



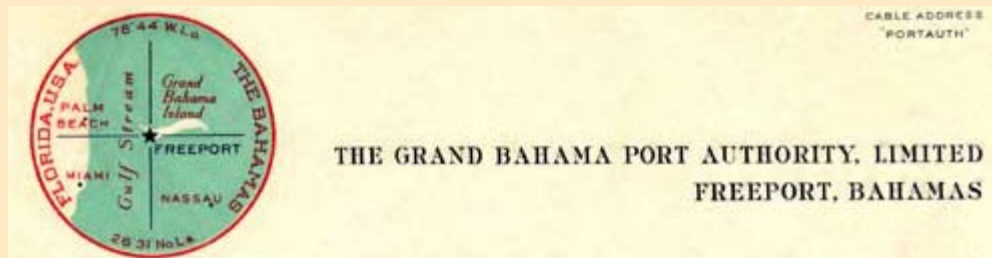
Some Serious Reading

# BAHAMIAN FRAGMENTS

BITS AND PIECES FROM THE HISTORY OF

❖ THE BAHAMAS ❖

- [Grand Bahama in 1887](#) from L. D. Powle *The Land of the Pink Pearl or Recollections of Life in the Bahamas*.
- [Grand Bahama in 1891](#) from Stark's *History and Guide to the Bahama Islands*.
- [Grand Bahama in 1917](#) from Amelia Defries *In a Forgotten Colony*
- [Grand Bahama in 1924](#) from *The Tribune Handbook*
- [Grand Bahama in 1926](#) from Mary Mosley *The Bahamas Handbook*.
- [Grand Bahama in 1931](#) from *Nassau and the Treasure Islands of the Bahamas*
- [Grand Bahama in 1934](#) from Maj. H. M. Bell *Bahamas: Isles*



## An Informal History of the Grand Bahama Port Authority, 1955-1985

The following article was written at the suggestion of Chris Lowe of the Grand Bahama Chamber of Commerce. He was concerned that there was no available history of Freeport's origins and development available online, and felt that this was something residents of the community ought to have access to. After reading the selections posted on this website, he got in touch with me and, by providing useful source material, convinced me that this was a worth-while project. It will be a while before it is complete, as the later years are as yet far less well documented than the earliest and more dramatic ones.

As in any historical reconstruction based on available but hardly complete (or unbiased) sources, the "Informal History" inevitably will contain errors and omissions. There may also be some facts and interpretations that are unwelcome. If you the reader can correct the former, by sending me an email ([jimwbaker@comcast.net](mailto:jimwbaker@comcast.net)), I would greatly appreciate it. I do not however guarantee to accept or credit corrections unsupported by more than mere assertion, so please cite sources or detailed circumstances wherever possible.

### [Partial Bibliography](#)

## Part Four: Commission Reports and Governmental Intervention

The January 10, 1967 election resulted in a surprising tie between the ruling United Bahamian Party and the Progressive Liberal Party opposition. Each party received 18 seats in the House of Assembly, with the two remaining going to Labour candidate Randol Fawkes and Independent Alvin Braynen. The moderates of the National Democratic Party came up empty. The UBP and the PLP each approached the two mavericks for support, but both threw their support to Pindling and the PLP, which was then able to form the new

- of June
- [The Bahamas in 1964](#) from Benedict Thielen *The Bahamas-Golden Archipelago*
- [Grand Bahama in 1967](#) *Moral Panic, Gambling, and the Good Life*
- [Historical Sources Page](#)

government. With the “radicals” now in charge, new fears over the status of Freeport arose, but Pindling, who was generally pragmatic and no racist (not that he was above playing the race card on occasion), said he had no intention of killing the goose that laid the golden eggs or rescinding the Hawksbill Creek Agreement. However, he also stated that his government intended to exercise more control over Grand Bahama, and the vexed questions of “Bahamianization” (increased governmental control as well as more jobs and economic ownership for native Bahamians) and immigration were to be firmly addressed.

