help shape the country's new international role. Their project was to resurrect the OSS.

No country could stay on top, they believed, without a powerful and independent intelligence agency. Allen Dulles championed this idea among his contacts at the Pentagon and in the Truman administration. Truman was so impressed that he appointed Dulles to head a three-member commission to study the U.S. intelligence system. Dewey and others in the secret circle lobbied Congress.

In July 1947 Congress passed the National Security Act. Truman signed it, as Dulles and Dewey had recommended, thereby creating the Central Intelligence Agency (CIA) as a successor to the OSS. The CIA was given a secret budget and a charter written so loosely as to grant the agency nearly unlimited power.

Outfitted in the country's finest ideological cloak, the CIA was charged with protecting America by whatever means necessary. The Cold War had started. Communists were the new enemies. The communist spread across the globe was to be stopped. To the secret circle, some of whose members became key CIA officials, that meant the CIA was to be the patron of U.S. multinational companies which had set up shop in underdeveloped countries to make money and oppose communism.

The OSS's old friend, the Mafia, was among the leading multinational corporations that emerged in the late Forties. Lansky's moxie in freeing Luciano had impressed the Sicilian dons. Even his chief rival, "Fat Albert" Anastasia, paid homage to Lansky when the Mafia boss walked out of prison—"You're the only bastard with the brains to do it." Lansky also had outwitted the don of dons. Luciano was deported to Sicily immediately upon his release. But, with Luciano's unreserved blessing, Lansky took charge of domestic operations and finished the job the two had started a decade before. Lansky merged the Mafia's rival gangs into a conglomerate known as the International Crime Syndicate, a network that Lansky estimated was "bigger than U.S. Steel" and which he immersed in banking, real estate, tourism and gambling.

At the same time, the exiled Luciano expanded the Syndicate's overseas connections. With some help from the CIA, Luciano

**THOMAS DEWEY**, governor of New York, ran for president in 1948 with help from CIA and Syndicate money.



**ALLEN DULLES**

A cofounder of the CIA, Dulles arranged for agency backing of the Eisenhower-Nixon ticket in 1952. As CIA director in the Fifties, he supervised the agency's anti-Castro alliance with the Syndicate.



**RICHARD HELMS**

A Dulles protégé who helped investigate the Kennedy assassination, Helms became CIA director and feuded with the Nixon White House.



### GEORGE SMATHERS

Senator and Miami playboy, Smathers was an early friend of Nixon's. Because he lobbied so aggressively for aid to Batista, he became known as the "senator from Cuba."



### MURRAY CHOTINER

Nixon's campaign manager and first "dirty tricks" specialist, Chotiner wrote smear pamphlets with information provided by the CIA.

fashioned an international smuggling route for the Syndicate's booming narcotics industry. When communist strikers shut down the French port of Marseilles in 1947 and threatened to ruin American shipping, the CIA called on Luciano. He furnished hitmen while the CIA supplied money and weapons. After several murders the docks reopened for American shippers and for the Syndicate's heroin smugglers.

When the Syndicate later added Southeast Asia's "Golden Triangle" to its heroin route, the CIA again was accommodating. To fight communism the agency shipped cash and munitions to Laotian mercenaries, who happened to be opium growers employed in the Syndicate's heroin trade. CIA planes were used to provide safe passage for the first leg of the heroin's long journey to U.S. ghettos.

Like the OSS, the CIA did not shrink from making deals with the Syndicate to preserve U.S. interests. Under the CIA's charter, such arrangements were legal. But Thomas Dewey and Allen Dulles realized that the CIA needed to safeguard its own political base to avoid potential power struggles in Washington, a practical analysis that quickly carried the agency into a clandestine role in American electoral politics.

Dewey himself was the odds-on favorite to become president in 1948. To insure his election the CIA funneled more than \$1 million from its secret budget into Dewey's campaign, according to agency sources. Meyer Lansky likewise supported Dewey, marshaling Syndicate money and political clout behind the Republican nominee (although some older Mafia bosses, still resentful of Dewey's racket-busting spree in the Thirties, refused to contribute).

Truman's upset victory interrupted this scheme. But that did not concern the CIA as much as the ephemeral moods on Capitol Hill. What the CIA wanted from Congress, aside from its money, was to be left alone. In the opinion of Dulles and Dewey's secret circle, Congress posed the greatest danger to CIA autonomy. As a hedge against any difficulties, the secret circle began to buy congressional goodwill for the CIA. Congressional members found their reelection problems eased—contributions, volunteers, endorsements—and their staffs peopled with bright young assistants introduced by members of the secret circle. Most favors went to young congressional members with a promising future, politicians who someday might be Capitol Hill leaders and White House aspirants.

Richard Nixon, a member of the House of Representatives, was one recipient. Nixon had been elected in 1946. The Orange County Republican party had placed a newspaper ad to solicit a token candidate in a race against the undefeated Democratic incumbent. Nixon, just out of the Navy, applied for the job. His credentials were slim: the FBI had rejected him, his law clients had found him embarrassingly naive and his war record was mediocre. But Nixon ran with manic zest, slandered his opponent as a communist and returned a winner.

In 1947 Dewey had recruited Nixon's vote to help establish the CIA. Dewey liked Nixon's amoral pragmatism and his fierce anti-communism. So in 1948 Dewey arranged a special favor for Nixon during the celebrated Alger Hiss case.

A magazine editor had claimed Hiss was a communist. The House Un-American Activities Committee (HUAC) investigated and was about to exonerate Hiss when Nixon suddenly asked to take over what seemed a losing case. Nixon's reason for volunteering to head the investigation, according to CIA sources, was that he had inside information from Dewey.

Dewey had initially also considered Hiss innocent. John Foster Dulles, serving as Dewey's chief foreign policy adviser in the 1948 campaign, had defended Hiss and had recommended him for a job at the Carnegie Endowment where Dulles was board chairman. But then, according to CIA sources, the secret circle's friends in the agency conducted an investigation and informed Dewey and the Dulles brothers that Hiss, while a top State Department official under Truman, had belonged to the Communist party.

Dewey saw a chance to embarrass Truman, to bolster the credibility of HUAC (which Truman wanted to abolish) and to boost Nixon's career—without publicly involving himself. In late July 1948 Dewey leaked the CIA's findings to Nixon. On August 5th Hiss appeared before HUAC and denied he'd ever met the magazine editor who had accused him of communism. Nixon stood firm against Hiss while the other HUAC members accepted Hiss's version. But Nixon was uncertain about how to proceed. So on August 11th he held a rendezvous with the Dulles brothers at the Roosevelt Hotel in New York. According to CIA sources, the brothers gave Nixon their approval for a full-scale attack on Hiss, and Allen Dulles provided some ammunition: confirmation that Hiss had known the magazine editor ten years before. Five days later Hiss reappeared before HUAC and, under Nixon's questioning, began to retreat from his earlier state-

### NIXON, REBOZO AND JAMES CROSBY

The presidential hopeful was an honored guest at the 1968 opening of the Resorts casino on Paradise Island.

ments. A few months later, according to CIA sources, CIA agents also played a part in leading the freshman congressman to the evidence that eventually convicted Hiss.

The scandal gave Nixon a national reputation. In 1950 Nixon left the House to run for the Senate against the popular Helen Douglas. Nixon labeled her the "Pink Lady" and his campaign literature described her as a fellow traveler of communists. Murray Chotiner, Nixon's campaign manager and his first "dirty tricks" specialist, wrote the smear pamphlets. But, according to CIA sources, Chotiner received most of his information about Douglas from CIA files that the agency provided.

Nixon won easily over Douglas and took his seat in the Senate, thanks to the assist from the CIA—and to another from the Syndicate.

In keeping with Mafia tradition, Lansky invested money in the campaigns of politicians at all levels of government. Mickey Cohen, the Syndicate's Southern California gambling chief in the Forties, later admitted to helping finance the early stages of Nixon's career. According to Cohen, the transactions were handled by Chotiner, who remained a Nixon adviser through his later ascent to the presidency. Columnist Drew Pearson reported that, in exchange for the Syndicate contributions, Chotiner used his influence to keep bookmakers out of jail in Los Angeles.<sup>2</sup>

In 1952, after only six years in politics, Richard Nixon became vice-president. His nomination was shepherded through by Dewey's backroom maneuvering. Having abandoned his own presidential ambitions, Dewey threw his support to Dwight Eisenhower. Then, at Dewey's request, Eisenhower picked Nixon as his running mate.

Allen Dulles, who had become CIA deputy director in 1951, arranged for CIA backing of the Eisenhower-Nixon ticket. Political intelligence—reports of Korean War mistakes embarrassing to the outgoing Truman administration—were leaked to the media. And agency money was slipped to the campaign through CIA front groups.

Immediately after the election Dulles was promoted to the CIA directorship and his brother was named secretary of state.

With Nixon as vice-president and Dulles as CIA director, Lansky was immune from federal laws. In 1953 the Justice Department decided not to prosecute him even though the IRS intelligence division found he was evading taxes, and in 1957 the Justice Department failed to carry through on an attempt by immigration authorities to deport him.

Throughout the Fifties the careers of Richard Nixon, Meyer Lansky and Allen Dulles prospered. Their futures seemed unlimited. But then the affairs of a little island in the Caribbean changed that outlook and inextricably bound up the collective fortunes of the CIA, the Syndicate and the White House.

2. When Pearson first aired these charges in 1959, Chotiner demanded a retraction. But after Cohen offered to supply details, Chotiner dropped his demand. Later Cohen gave a formal statement to a deputy attorney general of California. Cohen said that Chotiner and Nixon first approached him for campaign funds in 1946, and repeated the request in either the 1948 or 1950 campaign. "During that time I was running most of the gambling and bookmaking in Los Angeles County," Cohen said. "I reserved the banquet room in the Hollywood Knickerbocker Hotel on Ivar Street in Hollywood for a dinner meeting to which I invited approximately 250 persons who were working with me in the gambling fraternity. Murray Chotiner told me I should have a quota of \$25,000 for the campaign. During the course of the evening Nixon spoke for approximately ten minutes; Chotiner spoke about half an hour. At this meeting my group pledged between \$17,000 and \$19,000 but this did not meet the quota set by Nixon and Chotiner and the group was informed they would have to stay until the quota was met."

Between 1949 and 1952, Pearson reported, Chotiner and his brother, both lawyers, represented Mafia underlings in 221 cases and succeeded in keeping nearly every client out of jail. In 1952 when Chotiner was called before the McClellan Senate committee then investigating influence peddling, Nixon intervened with Senator Joseph McCarthy to soft-pedal the investigation, according to Pearson.

**BATISTA**, Cuban president Castillo and Nixon during a Nixon visit to Havana in 1955.



**M**EYER LANSKY FIRST VISITED CUBA IN the fall of 1933 on a search for molasses to use in making rum. But the island was brimming with other opportunities. Lansky befriended Fulgencio Batista, a chubby ex-army sergeant who had just ordained himself dictator. With Batista's sanction, Lansky opened several new casinos, the genesis of the Mafia's international gambling network.

Richard Nixon's first known trip to Cuba came in 1940. Roulette wheels were spinning 24 hours a day; tourists jammed the country. He was on vacation from his job as prosecutor in Whittier, California. According to Earl Mazo, Nixon's biographer, the young lawyer eagerly explored Cuba and entertained "the possibilities of establishing law or business connections in Havana."

Whatever Nixon had in mind was interrupted by World War II. The tourists stopped coming, and Lansky shut down the Cuban gambling spas.

With the Cuban economy sagging, Batista encountered political turmoil. To stay in power he had to make concessions that extended communist influence. U.S. corporations feared their Cuban investments might be nationalized. So in 1944, Naval Intelligence asked Lansky to pressure Batista into stepping down to keep out the communists.

Lansky, a staunch anticommunist, prevailed upon the dictator; elections were held, a pro-American candidate won, and Batista left Cuba for eight years of exile in southern Florida.

Southern Florida was Meyer Lansky's headquarters in the Forties. He had transferred his Cuban casino business to hotel suites and restaurant back rooms along the Miami Beach "Gold Coast." The 1950 Kefauver Senate committee discovered that a major gambling center was headquartered at the Wofford Hotel, a Miami Beach hotel run by Tatum "Chubby" Wofford. One of Wofford's yachting companions during this time was Richard Nixon.

When the war began Nixon had gone to work in Washington as a government lawyer, then joined the Navy and shipped out to Green Island in the Pacific, where he built a jungle shack, stocked it with booze and ran poker games for the other sailors. He left the Navy with a \$10,000 bankroll to invest in his new political career.

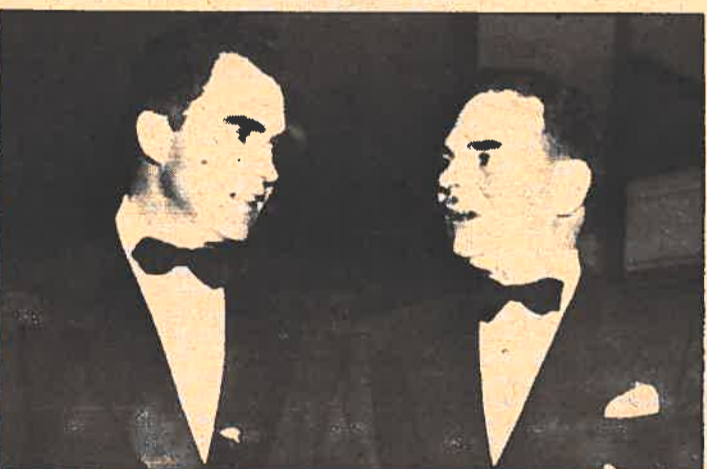
On Capitol Hill the freshman Nixon was befriended by fellow congressman George Smathers, a Miami playboy who introduced him to Richard Danner, Smathers's 1946 campaign manager. Danner, a former FBI agent, had been fired as Miami's city manager in 1948 after the city council accused him of "playing both sides against the middle" in a gangland dispute over control of the city police department. Later, Danner went to work for Howard Hughes, as Hughes's liaison to Nixon, and became a pivotal character in Watergate, but in the late Forties he was best known as a guide to Lansky's "Gold Coast."

Nixon began socializing with southern Florida's fast-buck entrepreneurs. Among them was Charles "Bebe" Rebozo. Danner said he introduced Nixon to Rebozo in 1948, when the congressman vacationed in Miami on "the verge of a physical breakdown" after weeks of tension in the Hiss case.

Rebozo, a Cuban-American, had attended elementary school with Smathers and, like Nixon, had made his first big money during World War II. Rebozo had cornered the wartime market for recapped tires in southern Florida, then had lent that money to poor families at high interest rates. Both Rebozo and Smathers—who became partners in several questionable real estate ventures—shared Nixon's earlier fascination with Cuba.

In March 1952 Batista returned from exile and resurrected his

**RICHARD NIXON AND THOMAS DEWEY** in 1953. The governor was Nixon's first political patron.



**RICHARD DANNER**  
A former FBI agent, Danner introduced Nixon to Rebozo. He was known in the Forties as a guide to Lansky's "Gold Coast," and later worked for Hughes.



**MICKY COHEN**  
Cohen headed the Syndicate's Southern California gambling operations in the Forties and admitted to helping finance the early stages of Nixon's career.



**"BEBE" REBOZO**  
Nixon's best friend made his first big money by cornering the wartime market for recapped tires, then lending the money to poor families at high interest rates.



### FRANK STURGIS

Watergate burglar Sturgis had smuggled guns and supervised gambling for Castro, but when the casinos were closed he defected to the CIA.



### FIDEL CASTRO

By 1960 Castro had deported all Syndicate members, padlocked the amusement parlors, razed the dope labs and expropriated all other American business holdings.



### JOHN F. KENNEDY

After the Bay of Pigs fiasco the president said he wanted to "splinter the CIA into a thousand pieces and scatter it to the winds."

Cuban dictatorship in a bloodless coup set up by Lansky's \$250,000 bribe to the elected president in return for his abdication. Nixon and Smathers joined Lansky as ardent fans of Batista. Smathers, who had been elected to the U.S. Senate in 1950, lobbied so aggressively for aid to Batista that he became known as the "senator from Cuba."<sup>3</sup> One month after Batista's return, Danner took Nixon on a tour of the Havana casinos. (Also along was Dana Smith, soon to become infamous as administrator of the slush fund that almost knocked Nixon out of the 1952 vice-presidential race.)

