

The Mafia: Shadow of Evil on an Island in the Sun

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He goes to the island's two gambling casinos, the Monte Carlo and El Casino, where he collects batches of checks and IOUs representing the losings/of the hapless high-rollers of the preceding two or three nights. He cheerfully shoves the checks and "markers" into a briefcase, exchanges Damon Runyonesque badinage with the casino's staid British secretaries, and drives to Grand Bahama's Freeport International Airport. The two U.S. agents always follow at a discrete distance. At the airport Peters and the agents board a plane for Miami, just 70 miles away. When the plane lands in Florida, just 35 minutes later, the agents follow Peters to a Miami Beach bank. Where he deposits the contents of his briefcase, worth possibly \$30,000. From the bank Peters goes to the Fontainebleau Hotel and takes the elevator to the mezzanine-floor card room. Awaiting him in the card room is none other than Meyer Lansky, or his brother Jake, or both. Senate racket hearings have established the Lanskys as notorious American hoodlums who have long been associated with the Mafia. The U.S. agents always see at least one Lansky in the room before the door is locked.

The agents cannot force their way into the room because, on the surface at least, there is nothing illegal in what Peters and the Lanskys are doing. They are merely taking gambling money out of the Bahamas. What frustrates the agents is the fact that Meyer Lansky is known by the Justice Department to represent the gambling investments of five "families" of the Mafia in the United States—Chicago, New York, Philadelphia, Detroit, and Buffalo. Federal officials firmly believe that in 1966 Lansky funneled at least six million dollars to the five mobs. The only way that Justice can attack this system is by trying to prove that the recipients of the money are not paying taxes on it—a possibility being investigated by federal grand juries in New York and Philadelphia.

All this is irritating enough for the Justice officials, but what is particularly galling is the knowledge that Lansky, a man they have fought for years, is being allowed to operate just 70 miles off the Florida coast. The gambling operation is legal in the Bahamas, a self-governing British colony. Whatever his connection with the American Mafia, Dusty Peters is simply an employee of Bahamas Amusements, Ltd.—which owns the licenses for both casinos on Grand Bahama—and so are the 55 steely-eyed managers, supervisors and "pit bosses" of the operation. After running intelligence checks on the 55, the Justice Department's organized-crime experts discovered that nearly all of them had criminal records in the United States and that nearly all, in one way or another, have been tied in with the Lansky-Mafia apparatus at some time in the past.

For the past three years, Lansky's gambling operation has been completely legal in the Bahamas. It began under the rule of the predominately white United Bahamian Party. The U.B.P. completely controlled the islands' Negroes, who make up 80% of the population. Film star Sidney Poitier, who was

raised in the Bahamas and still holds citizenship in the islands, explains to me how the Negroes felt about the U.B.P politicians: "These people were incapable of governing these islands as a colony, only as a huge, personal plantation."

As gambling prospered, the casinos became the symbol of the general corruption in the islands, but the U.B.P. seemed to be so firmly in control that the system appeared to be unassailable. When Negro leaders began to complain about the racketeers who were running the gambling, The U.B.P. confidently called an election in January to renew its hold on the islands. Then the impossible happened. The Negroes organized themselves effectively for the first time and threw the U.B.P out of office. The new premier is a Progressive Liberal named Lynden O. Pindling, but he has a bare majority in the Assembly. When he took over on January 16, Pindling faced the ticklish task of maintaining his power and yet moving against the corruption in the casinos and the 700 islands as a whole. Meanwhile, during the confusion and the uncertainty, Dusty Peters continue to fly to Miami carrying his fat briefcase.

To no one who knew the Bahamas well in the past, a disturbing change has come over one of the world's most beautiful groups of island in the sun. During my visits in 1966, I found that the physical attractions were still there—the transparent waters, the magnificent white beaches, the superb weather. On my previous trips to the islands there/ also had been great charm and hospitality among both white and Negro Bahamians. Now all this seemed to be gone, including, symbolically, the flowers which people no longer cared about.

The whites were nervous and withdrawn, the Negroes bitter and hostile. Some of the lesser-known islands, such as Eleuthera and Abaco, still possessed the old charm. Grand Bahama, however, was a vast scar of raw white limestone dust as bulldozers cleared the way for another, more frenetic, Miami Beach. Colorful old Nassau was a chaos of overbooked hotels, and increasing number of cheap souvenir shops, and so many tourists elbowing their way through the milling crowds on the once-picturesque Bay Street that the city was being referred to as the Coney Island of the West Indies.

There was an ominous blight on the islands—a new colonialism in the encroaching presence of the Mafia and its allies. The government of the United Bahamian Party had paid an American public-relations firm, Hill & Knowlton, nearly \$5 million a year to play up the virtues of the climate and the sand and the investment opportunities. Hill & Knowlton (which also numbers the feudal monarchy of Saudi Arabia among its clients) did its job well. Eight hundred thousand tourists visited the Bahamas last year, and with only two daily newspapers and one radio station in Nassau (all solidly pro-government), they were persistently told that all the rumors of Mafia infiltration of the chain of beautiful islands were untrue.

"Preposterous!" exclaimed the royal governor, Sir Ralph Grey. "Our police controls are so effective that American gangsters can't possibly insinuate themselves into our gambling." Sir Etienne Dupuch, editor of the Nassau Tribune, thundered, "Slander! This is a plot by Florida tourism interests to keep people from vacationing in the Bahamas, because they want the business for themselves."

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The changes in the Bahamas during the past few years involve three remarkably contrasting men. One is Sir Stafford Sands, C.B.E., knighted by the Queen, a cabinet minister in the former government of the United Bahamian Party, a man so powerful in the islands that he has been know as King Stafford I. The second is Wallace Groves, a brilliant American promoter, a multimillionaire, and a man who has served two years in a federal penitentiary for fraud. And the third, of course, is Meyer Lansky himself.