Following up on the *Wall Street Journal's* exposé, *Life* magazine (Richard Oulahan and William Lambert, “The Scandal in the Bahamas,” Feb. 3, 1967) and the *Saturday Evening Post* (Bill Davidson, “The Mafia: Shadow of Evil on an Island in the Sun,” Feb. 25, 1967) published investigatory articles about the suborning of the Executive Council in securing the Certificate of Exemption and of the Mob’s influence in Freeport, further exciting the critics of the GBPA and Bay Street, and handing the PLP prime election ammunition. On March 13, the “Commission of Inquiry into the Operations of the Business of Casinos in Freeport and in Nassau” began its investigation. The careful and painstaking (if sometimes frustrated) process of hearings and analysis of documentary evidence resulted in a report issued in November, 1967, which essentially supported the more vivid accounts in the American media. Firstly, the crucial Certificate of Exemption had involved interesting payments to the members of the Executive Council (in the form of “consultancy fees” and other commissions):

- Premier Sir Roland Symonette was given \$10,000 as a political donation in 1962, and later was to receive £6,000 a year for five years as a “consultant”, but he ended the agreement after 10 months and only received £5,000;
- Charles Trevor Kelly, Maritime Affairs Minister, received a subsidy for the use of his freighter, *Betty K*, for twice-weekly transport between Florida to Freeport (later a compensatory payment of \$100,000 was substituted when the service proved impractical);
- Dr. Raymond Sawyer, a dentist and owner of Nassau’s Hobby Horse Hall racetrack, was offered £2,000 a year for five years as a medical consultant for Freeport, and took the entire £10,000;
- Capt. Frederic W. Brown, a pilot, who got £2,500 for advising on pilotage in the Freeport channel;
- Sir Etienne Dupuch was given a personal donation in 1962 for his political campaign of \$10,000, and \$20,000 was given to his newspaper, the *Nassau Tribune* (there was also a gift of \$2,760 to the rival *Nassau Herald*). He was later given a £500 a month fee, to a total of £12,000. His paper, which had seriously criticised the idea of gambling eventually became rather timid on the subject; and then there was
- Sir Stafford Sands. Not surprisingly, Sir Stafford made out the best. He received £200,000 for his work on the Certificate. In addition, he was given a retainer of £17,800 (\$50,000) a year for “advising on promotion” for ten years as well as other fees, which in the end (1966) totalled over \$1,800,000—not bad for a county lawyer.

The other member of the Council, Canadian-born Donald E. d’Albenas and known to be opposed to gambling, was left untouched. In addition, Robert H. “Bobby” Symonette, Speaker of the House of Assembly as well as Sir Roland’s son and a yachtsman, was offered £5,000 a year for five years to advise on

marina construction, and received £25,000. As there were then no conflict of interest laws in the Bahamas, there were no charges brought. However, all but Sir Roland left government service, Dupuch later moved to Florida and Sands went into exile in Spain.



*Freeport: Not Just Sand and Sun*

Secondly, there was the matter of Syndicate involvement in the casino. Once McCrory's disclosures hit the papers, the presence of Lansky's cohorts, as well as Chesler's connections, were revealed. American gambling criminals were indeed in control of or working at the Monte Carlo casino, including:

- Frank Ritter, alias Red Reed ("credit manager"),
- Morris Schmerzler, alias Max Courtney ("general manager"),
- Charles Brudner, alias Charlie Brud ("floor manager")—all three employed at \$100 a day plus 30% of the net profits as "annual bonuses";
- George Sadlo (Lansky's 80-year-old sidekick),
- Dino Cellini ("craps supervisor" and casino management expert),
- James Baker [no relation to the author] ("craps supervisor"),
- Roy Bell ("craps supervisor"),
- David Geiger ("craps supervisor"),
- Howard Kamm,
- Al Jacobs ("craps supervisor"),
- Anthony Tabasso,
- Hyman Lazar ("floor manager" after Courtney was deported),
- Frank Farrel, and
- Ernie Braca

Cellini, Baker, Geiger, Jacobs and Bell were deported from the Bahamas in March, 1964. Ritter, Courtney, and Bruder lasted until 1967. In January that year they made a deal with the casino in which they "leased" their files on the "credit-worthiness" of known American "high-rollers"—an important factor in a business where most losses were handled on credit rather than cash—to Bahamas Amusement, Ltd. for \$2,100,000, to be paid over a ten-year period! Although the Bahamas Amusement administrators had not blinked and paid up, the Commission understandably found this excessive. Perhaps this was compensation to the Mob for the loss of their cash cow.

In June, the new government voted to levy a tax of a million dollars a year on Freeport's casinos, upon which the Monte Carlo promptly closed in favor of the new El Casino, with the explanation that the company was not yet ready for such a financial burden. In the end, the Syndicate seems to have either departed

or become subdued enough that no further charges were made after the “clean-up” of fiscal and managerial irregularities suggested by the Royal Commission. It is too much to believe that all underworld activity departed with the abovementioned “personnel”, but there doesn’t appear to have been any further scandals. One wonders whether Bahamas Amusements, which quickly agreed to cooperate with the Commission investigation, hadn’t welcomed the process as a way in which to free itself from the heavy hand of the Syndicate?