Nixon, Smathers and Rebozo used Cuba as an investment property as well as a playground. According to a law enforcement official familiar with American holdings in the Caribbean, the three held joint interests in Cuba during the Fifties.<sup>4</sup>

Batista had turned into a hard-line anticommunist and his Cuban regime provided a safe haven for American entrepreneurs. None were more successful than Lansky and Luciano.

According to the Federal Bureau of Narcotics, Luciano hoped Cuba would "become the center for all international narcotics operations." Luciano had arrived in Cuba in 1947 to lay the groundwork. For years there had been factories in Cuba that processed cocaine. Luciano added laboratories for heroin. Then, with Batista's return, Cuba mushroomed into a major narcotics headquarters.

Under the new Batista regime Lansky also rejuvenated gambling in Cuba. He had persuaded the other Syndicate leaders to invest heavily in a new concept: the hotel-casino. High-rolling gamblers were flown in and bedded in plush rooms an elevator ride away from dice and poker chips. Lansky and Luciano's junior partner, Bugsy Siegel, had in 1945 pioneered this concept on a dusty stretch of Nevada desert that became known as the Las Vegas Strip. But Havana's midway was even more dazzling. In a few years the Syndicate's hotel-casinos there were earning an estimated annual profit of \$100 million.

Batista arranged for legislation that guaranteed a gambling license to anyone investing \$1 million in a hotel. The Cuban government not only matched such investments dollar for dollar, but it also waived corporate taxes on all hotel-casinos.

Nixon was among Batista's frequent and well-received guests during the Fifties. In 1955 Nixon pinned an award on Batista and the two posed grandly in the dictator's palace.

**B**Y THE MID-FIFTIES, HOWARD HUGHES, SOLE owner of the country's largest privately held corporation, also was deeply enmeshed in the dynamics of money and politics. Hughes's involvement dated from World War II. His aircraft company had not taken off financially, despite his brilliant innovations in aviation, until the war broke out. Then, due in part to a recommendation from Franklin Roosevelt's son, Colonel Elliott Roosevelt, Hughes won a \$70 million government contract for his personally designed F-11 photo-reconnaissance plane. According to Senate testimony from former Hughes aide John Meyer, Colonel Roosevelt made his recommendation after Hughes's money had helped finance the colonel's romance with an actress.

Senator Owen Brewster, a grandstanding Maine Republican angry with Hughes over an unrelated business dispute, accused him of influence-buying. But Hughes survived a wide-open congressional investigation headed by Brewster by attributing the investigation to Brewster's personal vendetta. Hughes then destroyed Brewster's career by pumping \$60,000 into the election campaign of a political opponent.

Hughes considered himself a patriot and felt he'd been unfairly singled out for practices standard to most defense firms. He turned bitter and cynical. He decided that—for his own good and for the good of the country—he needed powerful allies. The CIA was an obvious choice, as he later explained in a burst of candor. According to sworn testimony in 1974 from former aide Robert Maheu, Hughes believed that "if he ever became involved [again] in any problem with the government, either with a regulatory body or an

<sup>3</sup> Smathers also rose quickly up the political ranks. Like Nixon, he was a World War II veteran first elected to the House in 1946 and then elected to the Senate in 1950. And, like Nixon, Smathers was a beneficiary of the CIA's intrusion into electoral politics. In Smathers's 1950 primary race against Democrat Claude Pepper, the CIA told his campaign about Pepper's alleged communist ties. The information was used to nickname his opponent "Red" Pepper.

<sup>4</sup> Nixon, Rebozo and Smathers may have begun working together as early as World War II. During the early Forties, Smathers was in court defending a client accused of smuggling American-made tires through Cuba and thereby circumventing the tire-rationing laws. When Smathers encountered a delay in the case, he sent a letter to the Office of Price Administration in Washington, where Nixon was a lawyer in the tire-rationing section charged with preventing such profiteering, a job Nixon later chose to cover up in his official *Congressional Directory* entry. Smathers's father held a similar job on a local rationing board in southern Florida, where Rebozo was the area's top supplier of recapped tires. Investigators have tried—and so far failed—to prove that the trio first met during this period.



### LUCKY LUCIANO, the Mafia's exiled don of dons, expanded the Syndicate's overseas connections with CIA help.

investigative arm, it would be beneficial for him to be in the position of being a front [for the CIA]."

Hughes was a tough-minded opportunist and an intensely private man, with no stockholders to question his decisions—an ideal ally for the CIA. As early as 1949 Hughes was designing and manufacturing special equipment for the spy agency. During the Fifties, Hughes began hiring ex-CIA employees as top administrators and he eventually became the country's leading CIA contractor, a position that effectively shielded him from federal prosecution.

Hughes, like the CIA and Lansky, also understood quid pro quo and electoral politics. "Everyone has a price," he told Noah Dietrich, who later recalled that the billionaire contributed up to \$400,000 each year to "councilmen and county supervisors, tax assessors, sheriffs, state senators and assemblymen, district attorneys, governors, congressmen and senators, judges—yes, and vice-presidents and presidents, too."

Among them was Richard Nixon.

Hughes and Nixon shared the same anticommunist pose. During the McCarthy era Hughes closed down his movie studio for three months to check his payroll for patriotism, and he tried to destroy Elizabeth Taylor's career because she was dating a supposed communist.

In early 1956, according to a former Hughes aide, the tycoon furnished Nixon with a secret \$100,000 to help the vice-president fight a dump-Nixon move by fellow Republican Harold Stassen. Then, in December 1956, Hughes loaned \$205,000 to Nixon's brother Donald for a hamburger restaurant. The "loan" was never repaid.

In the following months Hughes received several special dispensations from the White House. A Justice Department antitrust suit was settled by a consent decree. And the Hughes Medical Foundation, which technically owned the aircraft company, was granted a tax-exempt status that had been denied twice before, a tax dodge that saved Hughes an estimated \$36 million a year.<sup>5</sup>

During the next decade Hughes's interests continued to merge with Nixon, the CIA—and eventually with the Syndicate.

**I**N 1958 A BEARDED EX-LAWYER DESCENDED FROM Cuba's Sierra Maestra mountains with a Yankee-Go-Home revolution. Three Lansky lieutenants smuggled in a planeload of arms, stolen from a National Guard armory, to help Batista stop the advance of Fidel Castro. But Castro seized Havana on New Year's Day 1959 and Batista and Lansky fled Cuba the same day.

Lansky's brother Jake stayed behind to try salvaging the Syndicate's gambling and narcotics operations. But Castro

<sup>5</sup> In 1969 Congress closed the tax loopholes enjoyed by such foundations. But the Hughes organization asked for an exemption and so far has been able to delay compliance with the new law, thus depriving the U.S. Treasury of another \$180 million.

threw Jake in jail for 25 days and, by 1960, had deported all Syndicate members, padlocked the amusement parlors, razed the dope labs—and expropriated all other American business holdings.

At CIA headquarters in Langley, Virginia, meanwhile, the agency began hatching a plan to retake Cuba.

Under Allen Dulles's leadership, the CIA had become the strategic arm of his brother's foreign policy at the State Department—promoting U.S. investments abroad and stopping the spread of communism. In 1954, for example, the CIA helped overthrow a communist-leaning Guatemalan government that had expropriated 225,000 acres from United Fruit, a U.S. company with ties to the Rockefeller family.

Castro's government in Cuba piqued the CIA for several reasons. The CIA's Soviet counterpart, the KGB, could use Cuba to launch revolutions in Central and South America against U.S. interests there. Dulles's Wall Street friends already had suffered huge reverses in Cuba: Castro had confiscated the Freeport Nickel mine, affiliated with the Rockefellers, and a score of lesser industries.

There also was the loss of the Syndicate's casinos. The casinos had been an open-ended money funnel for both the Syndicate and the CIA. Lansky had masterminded a system that allowed the Syndicate to skim winnings, evade taxes and launder illicit funds at the gaming tables. The CIA, according to agency sources, had been using the same system and the same casinos to hide its payments to the underworld figures it sometimes employed.

So the CIA planned to topple Castro with a surprise invasion. About 1200 Cuban exiles would land at the Bay of Pigs, steal through the jungle and establish a renegade government, thus providing a ruse for a full U.S. military assault against the Castro regime. The invasion plan was developed almost entirely behind President Eisenhower's back, according to author Haynes Johnson, who wrote a definitive inside account of the operation. Colonel L. Fletcher Prouty, an Air Force liaison to the CIA between 1955 and 1963, reached the same conclusion. "Eisenhower had never ever contemplated an invasion," Prouty said in a recent interview. "We had pretty specific instruction from Eisenhower on the limits of our authority. What we were allowed to do was land five or six people on a beach and have them blow up a sugar refinery, stuff like that."

But four days before the 1960 presidential election, according to Johnson, the CIA circulated a memo saying the invasion was going ahead. Two days later, Prouty recalled, "We were told to get B-26 bombers ready and to get transport aircraft ready." According to Prouty, approval for the moves came from Vice President Nixon.

Nixon was then head of the 54/12 Group, a National Security Council subgroup that supervised covert activities. E. Howard Hunt, the CIA agent who recruited Cuban exiles for the invasion, later reported that Nixon was the Bay of Pigs "secret action officer" in the White House.

Hunt had been the CIA's chief political action officer during its successful coup in Guatemala. At every opportunity he promoted the same tactics for Cuba.<sup>6</sup> Through the long fall of 1960 Hunt mustered a secret army of exiles. They were run through makeshift boot camps and shaped into a strike force. Secret training sites were set up in the Florida Everglades, on the Louisiana delta and in the Caribbean. The CIA-installed government in Guatemala also provided a surreptitious guerrilla base.

Another was on Cay Sal, a rocky outcropping off Florida owned by Howard Hughes. Not only had Hughes given the CIA temporary custody of the island, but, according to one former CIA operative, he'd furnished the guerrillas with an alibi: if discovered, they could say they were rehearsing for a Hughes movie. Gerry Hemming, a hulking ex-Marine who conducted drills at one of the training sites, later recalled that he helped unload crates labeled "Toolco," then the name of Hughes's parent company. Inside the crates were camp gear and machinery for the invasion.

Hughes had a purpose for his patriotism. According to a former aide, Hughes intended to rush into Cuba once Castro fell and develop a series of resort parks on the beach front, build his own jumbo airport and buy up a block or two of casinos and set himself up as a tourism magnate. Because of the manipulative qualities of casino accounting, the aide said, Hughes hoped to turn the entire venture into an enormous tax dodge that would banish tax bills forever. Hughes apparently expected to reach an accommodation with the Syndicate. "Hughes had a lot of respect for the Mob, especially Lansky," the aide recalled.<sup>7</sup> "My guess is that he hoped to form some sort of partnership with Lansky."

For Lansky and the Syndicate, the Bay of Pigs plan held far greater significance. Four ex-casino bosses—Russell Bufalino, James Plumeri, George Levine and Salvatore Granello—used trusted

6. Hunt became personally attached to the anti-Castro cause. He became close friends with Manuel Artime, the CIA-designated replacement for Castro, and Artime became godparent to one of Hunt's children. Artime also knows Bebe Rebozo: Artime's partner in a meat company, Edgardo Butlari, is a business partner of Rebozo's.

Cuban contacts to supply the CIA with scouting reports on Castro's troop and naval positions.<sup>8</sup> Richard Cain, a policeman on the Syndicate payroll, also helped recruit Spanish-speaking mercenaries for the CIA army.

The Syndicate's primary representative in the Bay of Pigs preparations was Santo Trafficante, a Florida businessman who had belonged to the ruling circle that administered gambling and narcotics in Cuba.<sup>9</sup> Trafficante had risen to that position partially because of a power struggle between Lansky and "Fat Albert" Anastasia, known as the Lord High Executioner of Murder Incorporated. Anastasia had tried in 1957 to recruit Trafficante into a scheme to undercut Lansky's control of the Cuban operations. Instead, according to a Justice Department account, Trafficante betrayed Fat Albert to Lansky's hitmen; Anastasia was shot five times as he sat down for a haircut.

Trafficante's contact in the Bay of Pigs operation was Frank Sturgis, then known as Frank Fiorini. Sturgis was an American soldier of fortune who had enlisted with Castro in the Sierra Maestra, smuggled guns for Castro, paraded with him into Havana and, for a short time, served as Castro's supervisor of gambling.

When Castro decided to eliminate the casinos, Sturgis defected and claimed he had been working undercover against Castro all the time.<sup>10</sup> The CIA quickly recruited Sturgis. He led several small pre-invasion raids against Castro and, according to his own account, joined the Operation Forty assassination squad, a special CIA unit set up to assassinate Castro loyalists in post-invasion Cuba.

Richard Whattley, a fellow mercenary hired for the invasion, later recalled that Sturgis had several visits from Trafficante.<sup>11</sup> "Trafficante would order Sturgis to move his men and he'd do it. Our ultimate conclusion was that Trafficante was our backer. He was our money man." According to sources in Miami, Trafficante also infiltrated Operation Forty with Syndicate money and henchmen.<sup>12</sup>

As the invasion neared, work began on a plot to demoralize Castro's forces by killing their leader. Among those involved in this plot were Trafficante, Sturgis, Hunt and Robert Maheu, a Howard Hughes operative.

The CIA eventually tried several times to murder Castro. President Johnson later discovered that "we're running a damn Murder Incorporated in the Caribbean." Lansky had been the first to propose the idea when he placed a \$1 million price on Castro's life in 1959. Sturgis was still Castro's gambling supervisor when he heard about the bounty from Hyman Levine, Lansky's manager at the Comodoro Casino. Sturgis said he passed the word along to his CIA contacts.

Hunt, as the Bay of Pigs operations officer, added his personal recommendation in a memo sent to his CIA supervisors in the spring of 1960. That summer the Castro assassination conspiracy began.

Allen Dulles and his deputies decided in August 1960 to subcontract the job. They enlisted help from Robert Maheu, an ex-FBI agent who had worked for the CIA under a special retainer since 1954.<sup>13</sup> Maheu, an engaging, smooth-talking operator, had quit the FBI in the early Fifties to open a private detective agency in Washington,

7. Hughes's fascination with gangsters dated back to the Thirties and Forties, when he was a Hollywood movie producer. In 1931 he filmed *Scarface*, a movie based on Al Capone's exploits. He also launched the careers of George Raft, later one of Lansky's ubiquitous casino front men, and of Jean Harlow, who became the girlfriend of the Syndicate's top man on the West Coast, Longie Zwillman.

8. These four had a specific reason for helping. They had buried \$750,000 on the island before being evicted, and the CIA promised they could recover the cash unhindered after the invasion. The information they supplied, however, was exaggerated to make Castro appear weak, and they thus heedlessly encouraged a CIA proclivity for overconfidence.

9. According to Alfred McCoy's investigation for *The Politics of Heroin*, Trafficante had delegated some responsibilities to his son, Santo Jr. "As his father's financial representative, and ultimately Meyer Lansky's, Santo Jr. controlled much of Havana's tourist industry," McCoy wrote. "Moreover, it was reportedly his responsibility to receive bulk shipments of heroin from Europe and forward them through Florida to New York."

10. The passport office had trouble believing Sturgis was a double agent and stripped him of his citizenship. It took personal intervention from Smathers, "the senator from Cuba," to reverse the decision.

11. By late 1960 Sturgis had become a leader in the International Anticommunist Brigade (IAB). According to Hans Turner, an Englishman who also served with anti-Castro groups, the IAB was "probably financed by dispossessed hotel and gambling-room owners who operated under Batista."

12. One member of Operation Forty, Juan Cesar Restoy, was charged in 1969 with being a ringleader in a narcotics operation that the Justice Department claimed was responsible for smuggling 30% of all heroin and 75% of all cocaine into the U.S. But Restoy was executed before he came to trial—amid speculation he intended to implicate the CIA in the dope operation.

A popular theory in Miami's Cuban-American community is that Restoy was killed by a special CIA unit set up to assassinate suspected double agents or others who "turn around." In a recent *New York Times* interview Howard Hunt confirmed that he first heard of such an assassination squad in the mid-Fifties. The Senate CIA committee found some evidence that a CIA operative in Latin America was killed by the unit after he tried to blackmail the agency.

13. According to his Senate testimony, Maheu also helped the CIA sabotage a mid-Fifties shipping deal that would have given the late (Cont. on 47)



**E. HOWARD HUNT**  
The Bay of Pigs operations officer for the CIA, Hunt reported that Nixon was the invasion's "secret action officer" in the White House.