Meyer Lansky, now 65, was born Maier Suchowljansky of Jewish parents in Poland. He first came to prominence in the crime world when he and the late Bugsy Seigel formed the so-called Bug and Meyer Mob, which according to Kefauver Committee testimony, was the "enforcement branch" for Mafia gambling czar frank Costello in New York and Louisiana. The Kefauver testimony reveals that Siegel and Lansky performed head-breaking and execution duties for Costello's people on the East Coast in the early 1930's when gamblers failed to make good on their losses.

Later, Lansky worked with Louis (Lepke) Buchalter, Jacob (Gurrah) Shapiro and Albert Anastasia in the notorious Italian-Jewish organization called Murder, Inc. Joe Valacchi testified to the McClellan Committee that Lansky was a close associate of Vito Gevonese, now in prison on a narcotics conviction but then the boss of bosses of all the Mafia families in the United States. As recently as last September, a Lansky associate, Florida Mafia underboss Santo Trafficante, was among 13 men arrested at a "Little Appalachian" meeting of Mafia leaders convened in a restaurant located in the Queens section of New York City.

During all this time Lansky was arrested seven times on various charges ranging up to murder, but he was never convicted. Witnesses have a habit of changing their testimony when Lansky is involved. In 1926, for example, a man named John Barrett was taken for a gangland ride, shot in the head and tossed out of the car. He miraculously survived and named Lansky as his would-be assassin. But then someone tried to poison Barrett with strychnine as he lay in his hospital bed, and he clammed up. He flatly refused to sign the complaint against Lansky, and the case eventually had to be dropped.

In 1946 Bugsy Siegel opened Las Vegas to gambling, and Lansky, his old partner, got a piece of the action. In 1955 the Nevada Tax Commission charged that Lansky had a hidden ownership in the Thunderbird Hotel in Las Vegas through his brother, Jake, and a lieutenant named George Sadlo. The Commission suspended the Thunderbird's gambling license. The decision was reversed on a technicality by the Nevada Supreme Court, but ever since then Lansky has been on a list of 11 notorious persons whose very presence in a Nevada gambling casino is cause for the revocation of its license.

Long before he moved into Los Angeles, Lansky began to colonize the Caribbean for mafia gambling interests. He operated in Havana, until the fall of his friend, Cuban dictator Fulgencio Batista, and he ran profitable illegal casinos in the Colonial Inn and the Club Boheme in the Miami area. With Batista's return to power in 1952, Lansky moved back into Havana in a big way. He determined to make Havana the Las Vegas of the Caribbean and he succeeded.

Using Mafia money, he directed the building and operation of the \$14 million Riviera Hotel and casino in Havana. He installed brother Jake as manager of the competing casino in the Hotel Nacional. The Las Vegas of the Caribbean boomed not only from its gambling business but also from the inevitable Mafia subsidiary enterprises—prostitution, narcotics, extortion. Federal agents estimate that at least a million dollars a month flowed back to the Mafia in the United States through Lansky. The Mafia investors, especially those in the Cleveland family, got quite a return on their money, which, as the FBI knows, was then used for their other traditional investments, such as the purchase of heroin.

Lansky built up a first-class organization in his Havana operation. He had Dusty Peters, the courier par excellence, shuttling the money back and forth from Cuba to Miami. He had George Sadlo, his old Las Vegas partner. He had Dino and Edward Cellini, both wizards at designing casinos. He had Frank Ritter, Max Courtney and Charles Brudner, who have been indicted as three of the biggest sports bookmakers in the United States, with casino experience at an illegal gambling palace in Saratoga, N.Y. He had a whole corps of expert casino "floor men" in Hickey Kamm, Al Jacobs, Dave Geiger, Abe Schwartz, Tony Tabasso, Roy Bell, Jim Baker, Jack Metler and Ricky Ricardo.

The bubble burst in 1959 when Fidel Castro took over the Cuban government and abolished the casinos. The Bahamian government called it a coincidence, but four years later, when it granted an exemption to its anti-gambling laws to the Bahamas Amusements. Ltd., to operate gambling casinos

in the islands, who should show up among the employees? Dusty Peters, George Sadlo, Dino Cellini, Edward Cellini, plus Ritter, Courtney, Brudner, Kamm, Jacobs, Geiger, Schwartz, Tabasso, Bell, Baker, Metler and Ricky Ricardo.

The story of how gambling came to the Bahamas involves Sir Stafford Sands, 54, the ex-minister of finance and tourism. Tough, profane, and brilliant, Sands is right out of an Ian Fleming novel, a huge mountain of a man who weighs more than 300 pounds, and whose left eye is glass (the result of a childhood accident). Like many other white Bahamians, he is descended from the Tories who left the American mainland during the years after George Washington won the Revolutionary War, and his enemies in the U.S. Justice Department sometimes refer to him as "King George's revenge."

The son of a grocer, Sands did not graduate from college but he still managed to become a lawyer. He did so well in politics that he was the principle strategist behind the ingenious and complex electoral system that enabled the predominately white United Bahamian Party to control the Negroes. Sands owes much of his wealth to the convenient fact that the Bahamas has no conflict-of-interest law. As a lawyer, he was constantly involved in litigation with the government, which, since he was minister of finance, was often himself. Sands lives in a magnificent—called Waterloo—and he owns one of the finest collections of antique paperweights in the world. His favorite sport is shooting pigeons.

In the 1940's Sands joined forces with an American named Wallace Groves. Now 65 year old, bald and portly, Groves was a dashing figure on Wall Street in the pre-World War II period. A Virginian with two law degrees from Georgetown University, he was deemed a bit too dashing in his financial manipulations by the U.S. Justice Department. In 1941 he was convicted of mail fraud in Federal District Court in New York and sentenced to two years in the penitentiary, with two additional years suspended. Hill & Knowlton propagandists in the Bahamas used to discount this blemish on Groves' career as a youthful escapade, and they told reporters that "the Government just made an example of him for doing what everyone else was doing on Wall Street."