A secondary development involving Bahamas Amusements, Ltd. briefly at this time was the introduction of gambling to Paradise Island, across the harbor from Nassau. The island (formerly “Hog Island”—from the common colonial expedient of setting an island or a fenced-off peninsula apart where the community’s swine could be allowed to forage without endangering anyone’s crops) had belonged to the wealthy Swedish Electrolux billionaire, Axel Wenner-Gren until he sold it to A&P heir Huntington Hartford for \$14 million in 1960. Hartford unsuccessfully tried to secure a gaming concession for his resort in 1963, but he made the mistake of not going to the right lawyer (Sands) and was unable to follow in Groves and Chelser’s footsteps. He also contributed to the new PLP, which was not the way to make friends among the Bay Street Boys. However, a new initiative by Bahamas Amusements, Ltd. and the incongruous Mary Carter Paint Company (there was no actual “Mary Carter”) was able to buy up the the old Bahamian Club in Nassau without difficulty in 1965 and on August 17, 1966, receive a Certificate of Exemption for a new Paradise Island casino; one of the redoubtable Sir Stafford Sands’s final successes. There were some conditions attached, such as the building of a bridge (which Hartford had also fruitlessly proposed) from New Providence Island by April 1, 1967, and construction of a 500-room hotel by the end of that year. As Bahamas Amusements, Ltd. was the primary legal gaming concession in the islands, it made sense for them to be involved with the new venture. However, the 1966 scandal of Bahamas Amusements’ dubious connections with the Syndicate (and the Bahamian Government) caused them to divest the Paradise Island stock in March, 1967. Apparently alarmed by the the Freeport casino scandal, Mary Carter Paint bought out the Groves’s interest (and eventually cheated Hartford out of both his purchase price and his remaining shares).

Mary Carter Paint was incorporated in 1958, involving paint companies dating back to 1908, and retailed paint in Florida, the Bahamas and elsewhere. However, president Jack Davis and CEO James Crosby had bigger ambitions and decided to exploit the corporation to quite different ends. They bought out Bahamas Developers, Ltd. on Grand Bahama in 1962 and, hearing about the troubles Huntington Hartford was having on Paradise Island in 1964, decided to enter the profitable gaming and resort field. At Sir Stafford Sands’ suggestion, they joined with Bahamas Amusements (and the unfortunate Hartford, who held onto a 20% share for a while) in early 1966. The partners opened the Bahamas’ third major casino (the Monte Carlo had already closed) in December, 1967. Mary Carter Paint also acquired the Queen’s Cove property in Freeport from Daniel Ludwig, who was busy developing his Princess Resort at Xanadu Beach. In May 1968, Mary Carter Paint sold its paint division to Delafield Industries for just over \$10 million and became Resorts International NV (based in the Netherlands). The new corporation acquired additional amusement companies in America, and bought the Bahamian company, Chalk’s International Airline, Inc., in April 1974. After Wallace Groves retired, his successors shifted the management of El Casino to Resorts International (and the old Monte Carlo was

resurrected as the Lucayan Beach Hotel and Casino). Resorts international was also successful in introducing gambling to Atlantic City in 1976.



*Sir Lynden Pindling*

There was also other would-be gambling enthusiasts chasing the golden certificates of exemption at the time. Michael J. McLaney, an associate of Lou Chesler and former operator of the Hotel Nacional casino in Havana (which he bought from the Syndicate three months before it was seized by Fidel Castro), had managed the Cat Cay casino in Bimini for Louis Wasey's daughter Jane in 1963-64. In 1966 he approached Lynden Pindling with an offer to help him in the upcoming election. He supplied Pindling with a helicopter to take him to his constituency in Kemp's Bay, Andros for 8 or 9 days; a Cessna aircraft to take him to various Out Islands for 7 to 10 days, and a DC-3 plane for 2 or three days for the same thing. McLaney also supplied Pindling for a month with the services of a financial consultant from New York named Colasurdo, who initiated some complicated business dealings with the future Prime Minister involving a blueberry plantation and \$1.9 million. There was no actual deal involved, but McLaney estimated that the combined contributions amounted to about \$60,000. He also rented 13 rooms on the fourth floor of the Trade Winds building on Bay Street that he made available to members of the PLP, including Arthur Foulkes and James Shepherd. McLaney ended up with no return for his investment, but Lynden Pindling had gotten a tempting taste of what political power could attract.