**ROBERT MAHEU**  
After a career as a "fix-it" expert who helped arrange CIA-Syndicate murder plots and Howard Hughes's takeover in Las Vegas, Maheu's firing led to Watergate.



**SANTO TRAFFICANTE**  
One of the ruling circle that administered gambling and narcotics in Cuba, Trafficante was the Syndicate's primary representative in the Bay of Pigs.



**BUGSY SIEGEL**  
Siegel, junior partner to Lansky and Luciano, helped build the Las Vegas Strip and pioneered the concept of the hotel-casinos.



a firm that specialized in solving problems outside the normal channels. At the CIA he was considered a consummate "fix-it" man.

The CIA officials asked Maheu to enlist Syndicate men for the Castro murder, according to the 1975 Church Senate committee, and authorized him to pay \$150,000 for the hit. Maheu told the Church committee he hesitated initially because he feared the project might interfere with his work for Howard Hughes, who also had retained Maheu's services. But Maheu said he agreed to the assignment after informing Hughes of the murder plot—and, according to one source, gaining the billionaire's approval.

For the project Maheu called on John Roselli, Sam Giancana and Santo Trafficante. Roselli and Giancana, like Trafficante, were members of the Syndicate's ruling elite. Roselli's home territory was Las Vegas and Giancana's was Chicago—but they had helped administer the Syndicate's Cuban operations.

The CIA wanted Castro's murderers to be subtle. The CIA's first proposed weapon, according to the Church committee, was a box of Castro's favorite cigars contaminated with a botulinum toxin "so potent that a person would die after putting one in his mouth." But after Maheu's discussions with the Syndicate leaders, the CIA opted for a plan to spike Castro's food with poison pills that would leave no trace in an autopsy: Trafficante found a Cuban émigré who claimed to know a waiter at a restaurant where Castro frequently dined. In early 1961, according to Senate testimony, Maheu delivered the poison pills and \$10,000 in CIA money to Syndicate men in a rendezvous at Miami's Fountainebleau Hotel.<sup>14</sup>

When newspaper headlines reported soon afterward that Castro was sick, Maheu allegedly phoned a Syndicate contact and exulted, "Did you see the paper? Castro's ill. Wow, we got him." But Castro's illness was not related to the CIA-Syndicate assassination attempt; the pills apparently never reached his table. The CIA blamed the failure on a Castro whim to stop eating at the designated restaurant.<sup>15</sup>

The failed assassination was not the only setback in the grandiose plan to retake Cuba. Richard Nixon had been defeated in the 1960 presidential race, a turn that seemed to imperil the entire scheme. According to Colonel Prouty, the CIA had delayed the Bay of Pigs invasion because it expected a Nixon administration to approve any anti-Castro plan regardless of international repercussions. Instead, the CIA now had to obtain John Kennedy's support.

Kennedy was presented the Bay of Pigs plan as a fait accompli. "When Kennedy became president," Prouty explained, "he was suddenly told the Bay of Pigs was going to involve an invasion. He had no choice but to go along." CIA director Allen Dulles warned the young president that if he called off the plan, there would be a "disposal problem" with the CIA's 1200 exile soldiers. "We can't have them wandering around the country telling everyone what they've been doing," Dulles told Kennedy.

On April 17th, 1961—three months after Kennedy took office—the CIA army stormed the beach at the Bay of Pigs. The American people were led to believe the invasion was a righteous attempt by exiled Cubans to reclaim their homeland. But, under the friendly escort of a CIA man, four of Lansky's casino operators waited in a boat a few yards offshore. And poised in the Bahamas with enough gold to reopen the Havana tables was a Trafficante lieutenant.

Unexpectedly, Castro's patrols spotted the invaders and attacked with devastating firepower. The CIA army, accustomed only to mock boot-camp battles, scattered in dismay into swamp and jungle. CIA officials informed Kennedy that, if the invasion plan was to be salvaged, Air Force bombers would have to fly in with air cover for the CIA soldiers. But it was a need that went unmet. Castro had alerted the Soviet Union. Under that circumstance, Kennedy feared that a U.S. air attack on Cuba would be blatant provocation. He refused to send in the planes and the CIA army fled ingloriously into Castro's prisoner-of-war camps.

"No event since the communization of China in 1949 has had such a profound effect on the United States and its allies as the defeat of the U.S.-trained Cuban invasion brigade at the Bay of Pigs," Howard Hunt later wrote. Hunt blamed Kennedy's "betrayal" of the CIA and felt JFK's subsequent investigation was intended "to whitewash

(Cont. from 45) Aristotle Onassis a monopoly on oil shipments from Saudi Arabia. The sabotage included bugging Onassis's room and planting false stories about him in a CIA-owned newspaper. In other sworn testimony Maheu has admitted to hiring a Mafioso for an undisclosed but "sensitive" CIA assignment. And according to the 1976 House CIA Report, the CIA used Maheu to provide Jordan's King Hussein and other foreign leaders with "female companions."

14. The assassination planned was interrupted at one point when Giancana suspected that his girlfriend, Phyllis McGuire of the McGuire Sisters, was having an affair with comedian Dan Rowan. According to the Church committee, Maheu hired a private detective to bug Rowan's hotel room in Las Vegas. But the private eye was caught and the CIA had to pull rank on the FBI to cover up the incident.

15. Frank Sturgis gave the *New York Daily News* a slightly different account of the murder attempt. Sturgis said that a chocolate malt, for which Castro had an enduring fondness, was spiked with the poison. But when the waiter delivered the malt his hands shook so hard that Castro became suspicious and had the drink analyzed.

the New Frontier by heaping guilt on the CIA." Allen Dulles was similarly outraged.

Kennedy's appraisal was significantly different. He saw himself victimized by the CIA's reckless underestimation of Castro's strength. He felt the CIA had misled him and exploited his lack of executive experience. JFK told an aide he wanted to "splinter the CIA into a thousand pieces and scatter it to the winds."

For nearly a decade Allen Dulles had been running the CIA. The Bay of Pigs invasion had been the agency's most ambitious project ever. Dulles himself had supervised the agency's anti-Castro alliance with the Syndicate. All memos about the Castro assassination plot, according to CIA deputy director Richard Bissell, had gone only to Dulles. Thomas Dewey also had taken time out from his Wall Street law practice, according to CIA sources, to help set up front groups to funnel funds to the CIA army. Cuba was to have been the CIA's finest hour.

When Kennedy criticized the CIA for the Bay of Pigs failure, he was adding insult to humiliation. But his threats to abolish the agency were not taken seriously. The CIA was still a sacred institution with many carefully cultivated friends. Kennedy backed down. The agency stayed. But he did force out Allen Dulles in the fall of 1961. To replace the longtime director, Kennedy appointed a compromise selection, Wall Street lawyer John McCone. Dulles, however, left behind his master student, Richard Helms, as CIA deputy director of plans. Since McCone was a newcomer, he allowed Helms to keep his job, which gave Helms jurisdiction over the CIA's "dirty tricks" division and other deep-cover covert activities. Helms immediately resumed the CIA's private war against Castro.

Kennedy, miffed at Castro for the international embarrassment, did authorize some further CIA activities against the Castro government. But he apparently wanted them limited to the small-scale hit-and-run raids Eisenhower had allowed.<sup>16</sup> Undeterred, the CIA ignored those limits and returned to its conspiracy to assassinate Castro.<sup>17</sup> CIA officials began discussing plans that called for planting a bomb-laden seashell on the ocean floor where Castro liked to go scuba diving or giving Castro a diving suit smeared with a deadly fungicide. The CIA also reactivated plans for hiring Syndicate assassins. CIA officials apparently tried to win Kennedy's approval but, as far as the Church committee could determine, the agency's "dirty tricks" division carried out these murder plots without JFK's sanction.<sup>18</sup>

The simmering tension between Kennedy and the CIA flared up in October 1962 during the Cuban missile crisis. Top CIA officials viewed the crisis as a prelude to a second Cuban invasion and alerted the surviving Bay of Pigs army to stand ready. But Kennedy's negotiations with the Soviet Union produced an opposite result. The Soviet Union agreed to withdraw its missiles from Cuba, and Kennedy promised to end the U.S.'s undercover war against Castro.

Kennedy promptly ordered the CIA to stop organizing anti-Castro raids and to observe scrupulously the new truce. By the fall of 1963 Kennedy was reaching for a formal détente with communist Cuba.

**T**HE KENNEDY ADMINISTRATION'S FAILURE to restore Cuba's pre-Castro heyday also had infuriated Richard Nixon, who publicly upbraided the young president for being soft on Castro. The former vice-president had hoped to reverse the new Cuban policy by ousting Kennedy from the White House in 1964. But Kennedy's soaring popularity and Nixon's embarrassing loss in the 1962 California gubernatorial race drove Nixon into unexpected political seclusion—dashing the hopes of the CIA, the Syndicate, Howard Hughes and all others who had invested in him.

Nixon's demise seemed to assure that JFK would be president through 1968. After that, Kennedy's younger brother Robert stood an excellent chance of inheriting the presidency for eight more years. By that time it might be too late to undo all the Kennedy policies. The Syndicate, in particular, was suffering under the new administration. JFK had appointed his brother attorney general. Bobby had been an investigator and Jack had been a senator on the McClellan Senate committee when it declared a war on organized crime in the

16. Among those involved in these missions were Bernard Barker, Eugenio Martinez and Frank Sturgis—all of whom later became Watergate burglars.

17. During the early Sixties, according to the Church committee, the CIA maintained a secret "Executive Action Group" set up, in the words of one official, to develop "methods for the removal of unfriendly leaders."

18. In November 1961 Kennedy confided to *New York Times* reporter Tad Szulc that he was under pressure from the intelligence community to order Castro's assassination. According to Szulc, JFK said he opposed the idea because he felt the U.S. should never be party to a political assassination. Senator Smathers, no friend of Castro, said he had held a similar conversation during early 1962 in which Kennedy "was very outspoken against taking that [assassination] line."



**JOHN ROSELLI**

Roselli, a Syndicate leader, was hired by the CIA to kill Castro and later helped Howard Hughes in Vegas.



**JAMES HOFFA**

Despite intervention from Nixon, Teamster president Hoffa was jailed by Attorney General Robert Kennedy, who discovered Hoffa's ties to the Syndicate.



**SAM GIANCANA**

The head of the Chicago Syndicate, Giancana was investigated by Robert Kennedy, who was furious to learn of the mobster's ties to the CIA.



**ROBERT F. KENNEDY**

Kennedy quadrupled the size of the Justice Department's organized crime and racketeering division and compiled a "hit list" of 4300 Syndicate targets.

late Fifties. In 1961 the Kennedy administration picked up where the McClellan committee left off.<sup>19</sup>

Robert Kennedy quadrupled the size of the Justice Department's organized crime and racketeering division and compiled a "hit list" of 4300 Syndicate targets. Near the top of the list were Chicago don Sam Giancana, New Orleans don Carlos Marcello and a business partner of theirs—Teamster president Jimmy Hoffa. RFK had discovered Hoffa's links to the Syndicate while on the McClellan committee, and his pursuit of the Teamster boss had developed into a public vendetta. Hoffa retaliated by campaigning for Nixon in 1960. Nixon, in turn, intervened at the Justice Department to hold up a Hoffa indictment for misuse of union funds.

But once RFK took command of the Justice Department, he moved quickly against Hoffa, leveling charges of jury tampering, kickbacks and a \$2 million pension fund swindle. The young attorney general also initiated deportation proceedings against Carlos Marcello. When he began investigating Sam Giancana, however, he found the mobster involved in a disconcerting deal with the CIA.

The CIA, he learned, was a partner with Giancana in the Castro murder plot. RFK was furious, but not shocked. During his McClellan committee tenure he had tried unsuccessfully to subpoena a Las Vegas mobster on the CIA's protected list. "You can't touch me," the mobster had boasted. "I've got immunity."

As attorney general, however, RFK did not seem as intimidated by Syndicate IOUs from the CIA. In the summer of 1963 Justice Department investigators shadowed Giancana so tenaciously that the mobster asked for judicial relief so he could play golf without an audience; RFK later had him booked briefly on contempt charges, the first time since 1942 that Giancana had seen a prison cell. In the fall of 1963 RFK announced he was taking his best crime fighters to Las Vegas, the Syndicate's biggest domestic gambling center and the home turf of John Roselli, another of the CIA's partners in crime.

At the same time John Kennedy began enforcing his ban on anti-Castro activities, a policy that promised to end any chance for a Syndicate return to Cuba. In the summer of 1963 FBI agents were sent to the Louisiana delta where they broke up an anti-Castro camp and seized a terrorist arsenal—dynamite, bomb casings, striker assemblies, primer cord and blasting caps. The camp had been run by a CIA front group and had been rented by the brother of a former Cuban casino owner. In September the Kennedy government issued tough-minded warnings to six anti-Castro partisans; among them was Frank Sturgis, then piloting B-52 raids against Castro.

Castro responded with a message, sent through diplomatic channels, asking Kennedy for a personal audience to discuss improving relations between the two governments. Kennedy seemed willing. He authorized a French journalist to serve as his personal emissary in sounding out Castro's ideas.

Castro felt Kennedy was sincere in this overture. In an interview after Kennedy's death, Castro had this assessment of the American president: "He took many measures against us. But I speak to you in all sincerity and try to give you the opinion I have of Kennedy. I say that truly he was one of the few men who had enough courage to question a policy and change it."

But as Kennedy moved closer to a U.S.-Cuba rapprochement, he came further in conflict with the CIA's unforgiving anti-Castroism. Dulles's protégés remained so unyielding in their resistance to Castro that Kennedy told friends he feared the agency had become too autonomous. He felt that the CIA's "dirty tricks" division particularly was not responding to presidential orders. John McCone, as Kennedy's CIA director, seemed unwilling or unable to overcome the independent nature of the CIA's old-time covert operators. Finally, in mid-November 1963, Kennedy ordered his aides to get ready for a more thorough housecleaning at the agency.

"The CIA will have to be dealt with," he told aides shortly before traveling to Dallas for a November 22nd motorcade. On that same day Kennedy's emissary opened talks with Castro in Havana. And according to the Church committee, the CIA also chose November 22nd to begin yet another plot to assassinate Castro—in continuing defiance of Kennedy's new policies.

But by the end of the day Kennedy's plans were dead with their patron in Dallas.

The Warren Commission investigated the Kennedy assassination and, after ten months, attributed it to the personal derangement of Lee Harvey Oswald, whom they described as a pro-Castro zealot. The commission's official report made no mention of a conspiracy to kill Kennedy, even though two commission lawyers raised that possibility during the investigation. According to a document declassified a decade later, the lawyers were worried that Oswald had

19. The president's inherited fortune made him invulnerable to any bribe offers from the Syndicate. But in early 1961 Judith Exner, a girlfriend of Sam Giancana and John Roselli, eased her way into Kennedy's presidential bed, a circumstance that could have given the Syndicate leverage over the young president. There is no evidence, however, that JFK submitted to any pressure. According to the Senate CIA report, Kennedy dropped Exner from his schedule immediately after learning of her underworld friendships.

been used as a patsy by anti-Castro fanatics. "The motive of this would, of course, be the expectation that after the president was killed, Oswald would be caught or at least his identity ascertained, the law enforcement authorities and the public would then blame the assassination on the Castro government, and the call for its forceful overthrow would be irresistible," the lawyers wrote in a memo. "A second Bay of Pigs invasion would begin, this time, hopefully, to end successfully."

Although Oswald was never officially identified as a CIA agent, his life history showed a remarkable similarity to the behavior of a low-level intelligence operative. As a U.S. Marine in the late Fifties he had been given a top security clearance to a CIA-sponsored U-2 base in Japan. Shortly thereafter, Oswald defected to the Soviet Union, somehow paying a \$1500 travel fare even though his bank account held only \$203. He claimed to be a Marxist and said he planned to give military secrets to the Soviets. But the U.S.S.R., according to a former Soviet agent, was convinced that Oswald was a double agent for the CIA. Two years later, in 1962, he returned to the U.S. and, despite his prior admissions of treason, was handed back his citizenship papers.