The record does not bear out this contention, and, in fact, *The United States vs. Groves* is so celebrated a case that it is still studied by students in American law schools. Groves was charged with trying to defraud the General Investment Corporation of some three quarters of a million dollars. As a "front man," he used the company's president, who later turned state's evidence and escaped punishment. Groves' scheme involved stock manipulation and the collection of rakeoffs on commissions unnecessarily paid to one of his henchmen for deals in South America. The U.S. Second Circuit Court of Appeals, which reviewed the case, noted, in upholding his conviction, that the "front man" was necessary to the plans because Groves "had a bad reputation on Wall Street." While the appeal was under consideration, the trial judge John W. Clancy, deemed it necessary to hold Groves in \$125,000 bail, then a record for federal courts in the United States.

When he emerged from the penitentiary in 1943, Groves gravitated to the Bahamas (he had built a home on a private island, Little Whale Cay, before his debacle), and went into the lumber business on Grand Bahama, one of the northernmost of the islands and then pretty much uninhabited./

Except for a few native fishermen and Groves's lumberjacks, no white had lived there since the days when it was an important exchange point for smuggled whiskey during prohibition. However, as Groves poked around the island, he began to realize Grand Bahama's commercial possibilities. Unlike most of the Bahama Islands, there was plenty of fresh water just below the coral-limestone surface.

Another factor, unusual for the Bahamas, was deep water offshore that could accommodate the largest ships.

As he began to develop his plans, Groves naturally wanted the best lawyer in the islands, and, naturally, he ended up with Stafford Sands, who had not yet been knighted, but who was already a powerful figure as the boss of the controlling political party and a member of the government's Executive Council. Sands became engrossed in Groves's plans to develop Grand Bahama and helped mightily to guide through the legislature the Hawksbill Creek Act of 1955 (named after a body of water which bisects the island), one of the most peculiar agreements ever concluded between a government and a private individual.

The Hawksbill Creek Act virtually made Groves the Emperor of Grand Bahama, empowered to do much as he wished with 211 square miles of the 430 square miles which comprise the island. He was required only to build a deep-water port and to bring in industrial and commercial enterprises. The government sold him 150,000 acres of land at \$2.80 an acre, many of which he later sold for as much as \$50,000 an acre. His enclave was given freedom from Bahamian taxes until 1990; he was given total power to levy license fees on anyone who wanted to do business in his domain; and he was given a strong say in banishing anyone who displeased him, through the use of the Bahamian government's no-questions-asked deportation procedures.

The smell of a police state is still on the Groves enclave, which he calls Freeport. A restaurant manager named Rico Heller was fired from his job by a Groves lieutenant one evening after a disagreement. At three o'clock he was awakened by immigration officers pounding on his door. They ordered him off the island in four hours, leaving his belongings and property behind. A Negro Bahamian taxi driver named Dennis Hall, who somehow fell into disfavor, received an official notification that he could no longer set foot in the Freeport enclave—half his own native land—because the Hawksbill Creek Act gave Groves's Grand Bahama Port Authority "the absolute right to exclude any person and vehicle."

Despite such peculiarities, Freeport has developed phenomenally due in large part to a lack of taxes. Many reputable American, Canadian and British investors have poured in money, and the once-barren island now has a cement plant, a ship-refueling station, factories, housing developments, hotels, shops, restaurants, golf courses, churches and schools. All this is mainly for the whites. The Negroes, for the most part, live outside the enclave in wretched settlements like Eight Mile Rock, a shantytown of 10,000 or more people, without running water, sanitation or telephones. The single school is grossly overcrowded with pupils, and Groves is helping build another.

In Freeport itself, Groves and his corporations own most of the land, the harbor, the airport, the public utilities, the taxi company—and almost everything effecting the life of the island. He gets up to 10 percent of the gross receipts of the supermarkets, the theaters and other enterprises. Much of what remains is owned by Groves's friends in the United Bahamian Party, the white merchant princes of Nassau's main commercial avenue, Bay Street (they call themselves "the Bay Street Boys"). One of the beneficiaries of all this commerce is Sir Stafford Sands. As lawyer for Groves and many of the Bay Street Boys, he collects legal fees on nearly every important commercial transaction on Grand Bahama—a take that might total in the millions.

It is unclear whether Groves, Sands or both conceived the idea of sweetening the pot by importing legalized gambling into Grand Bahama. Some U.S. Government officials believe that this objective was in their minds as far back as the early 1950's when they first worked out the Hawksbill Creek

agreement. The first known discussion of the subject took place at a secret meeting called by Groves on September 26, 1961, at the Fontainebleau Hotel in Miami Beach. Present at the meeting were Bahamian government figures and Louis Chesler, a freewheeling Canadian promoter as massive in size as Sir Stafford himself. Chesler, renowned for his impressive real-estate development activity in Florida, and just joined Groves as a partner in the Grand Bahama Development Co., which was selling building lots in Freeport.

In the winter of 1962-1962 Chesler was constructing the Lucayan Beach Hotel on Grand Bahama, when who should show up one day but Dino Cellini, Meyer Lansky's old right-hand man. Gambling was illegal in the islands, but the men building the Lucayan Beach obviously felt they could get around that problem. One former executive of Chesler's corporation recalls that what is now the Monte Carlo Casino was ostensibly built as a convention hall. The men referred to the room by a special code name—"the handball court." Cellini himself was in charge of designing "the handball court," with proper places reserved for slot machines, crap tables, etc. "They were that sure they were going to get an exemption to the anti-gambling laws," says the former executive, "and this was more than a year before the government even acted on it."

The planning of "the handball court" marked the beginning of a series of maneuvers which were strikingly similar to what was done in the 1930's to prepare Nevada for gambling. First, the plans for a large-scale public gambling casino were kept secret while potential sources of opposition were/neutralized. In Nevada the out-of-state gambling interests became the most generous financial contributors to churches and church schools. And so it was in the Bahamas. One clergyman, whom I interviewed in his rectory, admitted that he would not say one word against gambling. "The casino people donated my high school." Another minister told us, "I'm not happy about gambling, but it's the law of the land now and those people have been very helpful to us. The church got a free nine-hundred-and-ninety-nine year lease." The most vocal church opponent of gambling, Rev. Paul Blackburn, a Methodist, was recently recalled to England.