While all this was going on, Wallace Groves and his partners were struggling with their public relations debacle and the potential changes in the Bahamian power structure. They seemed to have worried that the PLP might possibly abrogate the Hawksbill Creek Agreement and even nationalize (or "Bahamanize") the Grand Bahama Port Authority, which was only a private corporation with no influential connections outside of the Bahamas. As a hedge against such a move, they embarked on a complicated expedient to get GBPA stock publicly traded on the New York Stock Exchange, apparently hoping to make a straight power grab less likely. They converted 92.5% of the GBPA stock to that of an American-controlled Philippines gold mining company—Benguet Consolidated. The involvement of a Philippines corporation may seem like an odd move, but there were several good reasons for the choice. Firstly, 97.5% of Benguet Consolidated stock was actually owned by American investors, the largest amount of which belonged to Charles Allen's brother and partner, Herbert. Secondly, Benguet Consolidated was facing a threat similar to

that of the Grand Bahama Port Authority. The new Philippines' constitution mandated that by 1974 a majority of the stockholders be Filipino citizens. Dictator Ferdinand Marcos had imposed legislation restricting foreign ownership of the country's mining companies to just 40 percent, and by 1971, Benjamin Romualdez, Imelda Marcos's brother, had effective control of the company. As the *Report of the Royal Commission ... to Review the Hawksbill Creek Agreement* (1971) observed, "It would therefore be to their advantage if [Benguet Consolidated] could amalgamate with another corporate entity and thus be enabled by the due date to 'spin off' assets other than its natural resources properties in the Philippine Islands and so secure their long term interests." [*Report of the Royal Commission*, 1971:46]. This they did successfully on May 15, 1968, despite some resistance by the PLP Government that was over come by agreeing to further modifications to the Hawksbill Creek Agreement, and allowing the Government to purchase of 7.5% of the new stock at a discount to become a "partner" on the board of the GBPA.

The Bahamas Handbook had a (probably paid) sidebar entitled "What's this Business about Benguet?" [*Bahamas Handbook* 1969:355] which announced that "Benguet shareholders approved the acquisition of 2,010,000 Port Authority shares in exchange for 9,990,075 Benguet shares, a swap totalling some U.S. \$150 million." The reorganization involved the Hayward's Variant Industries shares as well as those of the Allens and the Groveses. Benguet Consolidated's American investors were able to extract their holdings from the Philippines and placed the Bahamian assets in a new Panamanian (later reorganized in the greater safety of the Cayman Islands in November, 1984) holding company, Intercontinental Diversified (ICD), in early 1974. The remaining assets were taken up by the Allens, who then had no further part in the Grand Bahama story. Benguet itself was largely taken over by Marcos's family and cronies, who also extracted some \$329,439 from the investors for approval by the Philippines Government for that end of the deal. With its stock safely tucked away in Panama, ICD, now the owner of the GBPA, became an internationally-traded company in its own right and beyond the easy reach of the PLP Government.

The Benguet venture had a significant downside as well, as the conditions demanded by the Bahamian Government led to a serious conflict between the Port Authority and the PLP. In exchange for the necessary approval of the Government for the Benguet merger, the GBPA agreed in principle "...to the measures which the Government proposes to take for the good government and proper control of the Port Area...", which involved the standardization of immigrant and customs controls as well as approval from Nassau for further development and new business licenses. However, although the Government specified "controls", the GBPA referred to them as "procedural arrangements", which led to an ongoing conflict over what was actually agreed upon. Furthermore, any amendment legally required the approval of four-fifths of the Port Authority licensees, and they were not being told what was going on.