Then, in the summer of 1963, Oswald surfaced in New Orleans as the organizer of a pro-Castro group, with himself as its only member. He spent the summer in the eye of the local media, as if he wanted to be remembered for his pro-Castro antics. He distributed pro-Castro leaflets and picked fights with anti-Castroites. Oswald's pro-Castro leaflets seemed suspect because they were stamped with the address of a building used by a CIA front group—the anti-Castro Cuban Revolutionary Council that Howard Hunt had helped set up during the Bay of Pigs operation. Piles of the same literature were found later in the possession of Guy Bannister, a former FBI agent with connections to Robert Maheu, New Orleans don Carlos Marcello and Hunt.<sup>20</sup>

This circumstantial evidence seemed to support the theory of the two commission lawyers that Oswald was an unwitting pawn in a conspiracy to frame Castro for Kennedy's murder. But the theory still lacked proof. Then New Orleans district attorney Jim Garrison announced in 1967 that he had secured the proof. He named Clay Shaw, David Ferrie and Edgar Eugene Bradley as members of the conspiracy. Garrison's investigation was burdened with several unreliable witnesses, however, and soon floundered. Shaw was acquitted, Ferrie died and Bradley was shown to be the victim of a mistaken identification.<sup>21</sup> But Garrison's probe did produce some new evidence.

Richard Helms, who had been promoted to the CIA directorship in 1966, apparently took Garrison seriously. During Garrison's prosecution of Shaw, a New Orleans businessman, Helms became especially anxious. Victor Marchetti, a notetaker for CIA staff meetings at the time, later recalled that Helms repeatedly asked his deputies: "Are we giving Shaw all the help we can?"

Garrison claimed he had lost his case the day David Ferrie died. Garrison had counted on Ferrie to turn state's evidence. On February 18th, 1967, Garrison had revealed him as a member of the alleged assassination plot. Four days later Ferrie was found dead of a massive brain hemorrhage.<sup>22</sup>

Ferrie had a curious background that included work for both the CIA and the Syndicate. The CIA had used him during the Bay of Pigs preparations to train pilots for the invasion, and he had showed up again in 1962 as an instructor in an anti-Castro camp outside New Orleans. At the same time he was serving as a pilot and legal investigator for Carlos Marcello, a Syndicate leader with a personal stake in Cuba. On the day Kennedy died, Ferrie and Marcello had been together in a New Orleans courtroom attending Marcello's trial on charges that grew out of RFK's attempt to deport the New Orleans don. Ferrie was a dedicated anti-Castroite. At one point he groused aloud that Kennedy "ought to be shot" for his role in the Bay of Pigs. But Garrison found several seemingly credible witnesses who testified that Ferrie had been seen conferring privately with Lee Harvey Oswald in late summer 1963, a time when Oswald was making public claims of pro-Castroism.

Also in late summer 1963, Ferrie called the Chicago phone number

20. Maheu had worked under Bannister when both were agents in the FBI's Chicago bureau during World War II. Bannister later became a private investigator and hired out his skills to Marcello. But Bannister's major preoccupation was fighting communism. In 1954 he started the Anti-Communist League of the Caribbean, which took part in the Guatemalan coup d'état that Hunt helped orchestrate for the CIA.

21. Garrison's investigation apparently mistook Bradley for Eugene Hale Brading. According to Peter Noyes, a prize-winning Los Angeles newsman, Brading had a New Orleans office in the same building and on the same floor as David Ferrie. Brading and Jack Ruby also visited the same Dallas office the day before the JFK assassination. Immediately after the assassination, Brading was picked up at the scene but was released when he told police he was an oil company representative. Brading's real job, according to Noyes, was ferrying illicit money for the Syndicate. The Warren Commission, however, learned none of this information.

22. E. del Valle, a good friend of Ferrie's who had taken part in anti-Castro raids with him, was found shot and hatched to death on the same day Ferrie died.



**LEE HARVEY OSWALD**

Although officially pegged as a self-styled pro-Castro zealot, he may have been an unwitting pawn in a conspiracy to frame Castro for Kennedy's murder.



**CARLOS MARCELLO**

New Orleans don Marcello was a prime target of RFK's deportation efforts. Marcello begged the Syndicate for revenge against the Kennedys.



**DAVID FERRIE**

Ferrie, a dedicated anti-Castroite, worked for the CIA and the Syndicate in Cuba-related jobs. He once said that JFK "ought to be shot" for his Bay of Pigs role.



**JIM GARRISON**

New Orleans district attorney Garrison said he found a conspiracy in the Kennedy assassination, but claimed he lost his case when Ferrie died.



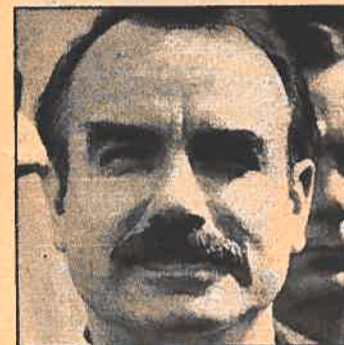
### JACK RUBY

Ruby, a Dallas nightclub owner with Syndicate ties, killed Oswald and said he expected the JFK assassination to lead to another Cuban invasion.



### SIR STAFFORD SANDS

The 300-pound Bahamian official was so blatant in his arrangements with the Syndicate that the locals were angered and Lansky was forced to oust him.



### G. GORDON LIDDY

In early 1972 Liddy was ordered to break into Greenspun's safe after a 'New York Times' story revealed the whereabouts of some damaging Hughes memos.



### HANK GREENSPUN

'Las Vegas Sun' publisher Greenspun gathered a boxful of Hughes's private papers and information about the \$100,000 donation to Nixon.

of a young woman who, on the day before Kennedy's death, arrived in Dallas in the company of a man who met twice that night with Dallas nightclub owner Jack Ruby. The next night, after Oswald's capture, Ferrie took a hurried and unexplained 1000-mile car ride through a rainstorm to a Houston ice rink. There he monopolized a pay phone for several urgent calls. Hours later Ruby went to Dallas police headquarters and gunned down Oswald.

Afterward, Ruby allegedly told his psychiatrist that he had been "part of a plot to kill Kennedy" and also said he had expected the Kennedy assassination to lead to another Cuban invasion. But the Warren Commission decided that Ruby had acted alone, out of a psychotic patriotism, and discounted a memo prepared by two commission investigators that profiled Ruby as a lackey with Syndicate connections.

At age 15, Ruby was running errands for Frank "The Enforcer" Nitty, heir to Al Capone's Chicago gangland empire. He became a small-time hustler, selling "tip sheets" at racetracks and peddling sidewalk watches. In 1937 he obtained a top position in the Scrap Iron and Junk Handlers Union—which one FBI report described as "largely a shakedown operation." Two years later the union's founder was murdered. Ruby was held briefly for questioning but was not charged in the case.

Robert Kennedy later singled out that murder as a crucial step in the Syndicate's takeover of the Chicago union. Paul Dorfman became union president and, according to RFK, quickly formed an alliance with Jimmy Hoffa. "Paul Dorfman and Jimmy Hoffa are as one," Kennedy wrote in *The Enemy Within*. "Everywhere Hoffa goes, Dorfman is close by." By 1963 Chicago don Sam Giancana and Carlos Marcello shared in his friendship.<sup>23</sup> The 1950 Kefauver committee found Ruby had links to Dave Yaras, a member of the same Syndicate circle as Dorfman and Hoffa.

Ruby went to Dallas in 1947 to open a nightclub. In 1956 the FBI received a report "that Ruby is the [Syndicate] payoff man for the Dallas police department."

In August 1959 Ruby visited Cuba at the invitation of Lewis J. McWillie, a former World War II black marketeer and manager of the Tropicana Casino—a man Ruby said he "idolized."<sup>24</sup> At the time Lansky still was hoping Castro might keep the casinos open and Ruby apparently was offered a casino job. Ruby stayed for eight days, then returned the next month for a two-day visit. He did not take a job but he did contact Robert McKeown, a former gunrunner to Cuba. According to McKeown, Ruby offered \$15,000 for help in freeing three men being held in Cuba. McKeown said Ruby told him someone in Las Vegas was financing the project. But the deal apparently fell through.

In 1961 McWillie left Cuba for Nevada, where he took a job at the Cal-Neva Lodge, a hotel casino in which Giancana allegedly held an interest. By then both Ruby and McWillie were outspoken foes of the new Cuban regime; the Warren Report describes McWillie as a "violent anti-Castroite." According to several witnesses, Ruby went to visit McWillie in Las Vegas in October 1963.

That same month Ruby made several other calls to men with Syndicate connections. Calls went to Paul Dorfman, Hoffa's trusted confidant; Irwin Weiner, another Hoffa adviser with connections to the Syndicate's Chicago chapter; and Barney Baker, described by Robert Kennedy as Hoffa's "ambassador of violence." RFK's Justice Department had put Baker in jail but he was released shortly before the assassination.

Ruby did not explain why he was talking to Hoffa's friends. But a major topic of conversation in the Hoffa circle during 1962 and 1963 was the Kennedy administration. According to Edward Grady Partin, a Baton Rouge Teamster official, Hoffa complained that "something has to be done about that little s. o. b., Bobby Kennedy" and suggested blowing up the attorney general in his convertible. Carlos Marcello also had asked for revenge against the Kennedys, according to a Marcello associate who talked to a government investigator. Marcello allegedly made a dramatic plea in a secret Syndicate meeting: "*Livarsi na petra di la scarpa!*" ("Take the stone out of my shoe!")

At one point the Warren Commission did seem interested in whether Ruby fit into the Syndicate feud with the Kennedys. It asked Richard Helms to investigate ties between Ruby and "the Las Vegas gambling community." Eight months later Helms replied that the CIA had found "no information on Ruby or his activities."

Allen Dulles presumably was the only Warren Commission member who knew of the CIA's alliance with the Syndicate. But he did

23. In 1967, according to *Life* magazine, Marcello engineered an effort to spring Hoffa from his federal prison cell. Along with other Syndicate chieftains, including Santo Trafficante, Marcello offered a \$1 million bribe for the key government witness to recant his testimony against Hoffa. But the witness declined.

24. In a March 26th, 1964, memo, the FBI admitted it knew of McWillie's links to the Syndicate: "It would appear McWillie solidified his Syndicate connections through his association in Havana, Cuba, with Santo Trafficante . . . [and] Meyer and Jake Lansky."

not volunteer to brief the other commission members. Nor did he say anything about the agency's various assassination plots—which, according to Frank Sturgis, had been expanded to include targets within the U.S. after the Bay of Pigs. (In a 1975 interview, Sturgis said that in the early Sixties he had been asked by a CIA agent to take part in an unspecified "domestic" assassination.)

FBI agents interviewed Sturgis shortly after the assassination and, according to Sturgis, told him: "Frank, if there's anyone capable of killing the president of the United States, you're one guy that can do it." But the FBI's investigation of the murder was no more revealing than the CIA's. FBI director Hoover harbored an abiding resentment of the Kennedys. Hoover's official posture was that the Syndicate did not exist as the powerful organization portrayed by the Kennedys. And he had been embarrassed when Syndicate informant Joe Valachi testified in 1962 to a litany of Syndicate crimes—bribes, executions, narcotics deals, gambling skims—in nationally televised hearings arranged by RFK's Justice Department.

But, for the Warren Commission Report, it was the CIA and the FBI who were doing the investigating. They were not being investigated. The Warren Commission was mildly troubled by Dulles's admission that the two agencies—in keeping with their secrecy standards—probably would not tell the truth about any operatives involved in the assassination. But it suppressed its qualms and did not consider seriously the possibility that Syndicate leaders and anti-Castro extremists within the CIA conspired to kill the president.

**O**NCE FREE OF KENNEDY'S RESTRICTIONS the CIA intensified its efforts to overthrow Castro. Three months after JFK's death CIA agents were already planning a second invasion of Cuba. Howard Hunt was in charge of the plan, according to investigative reporter Tad Szulc. As a prelude to the invasion, the CIA equipped a hitman with an automatic rifle to shoot Castro. But, according to Szulc, the CIA became discouraged when the assassin delayed the hit and finally was caught by Castro's men.

Most CIA officials began to concede Cuba to communism. Castro's instinct for survival was uncanny. And Vietnam was luring CIA "dirty trickers" to the other side of the world. Through the mid-Sixties there were more assassination attempts against Castro and more harassment raids to Cuba. But by 1965 the CIA had abandoned the second invasion plan.

By then the Syndicate also had lost interest in Cuba. Meyer Lansky had found a new home for the Mob's offshore gambling empire in the Bahamas.

The Bahamas held some of the same attractions as Cuba—an easy plane trip from the mainland, hide-and-peek tax laws, the warm assurance of benign weather. There was no Batista. But there was 300-pound Sir Stafford Sands, the Minister of Finance and Tourism and a politician of porcine build and appetite. Sands was boss of the Bay Street Boys, the bloc of colonial merchants and politicians who ran the archipelago of palm trees and white sand.

Sir Stafford later testified that Lansky had approached him in 1960 with a bribe of \$2 million to be deposited in a Swiss bank account in return for a Certificate of Exemption, a piece of legalese needed to operate a casino in the Bahamas. Sir Stafford claimed to have refused the offer. Instead he hired out his legal talents to Syndicate front men; for this, Stafford collected \$1.8 million in legal fees and Lansky's men got the Certificate of Exemption. The casinos opened in 1964 to the attendant buzz of the international jet set.

But Sir Stafford's arrangement with the Syndicate became so blatant it angered local Bahamians. "The natives were restless," crime reporter Hank Messick wrote, "and Cuba had proved the danger of betting everything on a man or a political party that no longer enjoyed popular support. If gambling was to survive in the Bahamas, it was necessary to turn control over to a government that offered stability."

According to Messick, what followed was the slickest maneuver of Lansky's career: he engineered his own revolution against Sir Stafford by having an aide become a secret informant and leak certain information about the Syndicate deal with Sands. According to Messick, it gave the *Wall Street Journal* a Pulitzer Prize and led to Sir Stafford's sudden retirement in 1967.

A new government headed by Bahamian-born Lynden O. Pindling replaced the Bay Street Boys. Pindling looked as shining and clean as the sun in the morning. But Messick discovered that Lansky secretly had shoveled thousands of dollars into the campaign that put Pindling in office.

To complete the housecleaning, Lansky's front men also were removed. The new power in Bahamian gambling became the Mary Carter Paint Company. On the face of it there seemed no reason why an obscure paint company should venture into the gambling business—or why the Bahamian government [Cont. on 77]

but Maloney cajoled and felt up the old geezer, and at last Santa was won over.

A time was fixed for Santa to rendezvous at the Dixie and Maloney got the grass. He was elated: that first issue of *Thruggle* would be worth a box of mints from the right dealer. Someday, he promised himself, he'd have his own catalog and life would be simpler. Meanwhile he was learning the trade.

Arriving back at the Dixie they found Mrs. Wasserman reading the tarot for one of Maloney's colleagues. This, it turned out, was the lady's profession, along with horoscopes and palmistry, and that explained the giant plastic palm in her living room.

The grass and the magazine changed hands, and Maloney, after a bit of small talk, said goodbye. Ormond and Mrs. Wasserman made their way to Sam Goody's. The line only took 50 minutes.

Two hours later Channel 5 was coming in as if the set had just been born. Mrs. Wasserman was so pleased that she offered to share her yogurt with Ormond. He accepted.

No money had changed hands, and so no crime had been committed. Everything was strictly *hors de commerce*, and everyone got what he wanted. As the President had put it in one of his very earliest poems, "Aren't you glad it's legal at last to be alive?"

## THE HUGHES-NIXON-LANSKY CONNECTION: THE SECRET ALLIANCES OF THE CIA FROM WORLD WAR II TO WATERGATE

[Cont. from 50] should let it. But one of Sir Stafford's final transactions had been to give Mary Carter Paint a Certificate of Exemption in exchange for \$240,000 in legal fees.

Mary Carter Paint, according to CIA sources, was a CIA front group. It had been set up by Thomas Dewey and Allen Dulles. In 1958 Dewey and some friends bought controlling interest in the Crosby Miller Corporation with \$2 million in CIA money from Dulles, who was still CIA director. A year later the Crosby Miller Corporation merged with the paint company. During the Bay of Pigs operation in 1960 and 1961, according to CIA sources, Mary Carter laundered CIA payments to the Cuban exile army.

In 1963 the company became part of a Florida scandal after it loaned \$100,000 to stock promoters with alleged Syndicate connections. But soon afterward the company began buying land in the Bahamas, sold its Mary Carter paint division and subsequently adopted a more conventional Caribbean name: Resorts International.