In the press, the principal threat to the proposed Bahamas gambling project was Sir Etienne Dupuch, a leathery, part-Negro crusader (now in his 60's and ailing), who owns and edits the colony's leading newspaper, The Tribune. For years Dupuch had been thundering editorially against the evils of gambling. In 1955 he had successfully squelched a previous effort to open a gambling casino on West End, another Grand Bahama resort. In 1961, however, The Tribune's anti-gambling editorials suddenly stopped. Shortly thereafter, The Tribune began to carry expensive full-page advertisements extolling the tourism and investment virtues of Freeport, which was the still mostly wilderness. The Dupuch family also publishes The Bahamas Almanac, a paperback guide to the islands. Although the handbook has a circulation of only about 10,000, the 1962 edition carried an estimated \$50,000 worth of Freeport advertising.

Last year the Wall Street Journal revealed that Sir Etienne was actually on the payroll of Groves's Grand Bahama Development Co. as a "consultant" at \$1,400 a month. In a letter to Groves dated February 20, 1964, Dupuch acknowledged receipt of at least two months' fees—\$2,800. To this day, no one, including Groves, has been able to tell us exactly what Dupuch was supposed to do as a "consultant."

By March, 1963, the Groves-Chesler-Cellini operation was ready to take its case to the Bahamian government for an exemption to the anti-gambling laws. They went not to the legislature but to the governor's Executive Council, which then functioned as a cabinet. Their case was presented by none other than Sir Stafford Sands, who also happened to sit as a member of the Executive Council. The

applicant was Bahamas Amusement. Ltd., whose shares were split equally between Louis Chesler and Groves's wife, Mrs. Georgette Groves. (Chesler resigned from the company in 1964.)

The "exemption" was granted on April 1, 1963. It provided that the company could operate casinos anywhere on Grand Bahama, just so long as they were "in, or in conjunction with, or in the vicinity of an hotel having at least two-hundred bedrooms." The Lucayan Beach Hotel happens to have 250 rooms.

Later Sir Stafford Sands, as attorney for Bahamas Amusements, Ltd., negotiated a license fee for the casinos with Sir Stafford Sands, the minister of finance. It turned out to be only \$280,000 [£100,000] per year per casino (no matter how great the volume of business) plus \$280 per slot machine. This was a ridiculously small sum. In Puerto Rico, for example, the well-regulated casinos have to pay 30 percent of their total earnings to the government.

The news of the "exemption" and its terms stunned the colony-especially since Huntington Hartford, the A & P multimillionaire, had previously been turned down on his offer to pay 50 percent of the proceeds to the government if he were given a gambling exemption for his Paradise Island resort in Nassau. It wasn't until 1966 that some of the details of this unusual cooperation between the Groves gambling combine and members/ of the Bahamian government began to leak out. The Wall Street Journal charged that it had uncovered records to prove that at least four members of the Executive Council had either been paid off by Groves's companies with "consultant" jobs à la Etienne Dupuch, or had otherwise profited. The four were Sands; the premier, Sir Roland Symonette; a dentist, Dr. Raymond Sawyer; and C. Trevor Kelly, then minister for maritime affairs. A fifth member of the government, Speaker of the House Robert Hallam Symonette (the premier's son), was also named. Sands, Sir Roland, Dr. Sawyer and Kelly all denied the allegations or refused to comment. Robert Symonette, a yachtsman, admitted that he had been retained as a "consultant" at \$14,000 a year to advise on marina construction in the Groves enclave.

In a remarkably candid interview with me in November, Groves acknowledged that all of these payments had been made. The interview came about in a totally unexpected way. Although Groves had steadfastly refused to see any reporters prior to my arrival on Grand Bahama, I was suddenly summoned for an audience through a Hill & Knowlton intermediary. The interview took place in the Grand Bahama Port Building, which is called "the Kremlin" by the local inhabitants.

Groves talked to me in his private office, which is large and luxurious but spare in its decoration. His five college degrees were hung on one wall, and what seemed to be a small, antique treasure chest rested on his desk. Groves himself is a medium-sized portly man with a bald head, heavy jowls and darting eyes. His cufflinks were made from old Spanish doubloons taken from a wreck of a sunken 17th-century galleon recently discovered in the waters near the Lucayan Beach Hotel.

Seated alongside Groves's desk, wearing almost identical solemn-hue clothing and antique cufflinks, was his aide-de-camp, a port authority vice-president named Martin Dale. Dale is an earnest young man with red hair and moustache who once was a U. S. Foreign Service officer. He resigned a consular post to become privy councilor to Prince Rainer of Monaco. Groves hired Dale away from Rainer, and Dale was still acting as if he was in the presence of royalty. He bowed to Groves and incessantly called him "Sir." One he slipped up and began to address him as "Your Highness."

Groves was prepared for the interview with pages of closely spaced handwritten notes on a yellow legal pad in front of him. He began by talking about what a small and unimportant part of his half-billion-dollar empire the gambling operation was. He said he hoped I had the good sense to

emphasize his industrial and commercial achievements rather than the gambling, "which netted me only one hundred and ninety-three-odd dollars last year." An hour later when he had exhausted the topics on his pad, I asked him, "How about the alleged 'consultant fees' to Sir Stafford Sands?" He said, "I pay a ten-thousand-a-month retainer to Sir Stafford, but I can't tell you where the legal fees end and the consultant fees begin."

I asked, "What about the 'consultant fees' to Premier Symonette, which he denies receiving?" "Well, Sir Roland did get paid. He was a consultant on road building and the construction of golf courses here." I asked, "And Dr. Sawyer?" "Oh," said Groves, "Dr. Sawyer just got a few thousand dollars. He advised us on setting up a public-health service. And before you ask me about the minister of marine affairs, Trevor Kelly, he did get the shipping contracts to supply Grand Bahama by sea."