While the GBPA might have agreed to new "controls" or "procedures", the licensees rightly saw this as an unwarranted surrender of the rights they had under the Hawksbill Creek Agreement. New restrictions on employing foreign personnel were particularly unwelcome. Despite wishful thinking by the Government, there simply were not enough capable Bahaimans to be had, and although the GBPA could have done more in the way of training, it could not meet any immediate need. Counsel for the Port Authority in Britain was of the

opinion that if it could be shown that a) no “key, trained and/or skilled” personnel could be found in the Bahamas, and b) the foreign candidates were in fact actually “key, trained and/or skilled” and c) were of good character, then the Government had “no [legal] discretion to withhold permission to the employer, to bring in the personnel required and the number so required.” [Report of the Royal Commission, p. 54]. The PLP Government did not agree, and insisted on exercising final control over all recruits, whatever their qualifications or their employer’s requirements, contrary to the Hawksbill Creek Agreement. In addition, the machinery set up by the Government to do this proved to be costly, inefficient, dilatory and often unreasonably arbitrary in practice. They limited work permits to a year or even six months, which was hardly inducive to the recruitment of professionals asked to relocate with their families. When the Royal Commission investigated licensee complaints, they found them to be so overwhelmingly true that they “stopped the investigation because it became embarrassing to continue.” [Report of the Royal Commission, 1971:64]. There was even a government white paper prepared in late 1968 suggesting that Freeport “was eminently suitable” for reorganization as a unit of local government—except the Hawksbill Creek Agreement still stood in the way, so nothing was done.

Another strong signal of the Government’s intentions concerning Freeport was lobbed into the fray by Lynden Pindling on July 26, 1969, in the famous “bend or break” speech he gave at the opening of the BORCO refinery on Grand Bahama. According to Michael Craton, it was a last-minute departure from a bland planned address, and one that left little doubt about the PLP’s resolve to curb the independence that had enabled Freeport to prosper so dramatically in the mid-1960s.

In this city, where, regrettably, almost anything goes, where, promisingly, some economic opportunities have come to Bahamians, Bahamians are nevertheless still the victims of an unbending social order, which, if it now refuses to bend, must be broken. [Craton 2002:167]

The frustration felt by the licensees, who found it difficult to manage their businesses, conduct desperate searches for suitable employees and afford newly-tightened customs duties, was aggravated by the discovery that the GBPA had already “bent” in principle to the Government’s demands in order to secure approval for the Benguet merger. Their case was put forward by the Licensees’ Division of the Freeport Chamber of Commerce, represented by its president, Peter Bannock. Bannock met with Prime Minister Pindling and proposed a rather assertive compromise, but to no avail. The GBPA reluctantly yielded to the demands of the licensees and served notice to the Government that the issue should be put to arbitration, as specified in the Hawksbill Creek Agreement. However, the Government ignored this and passed an act, the Immigration (Special Provisions) Bill, 1970, that essentially nullified the clauses respecting immigration in the Hawksbill Creek Agreement, and asserted that the Bahamian Government was to have sole control over all immigration. The original agreement to work out such disputes through Port Authority-Government arbitration was a obviously a dead letter.

This example of governmental breach of faith, as the Royal Commission recognized, may have been strictly legal under the new 1968 constitution, but it was unethical and had far-reaching negative consequences, not only for

Freeport but for the Bahamas as well. Capital investment, whether one approves of capitalism or not, is how the world works, and it is notably fluid. No one was going to put money into Bahamian development if there was a chance the Government might interfere and make it impossible to proceed or profit. Foreign investors took one look at the PLP move and shied away. “Capital is so sensitive that it will not tarry to find out who is in the right legally or who is in the wrong.” [*Report of the Royal Commission* 1971:66]. Wallace Groves was disgusted by the short-sightedness of the PLP Government, wondering why it should “stupidly wish to destroy a city that was furnishing approximately one-fifth of their governmental revenues.” [Block 1998: 97]

To the Government, however, this appeared to be a matter of national pride and an almost obligatory assertion of its perceived rights in the aftermath of the struggle with the Bay Street elite in the overheated atmosphere of “black power” that pervaded the late 1960s. The PLP still had a jaundiced eye on the bothersome “foreign” and largely Caucasian enclave on Grand Bahama, and was determined to assert control, whatever the consequences. It might be wrong-headed and short-sighted, but the Government felt it was their responsibility to kick against any overt outsider influence—even a beneficial one. New challenges, such as another Royal Commission appointed in 1970 to review the Hawksbill Creek Agreement, would follow.

To further complicate matters, the long postwar economic boom that had enabled Freeport’s growth came to an end. British sterling was devalued in November, 1967, followed by the French franc in 1969, and in 1971, the U.S. dollar ceased to be convertible into gold. In Grand Bahama, the boom reached its height in 1968, but then leveled off, and a downturn was evident the following year. The United States went into a recession in mid-1969, and as has often be observed, “when the U. S. economy sneezes, the Bahamas’ catches cold”. No substantial new projects were begun after July 1969, and an exodus from Grand Bahama to more promising places for investment took place.

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