Resorts entered the gambling business in 1965, according to CIA sources, to give the agency a conduit for hiding money it sends to counterinsurgency groups in Central and South America. Resorts started as partners with two Syndicate front men, a circumstance that persuaded the Justice Department's top organized crime official to write a worried memo: "The atmosphere seems ripe for a

Lansky skim." But then Lansky's men formally withdrew, leaving the field to Resorts.

Resorts tried to appear separate and distinct from Lansky, rigorously applauding itself as an alternative to Syndicate gambling. But Resorts had not severed all Syndicate ties. As casino manager it had hired Eddie Cellini, brother of a top Lansky lieutenant who, according to a Senate investigation, intervened at Resorts to get jobs for two friends. And according to sworn testimony from Syndicate informant Vincent Teresa, junketeers continued to need Lansky's permission to book their tours into the Bahamas. A disgruntled Resorts stockholder, supermarket heir Huntington Hartford, later went to civil court because he believed the Resorts profit columns were being juggled, a gold-plated clue to hidden partners. Reporters investigated and concluded that, based on the circumstantial evidence, Lansky was still a moving force in Bahamian gambling.

At the same time, 3000 miles away in Las Vegas, the Syndicate was changing the face of its domestic gambling empire.

In 1945 when Lansky's junior partner, Bugsy Siegel, arrived in Vegas, the town's future seemed as cheerless as the rattlesnakes that stood sentry in its vacant lots. Vegas clung tentatively to a patch of desert, as close to oblivion as the next big duster. Then Siegel brought in \$2 million in Syndicate money and began building the Strip.

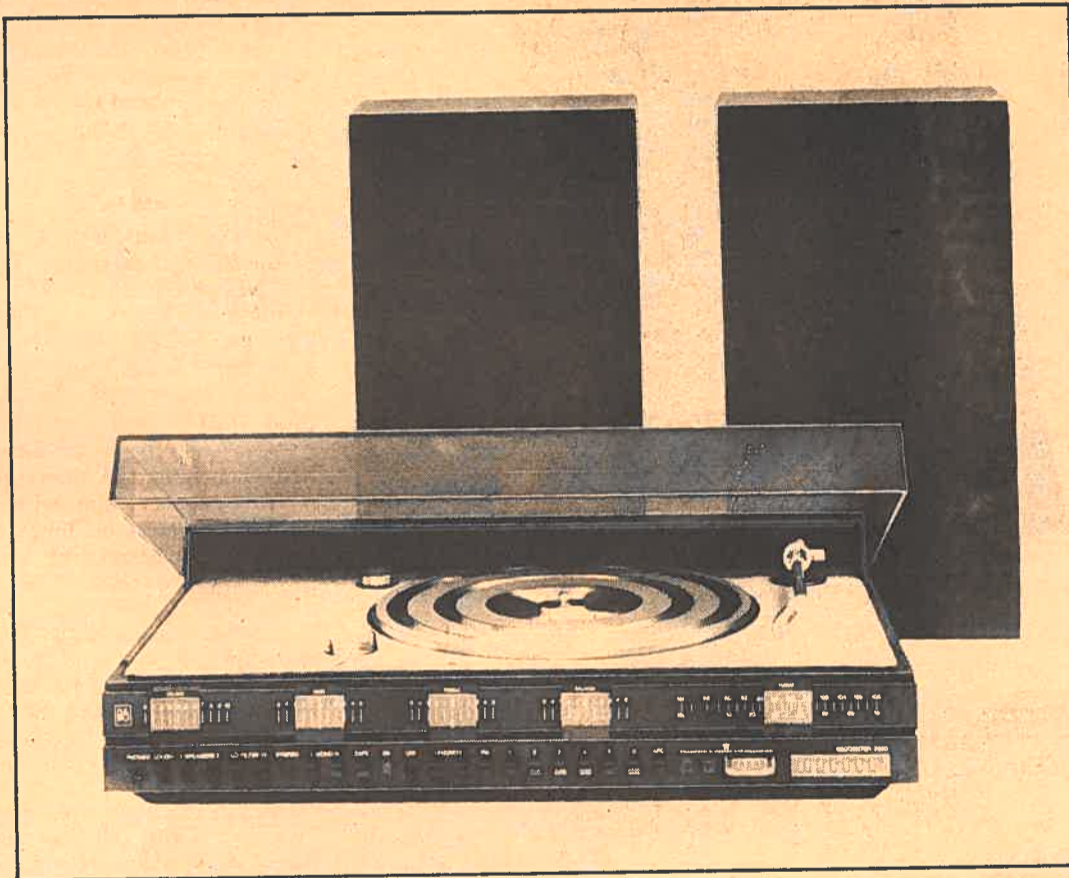
But Siegel's [Cont. on 78]

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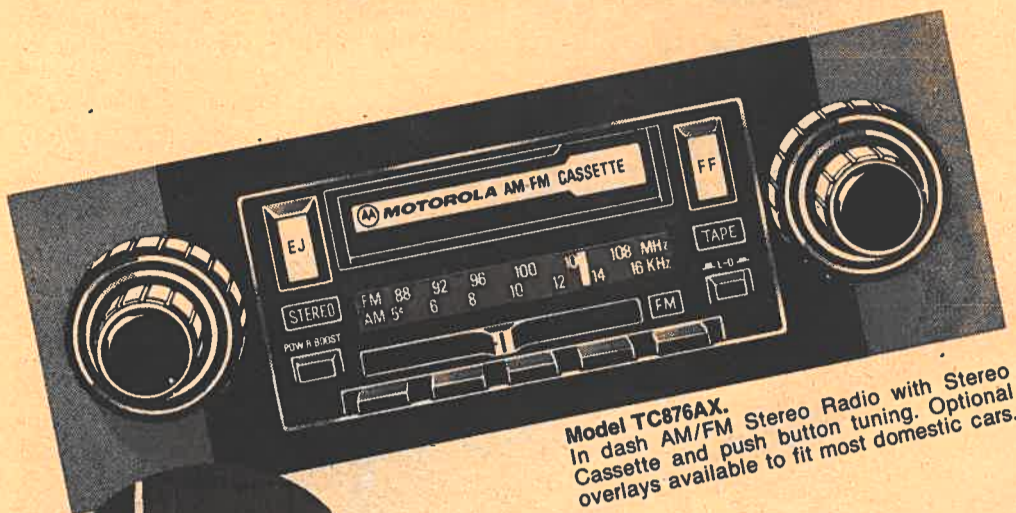
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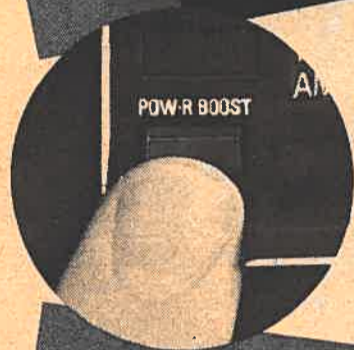
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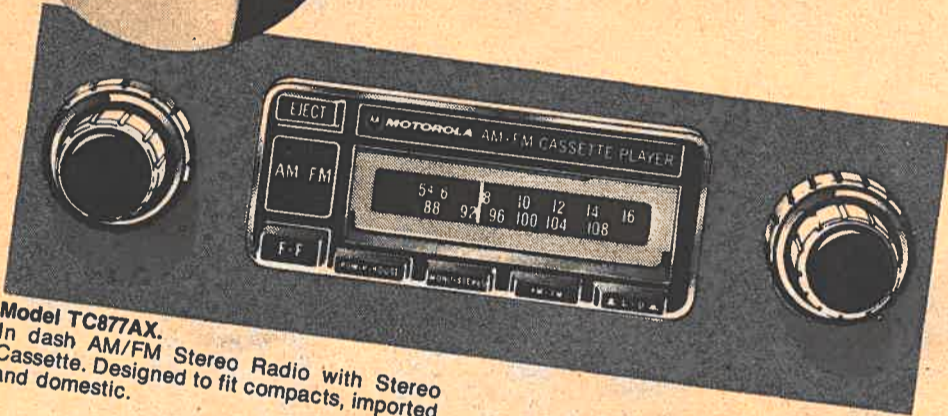
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[Cont. from 77] arrogant and spendthrift nature prevented him from seeing the project through. After a quarrel with Lansky in 1947, Siegel was killed by a hired gun who shot him through his living room window. New Lansky associates, headed by John Roselli and Moe Dalitz, replaced Siegel.<sup>25</sup> By the mid-Sixties, Las Vegas was the boomtown of the West, enticing thousands of men with a fondness for neon-lit ladies and a weakness for baccarat and blackjack. But then the Justice Department launched its long-delayed drive to expose Syndicate influence in Vegas.<sup>26</sup> There was a kind of unrestrained ferocity in the investigation. Lansky himself was later indicted based on evidence that he'd been skimming Vegas from 1960 through 1966. (The indictment claimed Lansky had taken \$36 million out of just one casino.)

But in 1967, Lansky's old front men disappeared from Vegas, just as they did in the Bahamas. The man who bought them out was Howard Hughes.

In 1965 Hughes had elected to sell his TWA stock rather than appear in civil court. He had received \$546,549,771—the largest single amount ever paid an individual in the history of American finance.

Hughes arrived in Vegas by private train on November 27th, 1966. A truck backed up to a service elevator at the Desert Inn. Hughes was carried on a stretcher from the back of the truck into the elevator and was soon barricaded in the ninth-floor penthouse of the hotel.

Within three years Hughes was Nevada's biggest employer, with a payroll of \$50 million. He owned a TV station, prime real estate and a string of hotel-casinos: the Desert Inn, the Sands, the Castaways, the Frontier, the Landmark and the Silver Slipper. State gaming officials, assured that Hughes was replacing the Syndicate, waived most rules—including the submission of a recent photograph—so the

25. Dalitz had owned a Havana casino and, by his own admission, had known Lansky for 30 years. In 1975 Dalitz (and three associates) filed a \$630 million suit against *Penthouse* after the magazine described him as a Syndicate member. However, in a 1962 conversation wiretapped by the FBI, Dalitz ranked himself with Roselli and Sam Giancana. "I was seen with them. I don't think that's good," Dalitz said, referring to a meeting with Roselli and Giancana. "It ties the whole Mob up." Dalitz is also close to the Teamsters. In the late Sixties he became part owner of La Costa Country Club near San Diego, a plush resort allegedly financed by \$57 million in Teamster pension money. La Costa served as a meeting place in 1973 for Nixon's White House aides who were mapping out Watergate strategy.

26. The Justice Department's war on the Syndicate never regained the same fervor after John Kennedy's murder. By 1967 the organized crime section was working half as many days and filing 80% fewer court briefs than before the assassination.

billionaire could quickly assume control of the town's gambling business. Howard Hughes had given Nevada "the Good House-keeping seal of approval," crowed Nevada governor Paul Laxalt.

However, the Syndicate didn't step aside out of kindness. Instead, according to several sources, the Syndicate formed a partnership of symbiosis with the Hughes organization. The Syndicate supplied casino expertise; Hughes lent the necessary respectability.

A hint that the Syndicate was still in business in Las Vegas came when Hughes filed his official casino winnings. They were much lower than the volume of playing warranted, a deficit that indicated a big-time rake-off. The *Wall Street Journal* reported that millions were being skimmed.

The Syndicate desperately needed a front. Moe Dalitz, owner of the Desert Inn, was under investigation. So were Syndicate men at the Frontier and Sands. Hughes aborted these investigations by taking title to the three casinos. But he kept Dalitz, among others, around for advice. "The many contacts I made with Mr. Dalitz were made at the specific suggestion of Mr. Hughes, wherein Mr. Hughes wanted the benefit of his thinking," Hughes aide Robert Maheu later explained.

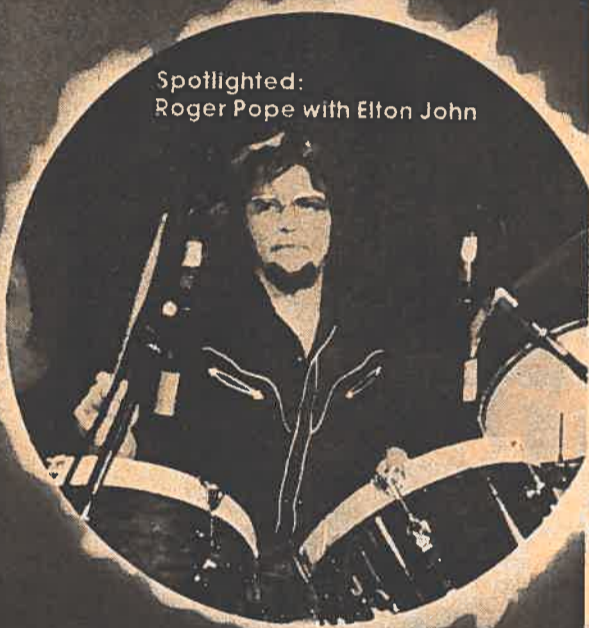
Maheu, the ex-FBI agent who had served as intermediary between the Syndicate and the CIA, handled Hughes's takeover in Las Vegas. Hughes also got help from John Roselli, who, along with an associate, collected \$235,000 in finder's fees in the sale of the Desert Inn and the Sands.

But Hughes successfully stonewalled any suggestion that he was now partners with Lansky. Like Resorts in the Bahamas, Hughes blitzed the media with publicity that claimed just the opposite. Newspapers and television networks, having no chance to quiz Hughes, accepted this line, as did the Las Vegas city fathers and Nixon's Justice Department.

Robert Kennedy left the Justice Department in 1964 to run for the Senate. President Johnson, preoccupied with Vietnam and happy to be rid of RFK for political reasons, turned the job of Syndicate-hunting back to J. Edgar Hoover. The FBI director deflated the Justice Department's drive against organized crime and returned to his number one concern—hounding communists and other radicals. The Syndicate began to recover from the Kennedy years.

For a while RFK's bid for the presidency in 1968 threatened the Syndicate. But an assassin ended the Kennedy campaign. Instead, Richard Nixon was elected. One of Nixon's first moves as presi- [Cont. on 80]

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[Cont. from 78]dent was to fire Robert Morgenthau from the U.S. attorney's job in New York. Morgenthau, considered the toughest prosecutor left in the Justice Department, had been investigating the Syndicate's connections in the Bahamas.

Nixon had his own Bahamian connection: He had vacationed there in 1962, contemplating the prospects of an unemployed politician, after turning his back on the voters and reporters of California. He had spent the next half-decade playing the role of Republican gadfly and repairing his political career. With some help from Thomas Dewey, he also became a Wall Street lawyer with new contacts in the corporate establishment.

In January 1968 Nixon returned to the Bahamas as a presidential candidate and an honored guest at the opening of the new Resorts casino. The Resorts yacht was placed at his disposal and he soaked up the sunshine.

Nixon had met the Resorts board chairman, James Crosby, at a party in late 1967. Crosby's father had been a member of the secret circle that lobbied for establishment of the CIA after World War II. Crosby had been an executive in a Wall Street brokerage until 1958 when, according to CIA sources, Dewey and Dulles placed him at the Crosby Miller Corporation, the CIA front group that became Resorts International.

Nixon was introduced to Crosby by Bebe Rebozo, the Florida entrepreneur who had become Nixon's best friend. Crosby kept an account at Rebozo's Key Biscayne bank, a relationship that Watergate investigators later stumbled across when they began looking into an allegation that Rebozo's bank was being used to launder Resorts contributions to Nixon.

Rebozo had opened his bank in the early Sixties, had hung Nixon's picture next to the flag and had given Nixon the account labeled number one. The bank soon developed a reputation for trafficking in stolen securities. In one case Rebozo accepted IBM securities, reportedly stolen by a New York Mafia family, and sold them for cash even though he suspected they were dubious. (He called Crosby and Nixon's brother, Donald, to check on them.)<sup>27</sup>

But some investigators felt another bank function was to abet a skim from Resorts. Franklin DeBoer, a former trust officer at the bank, told the Watergate investigators that a Resorts "bagman" had brought money from the Bahamas to Rebozo's bank. Another bank official gave a sworn statement to Florida investigators that the same courier had come to the bank after normal business hours and exchanged \$20 bills for \$100 bills.

The investigators did not prove the bank was laundering money for Resorts. But they did learn that Crosby had given \$100,000 to Nixon just before the 1968 New Hampshire primary, the pivotal event in Nixon's comeback.

As it worked out, the \$100,000 from the head of Resorts helped put Nixon in the White House. Then a separate \$100,000 from Howard Hughes, in an unexpected twist, became crucial to his eviction.