I brought up the subject of Lansky and his henchmen, and Dale said, "If the United States has never been able to indict Lansky, why should we worry about him?" Groves hastily began to talk about his island's many golf courses, and with difficulty I got back to the matter of payments to government officials just before the end of the interview. Groves said, "How else could I express my gratitude to men like that? Besides, it wasn't that they didn't do something for their money."

Under Bahamian law and ethics—as in few other places in the world—such payments to government officials are considered perfectly proper. The full extent of the financial camaraderie between the Groves gambling interests and members of the Bahamian government may not be known until federal grand juries now sitting in New York and Philadelphia complete their investigations of the operations of Americans involved in gambling casinos in the Bahamas and elsewhere. From a former Chesler associate in Miami, s and members of the Bahamian government may not be known until federal grand juries now sitting in New York and Philadelphia complete their investigations of the operations of Americans involved in gambling casinos in the Bahamas and elsewhere. From a former Chesler associate in Miami, the New York grand jury has subpoenaed a series of five payoff contracts between the casino operators and members of the former Bahamian government. The contracts were dated April 2, 1963, through April 25, 1963—the period just after the granting of the first gambling "exemption." If proved to be authentic, these contracts alone represent actual payoffs to government officials totaling \$87,808 a year.

Whatever the contractual arrangements, Meyer Lansky and his Mafia backers have been milking the casinos they helped set up and run on the islands. Lansky's men have been able to operate literally under the noses of a so-called security system which consists of routine accounting procedures (paid for and controlled by the casinos), and two inspectors (also paid for and controlled by the casinos) in each of the gambling establishments. The security men are all pleasant, elderly gentlemen retired from British colonial police jobs in outposts like Singapore and Aden. Sgt. Ralph Salerno of the Criminal Intelligence Bureau of the New York Police Department told us, "They're nice old guys who wouldn't recognize a Mafia man if he walked right up t them and offered to sell them a bag of heroin."

The technique used by Lansky is known in the trade as "skimming." U.S. law-enforcement authorities know exactly how it is done. Sgt. Salerno says, "Everyone makes the mistake of thinking that skimming is shoveling cash into briefcase before the authorities can count the night's take in a casino. Even in Las Vegas they don't do it that way. There are much simpler and more subtle methods, and all of them are being used in the Bahamas."

The first method is called The Kickback Skim. At the Monte Carlo casino on Grand Bahama, three top Lansky men employed by the establishment (Max Courtney, Frank Ritter and Charles Brudner) each

received fantastic bonuses of \$165,000 in 1966. These figure were reveled to me by an official high-ranking Bahamian Police source. Unofficial sources say the bonuses actually soared to as high as \$330,000. U.S. organized-crime experts are convinced that most or all of this sum was "kicked back" to Lansky in Miami.

The second Mafia method of milking the Grand Bahama casinos is known as The Junket Skim. All over the United States—but particularly on the East Coast—there is a thriving group of travel agents and so-called sporting clubs whose specialty is assembling 90 or more "high-roller" gamblers with good credit and dispatching them in a chartered plane for an expense-paid weekend of gambling on Grand Bahama.

When the high-rollers lose, they often pay not the casino, but their junket manager. Thus these casino earnings never show up on the casino's books, except, possibly, for a small amount to pay the junketeers' hotel bills.

Many of the junket managers are known by U.S. law-enforcement authorities to have strong Mafia connections. Typical of them is Henry Shapiro of the Victory Sporting Club in New York. Shapiro is the son of Jacob (Gurrah) Shapiro, a renowned strong-arm man for Murder, Inc., who died in prison. The younger Shapiro has been summoned to testify before the New York Federal Grand Jury which is also investigating the "skim" from the off-shore gambling casinos. Recently, as he stepped off from a plane at Kennedy Airport with a load of returning gambling junketeers, Shapiro was intercepted and served with a subpoena by U.S. Marshall Bill Gallinaro, supervisor of the special squad of the eastern district of New York. The junket manager was then searched by customs officials under Gallinaro's direction, and/ he was found to have \$30,000 in cash and \$90,000 in checks in his pockets.

Sgt. Salerno estimates that at least three planeloads of junketeers per week fly from the New York-New Jersey-Connecticut area alone. Even if the net gambling losses per plane were as little as \$20,000 (and some high-rollers have been know to drop that much individually in a single night at the crap table), the net gain to the mob from just these flights alone could be over three million dollars a year.

The third and possibly most profitable method of funneling money from the Grand Bahama casinos is called The Credit Skim. A with the Junket Skim this technique relies on the fact that American high-rollers do not show up with vast sums of cash, and they ask casino managers to extend them credit, against which they write personal checks and occasionally IOUs, or "markers." It is this bundle of paper profits that Dusty Peters transports to the Miami Beach bank twice a week-prior to his conference with Meyer or Jake Lansky at the Fontainebleau Hotel.

The checks go through regular bank collections in the United States. Law-enforcement experts are convinced that only part of this money, after it is collected through the banks, ever gets back to the casinos to be recorded on their books. "The rest," a high-ranking Justice Department official told me, "is bled out of the one bank account in Miami through which most of the money flows. Meyer Lansky takes his cut and sends the rest by courier to the Mafia investors he represents. These are Sam Giancana in Chicago, Steve Magaddino in Buffalo, Carlo Gambino in New York, and we're not sure but possibly Joe Zerilli in Detroit." IOUs are collected locally by their "enforcers," if necessary-in cash. The official said, "We figure that the gross at the Monte Carlo casino on Grand Bahama in 1966 was twenty million dollars. They have certain fixed expenses such as salaries, subsidies to hotels and a license fee to the Bahamas government of about three hundred and fifteen thousand dollars. But the 'skim' from the Miami bank might be almost a third of the twenty-million-dollar gross—and we don't like where it's going."

"Their take will double in 1967 with the second casino on Grand Bahama—if the same crowd is allowed to continue to operate—and it will quadruple when the same people open the paradise Island casino in Nassau later this year. And knowing what they do with that money—bribing cops and public officials, buying heroin, paying off contracts for murder and mayhem—it's pretty damn frustrating."

When he hears the charges that the islands are harboring the Mafia, Sir Ralph Grey, Royal Governor of the Bahamas by appointment of Her Majesty, Queen Elizabeth, replies to critics: "We can't police the world. No one has yet shown me any clear-cut evidence of wrongdoing."

But even the unskilled and bewildered local police on Grand Bahama have discovered that organized prostitution and narcotics—two traditional enterprises of the Mafia—have followed gambling to the island. The authorities recently deported three Americans for trafficking in girls and drugs. The men were Nate Saunders, Rudolph DiBerardino (alias Rudy Apollo) and John Sidoruk (alias John Rush). Both DiBerardino and Sidoruk have police records and Mafia affiliations back in New York.

The main job of these three men was importing girls, but they also indulged in some interesting specialties on the side. Sidoruk, for example, was charged with using two of the Las Vegas-trained girls to lure casino winners into a room in the King's Inn (one of the island's plush hotels) where Sidoruk would "roll" them and relieve them of their winnings—\$1,900 in one case. Sidoruk and his cohorts also inaugurated a Mafia-type extortion business, terrorizing local businessmen with threats and beatings if they did not pay protection money to the gangsters.

The American thugs had a Bahamian Negro partner in these enterprises, a big, muscular 27-year-old 'enforcer' named Gadvill Newton, who, interestingly enough, is the body guard and associate of Sir Stafford Sands. Newton calls himself Skiboo, and the name is known throughout the Bahamas. He wears sharp Miami Beach-type clothes, and he always carries a beautiful black-leather-and-silver riding crop. The riding crop is weighted with lead, and it serves effectively as a blackjack.

The Skiboo-Sidoruk alliance was finally broken up when the gentle and inexperienced local police found that they couldn't cope with the flagrantly open racketeering and they sent to Nassau, the capital of the Bahamas, for help. The Bahamas' toughest cop, Assistant Superintendent Paul Thompson, a native of Trinidad, was sent in and he soon developed cases justifying deportation orders for the Americans. But Skiboo escaped because of his political affiliations and is now a "security officer" at one of the big Grand Bahama hotels. Discussing Saunders, DiBernardino and Sidoruk, Superintendent Thompson, a shrewd realist, says sadly, "They are only the advance guard. And I only have six men and myself."

The police-state overtones, with a few Mafia touches added, were growing before the recent elections. Prime targets were the American reporters, who are frequently called "muckrakers" on the island and are blamed for stirring up the whole mess "in their quest for sensationalism." The Post team of reporters and photographers was under constant harassment. Mail sent by us to reporter Don Richards in Freeport arrived with the envelopes blatantly slit open, and officials in Sands's ministry of tourism revealed to us that they knew the contents of the letters even before Richards had received them. Sands's officials also knew the details of our private phone and hotel-room conversations—indicating that we were both wiretapped and bugged.

The Mafia touches showed up in two attempts at "the frame," a traditional stratagem to trick the reporter into a compromising situation so that he can be later discredited as being unfit to pass moral

judgment on others. This is a ploy which has been used before with varying degrees of success, against reporters investigating organized crime in the United States. Our first exposure to "the frame" came on Grand Bahama, when reporter Richards was invited to a party at an isolated private home at which, he was told, "people inside Bahamas Amusements. Ltd., would reveal all about the company's books." Richards, under orders, did not go. We learned later from an informant that the party was a homosexual affair at which Richards was to be drugged and "set up" for photographs.

The second attempt at "the frame" took place in Nassau, where the Post team consisted of myself, my wife (writer Muriel Davidson), and Richards. We returned to our hotel one day after a full schedule of interviews to find out that Richards had been checked out of his room by the management and checked into our room, without our knowledge or permission. A cot had been squeezed into the already overcrowded cubicle. While we discussed the situation, a key was turned in the lock of the door and a man burst in. He surveyed the scene for a moment or two, then left. There was a small camera around his neck, and he obviously had menage-à-trois photography in mind—but Muriel was primly talking on the telephone, Richards was in a chair poring over papers, and I was in the bathroom. We checked Muriel out of the hotel immediately, and since all other Nassau hotels were closed to us, spirited her to the home of a friendly white Bahamian family, where she spent the night.

In the morning her hosts expressed shame and outrage at what had happened. A descendant of one of the oldest and wealthiest families in the Bahamas, the husband said, "This gambling situation is a real rat's nest. It's all the decent Bahamian talks about. The government tells us that gambling is increasing tourism, but most of us feel the number of tourists would have increased anyways. Gambling is just bringing in the wrong kind of tourist and driving the respectable ones away. It's all so incredibly stupid and incredibly crooked."

Then the man who had helped my wife pleaded with us: "Please don't judge all of us Bahamians by the few who are doing this. It happens because the white people fear them. The colored people hate their guts."

Up to that time—December, 1966—the Negroes of the Bahamas had been able to mount only a weak threat to the white rulers because of the voting provisions of the Bahamian constitution, which was cleverly engineered by Sir Stafford Sands. As in Great Britain, the government is formed by the party that wins the most seats in the legislature. Under a Boundaries Commission authorized by the constitution, the ruling white United Bahamian party had gerrymandered the election districts so that it takes a little as 150 votes to win a seat from the poorly-populated "out islands," where the poorest Negroes live, and as many as 2,500 votes in the heavily populated districts of Nassau, where the better-educated Negroes are centered. By granting small favors—money, whiskey, a new roof, a pair of shoes, occasional medical care—white politicians have always been able to carry enough of the "out islands" to more than offset their losses in Nassau.