Nixon's eagerness for such boodle was a dominating force in his career. In 1966 Rebozo's Cape Florida Development Company had bought up \$1 million in prime waterfront lots on Key Biscayne. Rebozo had trouble selling them until Nixon posed for a promotional picture with Rebozo's partner, Donald Berg, a man the Secret Service later found so disreputable that it stopped Nixon from eating at Berg's Jamaica Inn Restaurant in Key Biscayne. (The reason for the Secret Service's brushoff was Berg's connection to a Syndicate front man—a 1960 Nixon campaign contributor—who had been instrumental in establishing Lansky in the Bahamas.)

Rebozo gave Nixon a 33% discount on two undeveloped lots. One lot had a mortgage held by Arthur Desser, a director of the Miami National Bank, which Lansky allegedly used to launder money skimmed from Vegas casinos.<sup>28</sup> Nixon kept his tie to Desser unadvertised by not recording the deed to the lot

27. In 1973 a convicted stock swindler told a Senate subcommittee that he used Rebozo's bank in 1969 to cash a \$115,000 check, a check originally obtained by selling purloined securities. The swindler had this to say about Rebozo: "I understand he'd take a hot stove if you offered it to him." Rebozo was considered an expert in extralegal profiteering. Rebozo had wrangled five loans out of Small Business Administration (SBA) during the Sixties, thanks in part to Senator Smathers, who sat on the Small Business Committee and who wrote a letter recommending Rebozo to the SBA. *Newsday* investigated and denounced the SBA "for wheeling and dealing... on Rebozo's behalf." The biggest loan, which turned a \$200,000 profit for Rebozo, went to a construction project handled by "Big Al" Polizzi, a convicted black marketeer who once smuggled rum from Cuba and who had been named in Senate testimony "as one of the most influential members of the underworld."

28. Lansky's use of the Miami National Bank surfaced in a 1969 federal indictment. The same bank had been controlled previously by the Teamsters. In the 1956-66 decade of Teamster-Syndicate control, the government indicted nine top bank officials for a variety of offenses. A tenth official, the former chief executive officer, left to found the International Bank of Miami, then headed the Florida citizens campaign for Nixon in 1968. On the board of directors at the International Bank of Miami was James Angleton, who, until his resignation during the 1974-75 CIA scandal, was chief of the CIA's counter-intelligence bureau and the alleged head of the CIA's domestic spy network.

until the mortgage was paid off four years later.

As president, Nixon perfected quid pro quo. When he took office, the major remaining symbol of the Kennedys' Syndicate-busting legacy was an imprisoned Jimmy Hoffa. Then in 1971 Nixon commuted the former Teamster boss's sentence eight years ahead of schedule. Soon after, Nixon began accumulating Teamster donations eventually totaling more than \$1 million.<sup>29</sup>

Then in January 1972 Nixon secured another early release for real estate developer Calvin Kovens, who had been convicted of pension-fund fraud along with Hoffa. Eight days before the Kovens parole, former senator Smathers called White House aide Chuck Colson to urge the move. "I was talking to Bebe [Rebozo] about it," Smathers told Colson in a taped conversation, "and said, 'Bebe, it looks to me that this would be a pretty good thing to do.'" A few months later the Nixon reelection campaign received a secret \$30,000 in cash from Kovens.

One month after Nixon moved into 1600 Pennsylvania Avenue, Bob Haldeman sent a top-secret memo to John Ehrlichman: "Rebozo has been asked by the president to contact J. Paul Getty in London regarding major contributions. The funds should go to some operating entity other than the National [Republican] Committee so that we can retain full control of their use."

White House memos did not record whether Rebozo ever approached oil billionaire Getty. But according to the Senate Watergate committee, Rebozo did serve Nixon as a courier and launderer of money kept in a secret White House cache, shuttling these unattached funds through disparate bank accounts and then shelling them out to indulge Nixon.<sup>30</sup>

Rebozo tried to hide these payments in a tangle of expert financial manip- [Cont. on 82]

29. But Nixon placed conditions on Hoffa's parole, which prevented his return to Teamster politics until 1980, to keep Frank Fitzsimmons happy. Fitzsimmons, Hoffa's successor as Teamster president, engineered campaign support for Nixon in 1972. In early 1973, shortly after Nixon's reelection, Attorney General Richard Kleindienst canceled FBI wiretaps that, according to the *New York Times*, "had begun to strip the cover from a Mafia plan to reap millions of dollars in payoffs from the welfare funds of the International Brotherhood of Teamsters." Lou Rosanova, identified by the *Times* as an "envoy for the Chicago crime syndicate," met with Fitzsimmons at La Costa Country Club on the morning of February 12th, 1973. A few hours later Fitzsimmons flew with Nixon from California to Washington D.C. aboard the presidential plane. On February 27th, Rosanova was overheard boasting of a deal between him and Fitzsimmons. A week later Nixon's attorney general effectively shut down the FBI investigation of Fitzsimmons.

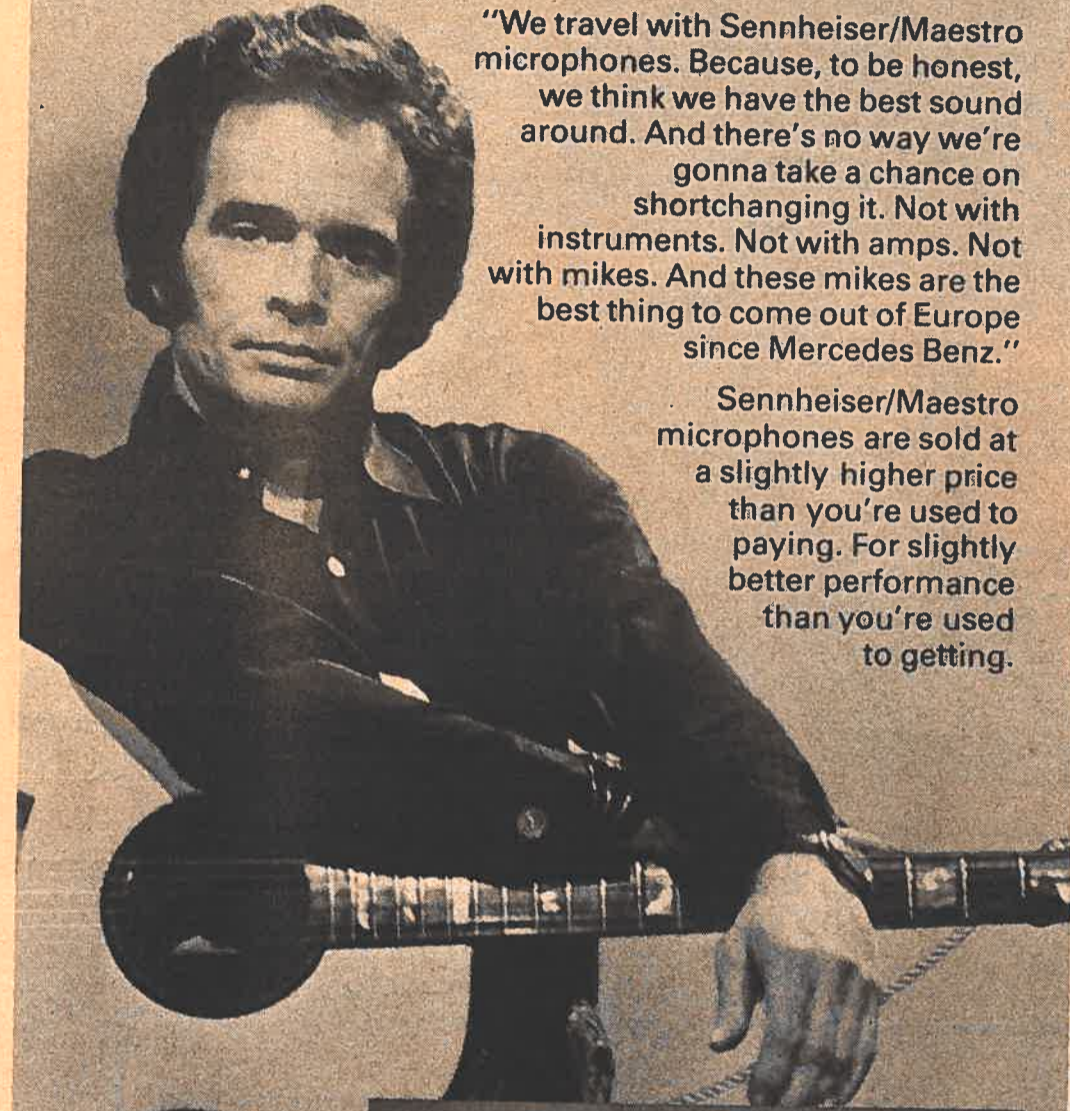
30. In a March 23rd, 1971, conversation recorded by [Cont. on 82]

**"Don't talk to me about  
what mikes other people use.  
They're not me."**

— Merle Haggard

"We travel with Sennheiser/Maestro microphones. Because, to be honest, we think we have the best sound around. And there's no way we're gonna take a chance on shortchanging it. Not with instruments. Not with amps. Not with mikes. And these mikes are the best thing to come out of Europe since Mercedes Benz."

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[Cont. from 80] ulations. One payment was meandered through three bank accounts and a cashier's check, none of them even in his name. He succeeded in confusing the trail enough to conceal most expenditures—and in burying the identities of the slush fund's moneygivers where they could not be exhumed.

But there was one critical exception, a \$100,000 donation from Howard Hughes.

By 1968 Hughes was close to becoming the world's richest man and Robert Maheu was ensconced as Hughes's *charge d'affaires* on a \$520,000 annual retainer. In the spring of 1968 Hughes handed Maheu a top-priority instruction: "I want you to go to see Nixon as my special confidential emissary. I feel there is a really valid possibility of a Republican victory this year. If that could be realized under our sponsorship and supervision every inch of the way, then we would be ready to follow with Laxalt [the politically unknown Nevada governor] as our next candidate."

Hughes must have been cheered when he heard a few months later that the man with whom he'd dealt so compatibly as vice-president had reached the White House. A month after the election Hughes decided to contribute to Nixon's private cache. In December 1968, Maheu took \$50,000 in \$100 bills from the cage at the Silver Slipper casino and flew to Palm Springs where Nixon was attending the Republican Governors Association Conference. Maheu told the Watergate committee that he drove to the house where Nixon was staying and waited in the car while a consort went inside. Apparently it was Hughes's intention that the money be delivered to Nixon personally, a high-handed and risky procedure at which Nixon balked.

Maheu returned to Vegas with the \$50,000. Shortly thereafter, however, Rebozo sought out Richard Danner, the ex-FBI agent who 20 years before had introduced Nixon to Rebozo. Danner had worked on the 1968 Nixon campaign, then had been hired by the Hughes organization as a "Nixon liaison." Rebozo broached the subject of money, Danner told the Watergate committee, by needling him about Hughes's supposed favoritism toward Hubert Humphrey, grumbling that Hughes had donated more to Humphrey's 1968 campaign than to Nixon's. According

[Cont. from 80] a White House bug, Nixon discussed a deal with John Connally. "There's a very substantial allocation of oil in Texas that will be at your discretion," Connally said. "Fine," Nixon answered. But Connally continued, "Unless you want somebody else to do it. Somebody..." That somebody apparently was Rebozo.

to Senate testimony, Danner took this message to Maheu, who agreed to send money to Nixon through Rebozo.

Hughes had at least four favors in mind:

Hughes had just lost a major defense contract because of adverse publicity that developed when a House subcommittee found that his money again had been wining and dining top Pentagon generals. Now Nixon was in a position to cut off the major market for Hughes's lagging helicopter division by ending the Vietnam war. So Hughes sent a memo in early 1969 telling Maheu he "should get to our [new] friends in Washington to see what could be done about keeping the war in Vietnam going." (By 1974 Hughes was the country's eighth largest Pentagon contractor, with backlog orders of \$825 million, becoming so much a part of the defense establishment that Nixon offered to have Henry Kissinger brief Hughes on the antiballistic missile system.)

Hughes's second concern was the Atomic Energy Commission's (AEC) testing under the Nevada desert. He feared the aftereffects and he felt the tests were strategically worthless—as he explained in another memo to Maheu: "Of course, we must be careful not to plate ourselves in the position of disclosing military secrets. But I can tell you, based upon actual Defense Department technical information, legally in my hands, that this last AEC statement is pure 99 proof unadulterated shit." (Confronted with Hughes's antagonism, the AEC did move its testing ground from Nevada to Amchitka Island off Alaska, at a cost to taxpayers of \$100 million.)

Third, Hughes needed approval from the White House before he could take over Air West airlines. (Hughes received Nixon's personal go-ahead in 1969, just about the time the first \$50,000 installment—\$100 bills cinched in bank wrappers and stuffed in a manila envelope—was delivered to Rebozo.)

Fourth, Hughes wanted antitrust laws waived so he could purchase the Dunes Hotel. Hughes already had bought up five big hotel-casinos and, by late 1969, was angling for the 1000-room Dunes. But the Justice Department's antitrust division opposed granting Hughes an even bigger monopoly on Vegas. So in early 1970 Maheu sent Danner to talk with the "boss," in this case Attorney General John Mitchell, who had worked with Danner on Nixon's 1968 campaign. Mitchell and Danner closeted together in three secret meetings over a period of seven weeks. Then Mitchell gave the green light. Maheu subsequently authorized the second \$50,000, explaining to a Hughes lawyer "that certain political obligations

had to be met" because of Danner's meetings with Mitchell. Danner again carried the money in a manila envelope to Rebozo.

(Mitchell's supposed excuse for approving the Dunes sale was that Hughes was fighting the Syndicate in Vegas. But Danner told the Watergate committee that, in actuality, Mitchell felt Hughes had not really affected the Syndicate's standing in the casinos.)

Three years later, when Watergate investigators began beating on the White House door, Rebozo became alarmed that the \$100,000 from Hughes would be discovered. At 8 a.m. on April 30th, with Nixon about to announce the exit of his White House front line before network TV cameras in the Oval Office, Rebozo hurriedly conferred down the hall in the Fish Room with Nixon's personal lawyer, Herbert Kalmbach. According to Kalmbach, Rebozo was worried because part of the \$100,000 had been spent by Nixon's secretary and his two brothers.

Howard Hughes's \$100,000 payment to Nixon's secret cache almost certainly would have stayed undetected if Hughes had not fired Robert Maheu in November 1970.

For more than ten years Maheu had handled assignments for the CIA and the Hughes organization. In the espionage, business and criminal netherworlds, his connections were invaluable. With Maheu as his top lieutenant, Hughes had been awarded several CIA contracts, including one to build an intelligence-gathering satellite. Yet Maheu had made some miscalculations. The Dunes deal, for instance, had fallen through when last-minute arithmetic showed it was a bad risk. Maheu also had fired John Meier, who allegedly was defrauding Hughes on mining deals. However, Hughes apparently liked Meier because Meier was a buddy to Donald Nixon, the president's brother.

Soon after the Dunes deal backfired, Chester Davis, a long-time Hughes counsel and a bitter rival of Maheu, made his move to oust him. Davis approached Intertel, a "security" firm with better CIA connections than Maheu.

Intertel was born in the Bahamas, the offspring of Resorts' anti-Syndicate posturing. Intertel was supposed to be a private police force to keep gangsters away from the casinos. What Intertel became, however, was a private CIA-for-hire that relied on computer data, political IOUs and inside connections.<sup>31</sup>

The Intertel president, Robert Peloquin, began his career as a member of the snoop society. He worked for Naval Intelligence, the National Security Agency and the Justice Department's Security Division. Then he had been chief of the Justice Depart-

ment's first Organized Crime Task Force, a job that got him acquainted with Resorts. Peloquin was the prosecutor who investigated Resorts and initially reported that "the atmosphere seems ripe for a Lansky skim." But in 1966 he suddenly retired from the Justice Department and went to work for the CIA front group Resorts.

By 1970 Peloquin—with \$2 million in backing from Resorts—had assembled Intertel, having recruited operatives from the inner precincts of the CIA, FBI, IRS, National Security Agency, Department of State, Scotland Yard, Interpol, Customs Bureau, Royal Canadian Mounted Police, Bureau of Narcotics and Dangerous Drugs—and J. Edgar Hoover's only nephew.