In the 1962 elections the Negro opposition parties scored heavily in Nassau and won nearly 65 percent of the total popular vote in the Bahamas, yet because of the misapportioned constituencies they ended up with only 9 of the 33 seats in the House of Assembly. The United Bahamian Party was firmly in control with 24 seats.

Actually, however, that 1962 defeat proved to be fateful for the Bahamas, because it brought to the fore an aggressive young Negro, Lynden O. Pindling, who won a seat in New Providence and became the leader of the opposition. A chunky, tiny man of boundless energy, Pindling, 36, is the son of a policeman. He is a lawyer, educated in England at the University of London. In the 1962-1966 period he became the firebrand leader that the Bahamian Negro population had always lacked.

Pindling railed against the iniquities of the U.B.P.'s electoral system and carried his complaints to the United Nations. When the Meyer Lansky situation emerged into the open, he went to England to request a Royal Commission to investigate not only the gambling operations but also the alleged white-ruler corruption which had fostered them. He told the British government, "We do not wish violence; nor do we condone it. We do not wish the fate of China or Cuba or Nigeria to befall us in the Bahamas. The time is now for skillful surgeons to wield a sharp political scalpel to save the Bahamian body politic from cancer. The cancer is corruption."

At home Pindling gleefully cooperated with any American and British reporter investigating gambling in the islands. By December, 1966, Sir Stafford Sands and his fellow ministers in the U.B.P. apparently decided to crush Pindling and his Progressive Liberal Party (P.L.P.) once and for all. Although they were not required to call an election until as late as November, 1967, the U.B.P. decided to conduct one on January 10.

Pindling, at first stunned by the premature election campaign, soon turned it to his advantage. He told his people, who are deeply religious, "In the Bible, in the Book of Exodus, the Lord said to the Children of Israel that He would deliver them from the Egyptians on the tenth day of the first month, and when is our election? The tenth day of the first month." He warned them that this would be their last chance to save themselves from the fate of the Negroes of Rhodesia. "The U.B.P. is already filling civil-service positions in the government with Negro-hating whites from South Africa and Rhodesia," he said (which was true), "and they're playing South African government programs on the Bahamas radio station. They're planning to set up an independent, white republic." Wherever he went, he talked about the Meyer Lansky infiltration of the gambling casinos.

The white U.B.P. candidates ran a routine campaign, reminding people of the prosperity they were enjoying. They did not even seem disturbed when Pindling acquired a helicopter from an American supporter and hopped from island to island, matching the best they could do with their own air transport. On the eve of the election they predicted the U.B.P. would win at least 25 of the 38 seats in the legislature. All American political observers in the island agreed with them. Barring a miracle, Sands and his party seemed sure to continue their control over the Bahamas and life would go on much as before.

Then the miracle happened. On election day the Negroes poured out to go to the polls with a purpose they had never exhibited before. Pindling's P.L.P. workers performed their duties like Bobby Kennedy men. Even the taxi drivers organized a communications system for the P.L.P. through their car radios. When the results came in, there was literally dancing in the streets. The P.L.P. had won 18 seats. The U.B.P. had also won 18 seats, but the other two seats were taken up by a Labor Party candidate and by a white independent. The Labor Party man, at least, could be counted on to vote with the P.L.P., giving it a majority of one. But by January 13, Pindling felt he had the support of the independent. On January 14 Sands and the rest of the U.B.P. government resigned. On January 16 Pindling and his party took over. A British warship nervously standing by in the harbor, withdrew. There were no riots or recriminations against the former white rulers. A British newspaperman told me, "I guess you'd have to call this a triumph of basic democracy. It was quite a change for this part of the world—a peaceful revolution."

The peaceful revolution was evident, on the surface at least, when I returned to the Bahamas immediately after the election. Wherever I walked in Nassau, the entire Negro population seemed to be smiling again—for the first time in years. Sidney Poitier, a strong Pindling supporter, told me, "Even the flowers will be back."

But in the hard world of realistic politics, the "triumph of basic democracy" was not that clear-cut. The white economic princes of the U.B.P. still hold all the economic power. On the day Pindling took office, Sir Roland Symonette, closed down his shipyard, throwing all of his Negro employees out of work. The U.B.P.-controlled newspapers ran stories indicating that foreign investors, fearful of Pindling's mildly socialist party, were pulling out of the islands—thus posing the threat of a severe economic depression. Pindling reacted by doing everything he could to allay the fears of the white community. Instead of firing the American public relations firm Hill & Knowlton—as he had promised—Pindling retained the company, and it began to grind out publicity for him just as it had for his archenemy, Sir Stafford Sands, just a few days before. Many Pindling supporters felt this was a serious mistake. It then turned out that Pindling had made other "mistakes." For example, it was discovered that—unknown to Pindling—the American who had loaned him the helicopter for his campaign was Mike McLaney, a former associate of Meyer Lansky in the gangster's Havana gambling empire. Pindling vehemently denies knowing that McLaney was his benefactor.

I spent considerable time with Pindling in the first troubled days of his administration. One interview took place in his home, a tastefully furnished ranch house exactly like those in hundreds of American suburbs. Pindling's wife, Marguerite, a beautiful, intelligent young woman, served us a native lunch of "market fish" on magnificent Jamaican china. Then Pindling and I talked. "I've got to go slow," he said. "I've got to dispel the radical 'black power' image our enemies have created. I want all the economic and agricultural help I can get from the United Nations. I want all the help I can get from the United States."

"Are you going to go slow in rooting the Mafia out of Bahamas gambling?" I asked.

"Yes and no," he said. "In the first place, I feel that the basis of Mafia power lies in the corruption of public officials, and we've already taken steps to make it a conflict of interests for a government official to profit from the casinos. All of my ministers have given up their businesses and professions. We want a full-time government.