Installed as an Intertel vice-president was James Golden, known as "Nixon's man" at Resorts. Golden had been a Secret Serviceman assigned to guard Vice President Nixon in the Fifties and had returned as security director at the 1968 Republican Convention. Afterward, at Nixon's request, Resorts had hired Golden as its deputy director of security. (From there Golden went to Intertel, then to a top security job with Hughes and finally back to Washington under Nixon as chief of the organized crime section in the Law Enforcement Assistance Administration.)

In the summer of 1970, Peloquin and the Resorts president came to Las Vegas, shared drinks and a floor show with Bebe Rebozo and Richard Danner and visited with Chester Davis. According to a Hughes insider, Peloquin and Davis reached a tentative agreement. Intertel would replace Maheu as the fix-it expert in the Hughes organization. And Hughes would replace Resorts in the Bahamas.

(By 1970 Lansky had become as reclusive as Hughes, hiding out in Israel, trying to avoid the lingering repercussions of Bobby Kennedy's Las Vegas investigation. The Syndicate did not want another major investigation in the Bahamas. But already some investigative reporters were trying to uncover Lansky between the balance sheets. Hughes could provide a much better front; his anti-Syndicate stance in Vegas was still uncompromised.)

For Hughes it was a chance to put the Western Hemisphere's two premium gambling centers in his name. Hughes already had contemplated moving to the Bahamas. Hughes representatives had met with [Cont. on 84]

31. When Resorts wanted to find out what Syndicate informant Vincent Teresa was telling federal officials about Resorts' ties to Lansky, for instance, Intertel managed to interrogate Teresa privately—even though Teresa was then a valuable federal informant guarded round the clock by U.S. marshals. Teresa's testimony about Resorts subsequently came to naught.

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| BOB DYLAN      | CAROLE KING    | DOOBIE BROS.   |
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[Cont. from 83] Resorts executives during the previous year to discuss the chance of buying up the Bahamian franchise. If he did expand to the Caribbean, Hughes told Maheu in a taped conversation, "I would expect you really to wrap that government up down there to a point where it would be—well—a captive entity in every way."

Chester Davis's proposed deal with Intertel offered Hughes that opportunity only if Maheu was eliminated. But, according to CIA sources, the Intertel scenario held an added incentive irresistible to Hughes. According to the sources, Intertel officials broached the idea of a mammoth CIA contract that would turn Hughes's parent company into the CIA's most valuable front. The CIA would pay Hughes an estimated \$360 million to build the Glomar Explorer, a super-sophisticated rig to work in the ocean's depths. The CIA said it wanted the Glomar to retrieve military codes and nuclear warheads from a Soviet submarine sunk three miles deep in the Pacific.<sup>32</sup>

At midnight on Thanksgiving eve 1970, Intertel agents carried Hughes down a back stairs at the Desert Inn and through the only door that wasn't monitored by Maheu's closed-circuit TV system. A decoy caravan of black sedans was dispatched to the civil airport while Intertel ferried Hughes to an Air Force base and loaded him aboard a Lockheed JetStar bound for the Bahamas. According to one account, Hughes was met there by James Golden, the Intertel executive and Nixon friend.

Maheu, who usually communicated with his employer only through handwritten notes, did not learn of the mysterious departure until two weeks later. At first Maheu could not believe he'd been replaced. More likely, he thought, Intertel had kidnapped Hughes for some undefined purpose of its own.

So Maheu sent a team of men to the Bahamas. They located Hughes's new aerie atop the Britannia Beach Hotel and camped a floor below. Then they obtained a search warrant to break into the penthouse; they had a boat standing by to return

32. Many CIA experts believe the Russian sub story was actually a cover since the codes were outdated and the value of the other information was negligible. One possibility is that the CIA, worried about the growing trend of Third World cartels demanding higher prices for minerals, awarded Hughes the \$350 million to develop an advanced technology for underwater mining—thereby giving Hughes a head start toward a bonanza with more potential than oil while helping protect U.S. hegemony over the world's mineral trade. Another theory is that the CIA, in conjunction with the U.S. Navy, used the Glomar to set up undetected missile sites on the ocean floor as a way of cheating any arms limitation treaty with the Soviet Union.

Hughes to the U.S. But their plan was foiled when Intertel's Golden, along with a police squad, rounded them up and had them deported for "working without a permit." Hughes then telephoned Nevada governor Laxalt to say that he had not been kidnapped and that he had fired Maheu.

Maheu's historical significance might have ended there. But Richard Nixon came to view Maheu as a threat because the ex-aide's loyalties had been cut adrift and because he knew too much—as one White House memo put it, "Maheu's tentacles touch many extremely sensitive areas of government, each of which is fraught with potential for Jack Anderson-type exposure."

The White House Plumbers were not yet operative. So the IRS was asked to examine Maheu's bank account, to search for a heavy-handed tool of coercion—an indictment. When Maheu suddenly found himself under IRS scrutiny, he decided to confide in Hank Greenspun, the highly independent publisher of the *Las Vegas Sun*.

By 1971 Greenspun had gathered a boxful of Hughes's private papers and information about the \$100,000 donation to Nixon. The material had come through sources within the Hughes organization, much of it presumably from Maheu. Greenspun revealed this information to Jack Anderson over dinner in Washington. Greenspun had known the columnist since the early Fifties when both had brawled editorially against Senator Joseph McCarthy.

On August 6th, 1971, ten months before the Watergate burglary, Anderson's column described the bare details of the \$100,000 transaction.

On September 26th, 1971, Hank Greenspun trekked to Portland, Oregon, where Nixon was intervening in a longshoremen's strike. Nixon knew Greenspun as an idealistic newspaperman, a Hughes critic and a Nixon friend for many years, in approximately that order. The two posed for the usual gaggle of photographers. Then Greenspun cornered Nixon confidant Herb Klein and, according to Greenspun's notes of the meeting, warned Klein that the \$100,000 in cash potentially could "sink Nixon."

About two weeks later, on October 12th, Greenspun received a visit from Herb Kalmbach, the Nixon lawyer. According to Greenspun, Kalmbach spent two hours scribbling on yellow legal pads, taking down Greenspun's answers to questions about his knowledge of the \$100,000.

In late December the White House Plumbers unit discussed a plan, which apparently was never attempted, to assassinate Jack Anderson by coating his car's



[Cont. from 85 to discuss the "commonality of interest" between the White House and the Hughes organization. Winte, according to Hunt, agreed to find a floor diagram of Greenspun's office. Two weeks later, on February 19th, Hunt and Liddy flew to Los Angeles and met Winte at the Beverly Wilshire Hotel. Winte allegedly had prepared the free-hand floor plan and offered to supply lookouts during the burglary. Hunt was not satisfied. He wanted Winte to provide an airplane for a quick getaway to Central America where the contents of the safe could be quietly split between Hughes and the White House.

Liddy, Hunt and Winte later claimed that preparations broke down at this point and that the break-in was aborted. But in a taped conversation on April 14th, 1973, Ehrlichman told Nixon that the Greenspun mission was successful: "They flew out, broke [into] his safe, got something out."<sup>35</sup>

In any case, the Plumbers next focused on Democratic party chairman Larry O'Brien, an Edward Kennedy confidant and a party loyalist who studiously avoided controversy and headlines. O'Brien also had been Hughes's chief Washington representative in 1969 and 1970. He had been hired by his friend, Robert Maheu, and he had worked for Hughes when the \$100,000 took its discomforting journey. O'Brien had been dismissed along with Maheu when Hughes left Las Vegas. If Maheu had evidence about the \$100,000, so might O'Brien. And he might only be waiting for an opportune moment to smash it, like an overripe melon, between Nixon's ears in the forthcoming election.

The White House had been worried about O'Brien for more than a year. Haldeman, Ehrlichman, Rebozo and White House special counsel John Dean had all searched for political dirt on O'Brien. They had come up empty-handed. So, according to Senate testimony, John Mitchell authorized a second burglary—O'Brien's office at Democratic national headquarters in the Watergate Office Building.

The Watergate burglars were all veterans of the Bay of Pigs operation. Bernard Barker, a former member of Batista's secret police, had been the invasion paymaster and reportedly an officer under Howard Hunt in

the 1965 stillborn invasion.<sup>36</sup> James McCord, a CIA security chief, had played a minor role in the Bay of Pigs and then also worked on Hunt's second-invasion plan. Eugenio Martinez, still on a CIA retainer a decade after the Bay of Pigs, had belonged to the exile army and later had participated in an estimated 300 harassment raids against Castro. The best-known burglar was Frank Sturgis, the self-styled Bay of Pigs double agent.

Now all were employed in the White House Plumbers unit and again their chief was Howard Hunt. Except for McCord, the team had been handpicked by Hunt through his lingering contacts in Miami's "Little Havana."

Hunt claimed to have retired from the CIA in the summer of 1970 after 25 years as an agent. He had spent the first half of 1971 at the Mullen Agency, a Washington-based public relations firm purchased in 1970 by Robert Bennett. Chuck Colson, the White House's resident troubleshooter, had known both Bennett and Hunt for years. When Colson realized he needed assistance in plugging up Nixon's leaky affairs, he talked to Bennett about borrowing Hunt. Bennett concurred and, in July 1971,



**ROBERT BENNETT**

His Mullen Agency was a CIA front. To protect the CIA during Watergate, Bennett approached reporter Bob Woodward with information.

Hunt began moonlighting at \$100 a day at the White House.

Public relations man Bennett, a Mormon and the son of a U.S. senator, hardly seemed a fit confidant for Hunt and Colson. Yet Bennett cultivated their friendship, provided surprising assistance and took a special interest in the White House's undercover activities. Bennett coordinated the hiring of an operative to spy on the Democrats for Nixon and furnished him a bed in his own house. Bennett arranged an interview for Hunt to collect anti-Kennedy material about Chappaquiddick. He helped author a press release that tried to discredit Jack Anderson's ITT memo in the Dita Beard case. And he set up 150 dummy campaign committees so Nixon donors could avoid gift taxes.

In addition, it was Bennett

35. Some confusion about this still exists. Greenspun says his office was burglarized — aluminum sills pried apart, a catch jimmied, wooden shutters shoved aside and a steel plate ripped off the front of his Meilink safe. But he says nothing was stolen.

36. According to Jack Anderson, Barker was also an investor in real estate deals involving Bebe Rebozo. According to CIA sources, Barker and Rebozo met during the Bay of Pigs operation when both were funneling money to the CIA-financed invaders.

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who allegedly introduced Hunt to the Hughes security director in the early stages of the Green-spun break-in plan. Bennett happened to know the Hughes people because he had just been hired as their Washington representative, taking the place of Larry O'Brien.

To the White House, Bennett's connection to Hughes seemed an added attribute. White House memos about Bennett in 1971 and 1972 contained a smugness; Colson and other Nixon aides congratulated themselves that they had a new ally in the Hughes organization. But Nixon's men apparently did not know about Bennett's other connections. They learned much later that the pencil-pushing Bennett was a CIA man.

According to 1974 congressional testimony, Bennett's company had been a CIA front since its inception in 1959, arranging cover for CIA agents in Asia and Europe and assisting CIA activities in this country. During the Bay of Pigs preparations, it had helped set up the Cuban Freedom Committee, a CIA support group that tried to sabotage Castro's first sugar crop.

Bennett had placed himself at the nexus of the Hughes-Nixon-CIA imbroglia, a unique position that gave him entree to all three principals. After Robert Maheu's firing, for instance, Bennett performed the following chores: (1) for the White House, he supplied information about Maheu's friendship with O'Brien; (2) for the CIA, he investigated how much influence Maheu held with Nixon; (3) for the Hughes organization, he tried to trace the extent of Maheu's relationship to the CIA.

After the Watergate burglary, however, Bennett charted a course that protected the CIA and Hughes at the expense of Nixon.

By 1972 the same Richard Nixon who had worked so closely with the CIA on the Bay of Pigs invasion no longer enjoyed the agency's unreserved trust. According to CIA sources, CIA director Richard Helms had come to believe that Nixon aides were stealing agency prerogatives for a power-hungry White House. Helms belonged to the old-boy espionage school that Allen Dulles had headmastered. He had served with Dulles in the OSS during World War II and had become the most powerful of Dulles's protégés at the CIA.

Early in his administration, according to Watergate investigators, Nixon had tried to enlist the CIA as a special arm of the White House. Helms balked, and Nixon began to resent the agency's independent nature. At the same time, Helms suspected that the Nixon palace guard, especially John Ehrlichman, was trying to ease the agency out of

White House decision making.

According to CIA sources, Helms feared that the proposed Huston plan—which would have set up a domestic intelligence bureau—was Nixon's attempt to undercut the CIA with his personal spy network.

Shortly after the CIA learned of the Huston Plan in mid-1970, Howard Hunt abruptly "retired" from the agency and went to work for Robert Bennett's Mullen Agency. Instead of implementing the Huston Plan, Nixon set up the Plumbers and Hunt ended up recruiting a group of operatives who owed their allegiance to the CIA. Hunt's role at the White House later became a matter of controversy. White House aide Chuck Colson came to view Hunt as a CIA double agent sent by Helms to monitor Nixon and compile potential blackmail material. "The president was systematically excluding the CIA from a lot of his foreign policy deliberations," Colson told a private investigator in May 1974, a few months before Nixon's resignation. "So they had two choices: one to infiltrate and spy on him . . . or they could see themselves losing their team. I'm convinced that Hunt was the CIA vehicle. Hunt didn't go to work for the Mullen Agency because he happened to find a good job there. He was posted there by Dick Helms. All the time that Hunt was on the Mullen payroll he was reporting biweekly to the CIA. Then Hunt starts coming over to me, bringing me cigars and inviting me over to his house. He recruits the team of Cubans and works himself into the job at the White House."

Helms claimed he barely knew Hunt. But reporter Tad Szulc revealed that Helms and Hunt actually were good friends. And a House committee later did find evidence that Helms had personally placed Hunt at the Mullen Agency.

James McCord, another battle-tested agent, left the CIA at the same time as Hunt and went to work for Nixon's campaign committee. That seemed suspicious when McCord later told the Senate Watergate committee how he felt about the CIA's rivalry with the White House. "It appeared to me that the White House had for some time been trying to get political control over the CIA assessments and estimates in order to make them conform to 'White House policy,'" McCord said, adding that he felt Nixon had prevented the CIA from conducting its "business with complete integrity and honesty in the national interest."

But then the arrest of the Watergate burglars placed the CIA in a devilishly awkward spot. The men behind bars had demonstrable CIA backgrounds. Even more embarrassing was the CIA's careless [Cont. on 88]

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[Cont. from 87] outfitting of the Plumbers with agency equipment: disguises, voice-altering devices, a Uher 5000 tape recorder disguised in a typewriter case, a camera hidden in a tobacco pouch, a wig the color of a butcher's apron and all manner of forged identification.

Most of the documentation that could have linked the CIA with the Plumbers was destroyed soon after the burglary. McCord's papers were burned in his fireplace. Helms disposed of all his taped conversations relating to Watergate. But when prying reporters discovered that Hunt's confiscated paraphernalia contained CIA gadgetry, media suspicion about the CIA's role in the burglary leaped into headlines.

Reporters began pestering Hunt and the other Plumbers with unsettling questions. The burglars managed to maintain a professional silence. But the reporters were not satisfied until Robert Bennett began holding audiences with a few of the media's most influential newsmen. According to a CIA memo unearthed by the Watergate committee, Bennett flew from Washington to Los Angeles to spend four hours convincing a *Newsweek* reporter that the CIA had not been involved in the burglary. Then he persuaded a *Time* investigative reporter that the magazine "was beating a dead horse" to pursue a CIA link to Watergate.

The two newsweeklies—which had yet to learn of Bennett's ties to the CIA—seemed to accept his word. They began appraising the burglary as the dementia of anti-Castro partisans or, at worst, the result of some unspecified political hijinks.

According to the CIA memo obtained by the Watergate committee, Bennett also established a "back-door entry" to the law firm representing the Democratic party in a civil suit against the Plumbers, an opportunity he used to steer the Democratic investigation away from the CIA. And Bennett asked a mutual friend to buttonhole Senator Sam Ervin, chairman of the Watergate committee. The friend, a North Carolina lawyer, cornered Ervin during a chartered plane trip, then reported back to Bennett that he was confident "Ervin accepted [my] comments and will not attempt to further involve the [CIA]."

Even Earl Silbert, the Justice Department's Watergate prosecutor, helped protect the CIA. Bennett told a House committee in 1974 that he didn't have "any misgivings about sharing with Earl from the beginning the full details of the CIA situation." Silbert later admitted that he changed a critical court document in the Watergate case so that the initials CIA incorrectly read CRP (Committee for the

Reelection of the President).