"In the second place," he continued, "I'm going to renew my request to the British to send in a Royal Commission to investigate thoroughly the whole mess—and at the same time let them investigate the U.B.P. charge that my government is infiltrated with Communists. I also will ask the United States Justice Department to give us full information on the Americans working in the casinos. There will be no compromise with the undesirable element. They must go. But I don't want to close the casinos right away. That might be disastrous to the economy of the islands. I want to make a careful study of the well-regulated, government-controlled gambling system in Puerto Rico, and if it can be adopted here, eventually we'll probably adopt it."

The Post team of reporters investigated the Puerto Rican casinos as thoroughly as those in the Bahamas, and we could find no evidence of malfeasance in the American island commonwealth. The casinos are administered under the tight control of a Government department, and George M. Moll, director of the Division of Games and Chance, has the power to withhold licenses and to close down casinos on a moment's notice, if anything suspicious occurs.

The management of the casinos must be investigated and approved by the FBI to make sure that there is no Mafia or otherwise malodorous association through hidden ownership. One hotel lost its gambling license within 24 hours after an associate of Teamsters Union President James R. Hoffa was found to be a hidden owner.

All casino personnel—croupiers, dealers, supervisors, managers—must also be cleared by the FBI as well as the local police. No one is allowed to work in any capacity in a casino unless he has been a bona fide resident of Puerto Rico for ten years. "This provision alone has totally discouraged the Mafia," says Moll, "Even they wouldn't wait ten years to infiltrate a man into a casino, provide he could get past the FBI check."

A Justice Department official, who admires the Puerto Rican setup, says: "One thing that has always amused me about the Bahamian situation is that the government has always claimed that it had to use Lansky men as supervisors because no one else knew how to run American-style casinos. The Puerto Rican gambling personnel are the best and cleanest in the world, but the Bahamas people never made any attempt to hire them."

In the Bahamas the unexpected results of the January 10 election have stirred up anxiety—if nothing else—among the Americans who work in the casinos. On Grand Bahama the Meyer Lansky men confine themselves to their hotel rooms and beaches during the day, and they do not speak to the patrons of the casinos any more than they have to at night. Every arriving convention group is suspected of harboring FBI men in disguise. There are rumors that Scotland Yard men from England are working undercover within the Groves organization. It remains to be seen what will happen to the prostitutes, who now shuttle over from Miami on the weekends.

But there's also a feeling of cautious optimism among the Lansky men. The gamblers seem to feel that this is just an interlude; that after a period of depression and economic uncertainty in the islands, Sir Stafford Sands will return. They are aware of a curious division of sentiment in the United States Government, and the fact that they might have an unwilling ally in, strange enough, the State Department.

Before the Pindling victory on January 10, there was serious disagreement in Washington as to how to handle the developing crisis in the Bahamas. The State Department was for maintaining the status quo, preferring to deal with the Sir Stafford Sands-dominated white government rather than to risk another Congo, or worse, just 70 miles from our shores. On the other hand the Justice Department—making one of its rare forays into the foreign-policy area—felt that it was highly dangerous to have a major Mafia stronghold so close to Florida. They pointed to a similar, though less drastic situation in Jamaica, where a Negro government took over—after a British Royal Commission investigation of white corruption—and has ruled ably and well ever since.

The hard-nosed gambling men on Grand Bahama are betting on the eventual triumph of the State Department's point of view. So far the Justice Department has been able to do little to get at the gamblers, other than to call for federal grand juries in New York and Philadelphia to try to trace the flow of casino money to specific members of the Mafia in the United States.

The only American in the operation to receive any punishment recently, however mild, were three close associates of Meyer Lansky who were key employees of the Monte Carlo casino—Max Courtney, the chief supervisor; Charles Brudner, the floor manager; and Frank Ritter, the credit manager. After the Wall Street Journal called attention to their identities, and noted that all three were fugitives from justice in the United States, the Bahamian government moved against them, more or less. They were allowed to remain in the islands as residents. ("I've heard of political asylum," Lynden Pindling said at the time, "but this is the first time I've heard of criminal asylum.") The three men were told to get out of the casinos by January 15.

It so happened that the island's newest gambling establishment, the \$2.5 million El Casino, gaudier than anything in Las Vegas, opened on January 1, and Courtney, Ritter and Brudner were on hand to give a two-weeks' cram course in running the place to the new boys who, it so happens, were friends of Lansky's from the old days.

El Casino is a garish structure built to resemble a Moslem mosque. Its exterior is illuminated at night with multiple-colored floodlights, and it was described by one opening-night patron as looking like "a high-class bordello in the Casbah." Another said he expected to see an Arab in one of the minarets summoning the faithful with the cry of "Come seven, come eleven."

In Nassau, the small, dignified Bahamian Club, a club which has been taken over by Groves people, had a full house on New Year's Eve. The Bahamian Club will be closed when Paradise Enterprises, Ltd., begins to operate Groves's third casino-another mammoth structure now rising on Paradise Island, just across Nassau Harbor. "It will have a high dome and look just like St. Paul's church in London," says Ronald Gowlding, Groves's executive vice-president. Workers are halfway through building a multimillion-dollar bridge to Paradise Island, which now can only be reached by ferry.

In addition to all this, several new hotels are under construction both in Nassau and on Grand Bahama. Each is eagerly planning a "convention hall" that could be converted into a casino. In his campaign, Pindling said, "How long will it be before we have a Mafia-run casino in every hotel? It could be Las Vegas all over again-but at least in Las Vegas a good deal of the money gets back to the people."

Every morning in the hovels of Eight Mile Rock on Grand Bahama and "over-the-hill" in Nassau, native Negro workers get up and go to work on the various construction projects. They appreciate the money the work has brought them, but they have mixed sentiments about the future of the structures they are erecting. We talked with one native worker recently as he was putting the finishing touches on the landscaping around El Casino. He looked up at the flamboyant building and frowned. "I don't know," he said in his lilting Bahamian accent, "there's a powerful feelin' of evil here."

Just then a car went by on the highway called The Mall. In it was Dusty Peters, cigar in face, on his way to the airport for his twice-weekly conference with Meyer Lansky in Miami Beach.