Only two young *Washington Post* reporters, Bob Woodward and Carl Bernstein, continued to dog the Watergate story. Their persistence began to unnerve the CIA. So Bennett approached Woodward with an offering of information. As a Colson confidant, Bennett had been privy to several White House "dirty tricks" that were only tangential to the Watergate burglary. In exchange for a promise of anonymity, Bennett supplied Woodward with a catalog of such White House wrongdoing. The Watergate committee's CIA memo, an internal CIA document presumably intended for Helms, described Bennett's modus ope-



#### CHARLES COLSON

A Nixon trouble-shooter who felt the CIA used Howard Hunt to spy on Nixon, Colson said Nixon resigned because he was afraid of the CIA and Hughes.

randi this way: "[Bennett] has been feeding stories to Bob Woodward with the understanding there would be no attribution to Bennett. Woodward is suitably grateful for the fine stories and bylines he gets and protects Bennett."

Bennett later corroborated this role when he was forced to testify about the memo before a House subcommittee. "Bob Woodward interviewed me on numerous occasions," Bennett testified. "I have told Woodward everything I know about the Watergate case, except the Mullen company's tie to the CIA. I never mentioned that to him. It has never appeared in any *Washington Post* story."

Bennett also scrupulously sheltered the Hughes organization from *Post* scrutiny. Woodward and Bernstein never learned of the plan to burglarize Greenspun's safe, nor were they told the circumstances of the \$100,000 transaction from Hughes. Those two crucial episodes did not become part of their understanding of Watergate. Woodward developed a "special relationship" with Bennett, according to a Watergate committee investigator who was also a source for Woodward. "A lot of the *Post* stories in the summer and fall of 1972 came in part from Bennett," the investigator said.

According to an ex-CIA operative familiar with Bennett and

CIA infiltration of the White House, Bennett was acting on orders from CIA higher-ups in talking to Woodward. Bennett, who still enjoyed access to the White House, passed along everything he learned of the White House coverup to Woodward, the ex-CIA operative said. Eventually, according to the operative, Bennett assumed the code name "Deep Throat" and became the enduring catalyst for the *Post's* Watergate investigation. Chuck Colson, who claimed to have seen some CIA files on Watergate, said he believed that the CIA "can show how every story that Woodward won the Pulitzer Prize for was fed to him by the CIA."

Bennett briefly expanded his schedule to include other media. At one point his tipstering helped convince *Newsweek* to print a story entitled "Whispers about Colson." According to the CIA memo, "Bennett took relish in implicating Colson . . . while protecting the agency at the same time."

When Colson discovered Bennett's subterfuge, he was infuriated. Along with Senator Howard Baker of the Watergate committee, Colson raised an alarm about CIA manipulation in the case. In the CBS newsroom, a television team put together a story listing many of the accusations against Bennett. Then it was read to him over the phone. "It was terrible," Bennett later testified. "The insinuations and implications put me smack in the middle of the whole Watergate conspiracy and the hush money and the Hughes matter." But, Bennett said, he protested and the CBS reporters toned down the story.

By that time, moreover, other CIA loyalists had joined Bennett in destroying Nixon's ill-fated coverup. The *New York Times* had obtained Frank Sturgis's account of White House culpability. Then James McCord announced similar revelations publicly in John Sirica's federal courtroom. McCord said he had spoken up because he believed the White House was trying to use the CIA as a scapegoat. "The White House is bent on having the CIA take the blame for Watergate," he wrote in a letter to a friend three months prior to his court declaration. "The way to head this off is to flood the newspapers with leaks and anonymous letters. . . . This is of immediate importance."

Nixon was besieged. Howard Hunt was demanding up to \$1 million in White House money for his silence. Alexander Butterfield, who had once headed a Bay of Pigs rehabilitation program reportedly financed by the CIA, disclosed to the Watergate committee that Nixon had taped all his Oval Office conversations—a turning point in the scandal.

Public opinion [Cont. on 90]

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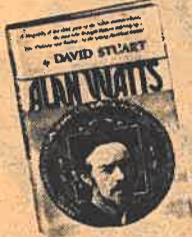
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[Cont. from 88] insisted that Nixon appoint a special prosecutor to investigate Watergate. A few months later Archibald Cox's office was zeroing in on Rebozo's handling of the \$100,000 from Hughes. Nixon relayed a message to Cox through Attorney General Elliott Richardson. In a subsequent Senate appearance Richardson testified that Nixon "didn't see what Mr. Cox's charter had to do with the activities of Mr. Rebozo." When Cox refused to desist, Nixon elected to fire him in the "Saturday Night Massacre."

Nixon already had shunted off CIA director Helms as ambassador to Iran and had appointed his own man, James Schlesinger, to head the agency. Schlesinger tried to purge the CIA old guard, firing or forcing out nearly ten percent of the agency's 16,000 employees. But "animosity toward Schlesinger grew so strong that his personal bodyguard was increased to prevent violent confrontations with disgruntled agency employees," veteran Washington journalist Juan Cameron reported. Schlesinger doubled his security at home, installed a special guardroom outside his office and took along an extra bodyguard in addition to his pistol-packing chauffeur.

But after a few months Nixon had to relieve Schlesinger and promote William Colby, a former chief of the CIA's Phoenix program responsible for the murder of an estimated 20,000 Vietnamese.

Nixon also encountered escalating trouble from special prosecutor Leon Jaworski. A decade before, Jaworski had been a special counsel to the Warren Commission and a director of a private foundation that laundered funds for the CIA.

Under Jaworski's jurisdiction, the special prosecutor's office found no criminality in the \$100,000 payment or in the Greenspun plot. Nor did it uncover any other illegalities involving the Hughes organization or the CIA.

But Jaworski's office did indict Haldeman, Ehrlichman, Mitchell and others for their roles in the White House coverup. And the special prosecutor won a landmark Supreme Court decision that delivered the crucial White House tape recordings and produced incontrovertible evidence that Nixon had ordered that coverup. Faced with certain impeachment, Nixon resigned.<sup>37</sup>

### EPILOGUE

John Foster Dulles died in 1959 after six years of directing U.S. foreign policy as Dwight Eisenhower's secretary of state. Allen Dulles died ten years later, having spent his last years extolling the CIA in two books, *The Craft of Intelligence* and *The Secret Surrender*. Thomas Dewey

died in 1971, his age and health having kept him from accepting the Supreme Court's chief justiceship offered by Richard Nixon in 1969.

Bebe Rebozo escaped indictment in Watergate despite strong circumstantial evidence of tax evasion and bribe taking. One reason, according to CIA sources, is that CIA officials sanctioned his plea of "national security" when the special prosecutor's office began investigating Rebozo's links to Resorts. George Smathers, retired from the Senate, is prospering in Florida. Their old crony, Richard Danner, still works for the Hughes organization.

Howard Hughes died at age 70 on April 5th, 1976, from chronic kidney disease. Hughes had been living in the penthouse at the Xanadu Princess Hotel in the Bahamas. His negotiations to buy up the Bahamian gambling franchise from the CIA front group, Resorts International, had fallen through.<sup>38</sup> But the Resorts subsidiary, Intertel, continued to administer day-to-day security at the Hughes casinos in Las Vegas. And Hughes had maintained his close ties to the CIA. In early 1975, according to the *New York Times*, the CIA intervened to help squelch a Securities and Exchange Commission investigation of Hughes. A 1975 deposition filed by an alleged CIA agent in a Las Vegas court case involving an ex-Hughes aide revealed that the CIA supplied agents to monitor Hughes's enemies during the early Seventies.

At the time of his death Hughes was earning \$1.7 million each

37. One man who played a key role in convincing Nixon to resign, according to Woodward and Bernstein in *The Final Days*, was Alexander Haig, who had replaced Bob Halde-man as Nixon's top White House adviser. Haig also had a CIA connection. In the early Sixties he ran a CIA-financed Bay of Pigs rehabilitation program, preceding Alexander Butterfield in the job. According to Chuck Colson, it was Haig who convinced Nixon not to expose the CIA's role in Watergate. "Al Haig prevailed on Nixon's better instincts," Colson said in May 1974, "not to take down the whole intelligence establishment of the U.S. in order to save himself from impeachment."

38. Hughes encountered competition from Robert Vesco, who also wanted to buy Resorts. Vesco was a lavish Nixon contributor, later providing part of the money for the Plumbers, and he was friendly with the CIA; once when Vesco landed in a Switzerland jail a CIA agent had helped get him out. Vesco outmaneuvered Hughes by persuading a Bahamian immigration official to demand Hughes apply for a visa, a procedure requiring a recent photograph. Affronted, Hughes packed and flew off to Nicaragua and London before returning to the Bahamas. By then Vesco was out of the picture, having been charged with influence peddling for his contributions to Nixon. But Hughes apparently did not renew his efforts to purchase Resorts.

day from U.S. government contracts. Eighty percent had been awarded without competitive bidding. Thirty-two were from the CIA, the most held by any single contractor.

Because Robert Bennett's CIA ties were exposed by the Watergate scandal, he has closed down the Mullen Agency. He now works for the Hughes organization as a vice-president and CIA liaison.

Meyer Lansky today lives undisturbed in Miami Beach. Now 72, he spends his time walking his dog and visiting with old friends. Surrogates handle most Syndicate affairs. After more than 50 years in the Syndicate, Lansky has served less than two years in prison.

In December 1974 the *New York Times* printed a little-noticed story about Lansky. It said that the federal government, in effect, has abandoned the effort begun by the Kennedys to put Lansky behind bars.

After three decades, the CIA's relationship with the Syndicate has not changed. When several Syndicate members went on trial in New York in 1971 for taking union kickbacks, the head of the local CIA bureau turned up in court as a character witness for the gangsters. Deportation proceedings against John Roselli were dropped in 1969 at the behest of the CIA.

According to federal narcotics officials, CIA agents have provided identification papers and high-speed boats for a drug smuggling ring run out of the Dominican Republic by several former members of Batista's secret police. In exchange, the officials say, the narcotics dealers have murdered at least five leftist organizers in the Caribbean. In March 1975 the *New York Times* quoted a former CIA man who said he knows the CIA has relied on the Syndicate "for exchanges of information and also to assault targets selected by the CIA."

The CIA was embarrassed slightly in 1975 when the Senate CIA committee discovered the agency's alliance with the Syndicate in the Castro murder conspiracy. The scandal helped force out William Colby as CIA director.

But the CIA as a powerful and independent institution has survived. Richard Helms, still U.S. ambassador to Iran, has not been prosecuted for the CIA's assassination plots or any other deals with the Syndicate.

Roselli and Robert Maheu testified before the Church committee about their role in the Castro plot. But they only confirmed a scenario [Cont. on 92]

[Cont. from 90] already known to Senate investigators. They did not elaborate on the expanse of the CIA-Syndicate imbroglio.

Sam Giancana, however, did not get a chance to talk to the Senate committee. On June 19th, 1975, shortly before his scheduled appearance, an assassin interrupted a late-night snack at his Chicago mansion with seven .22 caliber bullets. A few months earlier, Richard Cain, the Giancana henchman who helped the CIA recruit its Bay of Pigs army, had been executed in a Chicago restaurant.

Another Syndicate figure, Jimmy Hoffa, was kidnapped and presumably killed on July 30th, 1975, in Detroit.

By all accounts, the three were silenced because someone feared they might reveal secrets out of their past. Which someone and what secrets remain a mystery. But some Senate investigators had hoped to question Giancana about any knowledge he had of John Kennedy's assassination.

The Senate committee did appoint a subcommittee to pursue new leads about a CIA coverup in the Kennedy case. But that investigation has proved to be neither vigorous nor productive.

The Watergate investigation also has dissipated without full and complete disclosure. Richard Nixon, now exiled to San Clemente, has never explained why he thought Watergate "would make the CIA look bad [and] blow the whole Bay of Pigs thing."

Watergate investigators have not figured out what he meant either. One theory is that Nixon was using the "Bay of Pigs" reference as a code word for the entire Cuba affair, a slice of his-

tory that some believe includes a CIA role in the Kennedy assassination.

The Bay of Pigs and the Kennedy assassination are motifs that run through the Watergate affair. Howard Hunt, the chief Watergate burglar, helped establish a CIA front group for the Bay of Pigs that had a New Orleans address later used by Lee Harvey Oswald. The Mullen Agency also set up front groups for the Bay of Pigs, and Robert Bennett, as head of the Mullen Agency, played a key undercover role in the undoing of Richard Nixon.

In his recent novel, *The Company*, John Ehrlichman hints that Watergate and the Kennedy assassination were part of a power struggle between the CIA and the Nixon White House. Ehrlichman's book describes a Nixon-like president who has evidence that the CIA was involved in a controversial assassination. In the novel a Helms-like CIA director compels the president to destroy the evidence by threatening to expose a Watergate-like scandal.

Chuck Colson's 1974 remarks to the private investigator also claim that Nixon was caught up in a power struggle with the CIA. "Nixon's theory is that [CIA agents] were coming in to spy, and they wanted to get enough on the White House so they could get what they wanted. Who knows what they wanted. They never got that far—because the whole house of cards collapsed and that was it."

Colson gave several reasons why Nixon did not publicly announce his suspicions. "He's afraid that if he went public with it everybody would say, 'Look at Nixon now, see what a diversion

he's trying to create, what a red herring.' Nobody would believe him . . . [But] you know what I think. You know what I really think—and I'm loyal to this guy, he's my friend—I think that [Hughes] paid Bebe that dough and I think Bebe used that for himself and for the president . . . and that if Nixon really blows [the whistle on the CIA], Hughes can blow the whistle on him . . . The president is scared as hell, especially when he's weak and under attack. He was out of his mind over it.

"The president and I talked about it one Sunday for about an hour and a half . . . I have seen the CIA files. I know what's in them. I can't prove there was a conspiracy but I would say that was the practical consequences of what they did.

"The excesses of the Nixon administration were pretty bad. But what these guys are doing—one doesn't justify the other—what these guys are doing is worse . . . The frightening thing is that there is nobody controlling the CIA. I mean nobody. I'll tell you one thing that scares me the most. They're all over the place. Almost everywhere you turn, they've got their tentacles."

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## HOW THE IRS STONEWALLED ITS OWN PROBE OF LAUNDERED MONEY

[Cont. from 51] land Syndicate—the group of aging gangsters who operated illegal casinos in a dozen cities before turning "legit" in Las Vegas—contributed a few more names to the Castle roster. The top man in this group was Moe Dalitz, who more recently has been exposed as one of the owners of Rancho La Costa, the reportedly Mob-related resort in Southern California frequented by Nixon and a number of other Watergate figures.

The Castle clients were all referred by two law firms—one in Miami and one in Chicago. The Miami lawyer is Paul L. E. Helliwell, who was chief of special intelligence in China for the OSS (forerunner of the CIA) during World War II. Later he represented the opium-dealing

leadership of a corrupt government in Thailand. Helliwell is U.S. counsel for Castle and owner of its Miami correspondent bank, the Bank of Perrine, which is also being investigated by the Justice Department.

The Chicago law firm, which is well connected in Republican circles, includes Burton Kanter, the alleged mastermind behind the Castle operation. On March 4th, 1976, a federal grand jury in Reno returned indictments against Kanter and three associates in a Castle-related case. Kanter's clients include former U.S. senator George Smathers, a longtime Nixon associate.

The remaining names may never be made public. On August 14th, 1975—five days before a scheduled IRS meeting in New York to distribute the 300 individual Castle cases among special agents—Operation Haven was suspended. But one investigator hinted: "The facts exceed the wildest fiction."

Alexander apparently found out about the Castle investiga-

tion during the summer of 1975. He first tried to head it off by approaching two congressional committees, claiming that the briefcase caper was a scandal worth investigating rather than the multimillion-dollar Castle case.

Then he contacted the Justice Department and asked for a criminal investigation of Jaffe and three other intelligence division officials. He apparently ignored the Justice officials' ruling four months earlier that there was no legal bar to presenting the briefcase documents before a grand jury.

On August 7th, Jaffe was advised by IRS inspectors that he was the subject of a criminal investigation into the manner in which the briefcase material had been obtained. Jaffe was compelled to turn over his files and cease his work.

The actual suspension of Operation Haven was also handled in a curious way. In July, assistant IRS commissioner Singleton Wolfe had review- [Cont. on 95]