



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 of June*
- [The Bahamas in 1964](#) from Benedict Thielen *The Bahamas-Golden Archipelago*
- [Grand Bahama in 1967](#) *Moral Panic, Gambling, and the Good Life*
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Karmin, Monroe W. and Penn, Stanley.
Las Vegas East.

U. S. Gamblers Prosper in Bahamas With help From Island Officials. Top Local Political Leaders Grant Casino License, Also Receive Consultants' Fees. Is There Link to U.S. Crime?

Wall St. Journal Oct 5, 1966

FREEPORT: Grand Bahama Island —Scene: the gold-papered, crystal-chandeliered Monte Carlo room in the luxurious Lucayan Beach Hotel. Roulette wheels spin their reds and blacks. Crap shooters roll their sevens and elevens. Blackjack dealers turn their aces and kings. Slot machines whirl their lemons and plums.

Surveying the quick play and quiet players in the affable but cold-eyed man in charge, a runaway New Yorker wanted by American authorities. He is balding, 61-year-old Frank Ritter, alias "Red" Reed, whose natty appearance (mustard sports jacket with double vents, tapered beige slacks, brown suede shoes) fails to dispel the impression that he's familiar with the grime of the underworld.

Ritter's presence, and his suspected links with the U.S. crime syndicate, cast a pall over the "island in the sun" just 70 miles off the Florida coast. Grand Bahama, largely barren a few years ago, today attracts hundred of millions of dollars from U.S. tourists and investors. A big magnet: gambling.

The Ethical Climate

Now, newly discovered secret documents provide insight into how gambling came to Grand Bahama. The documents also tell a good deal about the ethical climate prevailing in the Bahamas, the multi-island British colony.

The entrepreneurs on Grand Bahama, conforming to custom, did business in the early 1960s with the renowned "Bay Street Boys," the powerful group of merchant-politicians who dominate the colony from Nassau, the capital on New Providence, some 120 miles to the south of Grand Bahama.

To grasp the significance of these business dealings, a bit of background is necessary. Gambling is illegal in the Bahamas. Thus, to open casinos in Freeport took some doing—a special exemption from the colony's penal code. The exemption was granted in April, 1963, not by the legislature but by the governor's select, nine-member Executive Council which at the time

was the most powerful arm of the government and pretty well ran the colony.

Executive Council deliberations are secret, and to this day there is no record of which members voted for or against gambling. But the result of the vote is no secret. The Council awarded a casino monopoly to Wallace Groves, a former Virginian who reigns as the "monarch" of Grand Bahama. He controls about one-half the total acreage on the island, is the dominant figure in the Grand Bahama Development Co., Grand Bahama Port Authority and Bahamas Amusements, Ltd. The three companies comprise the major commercial interests responsible for developing the island.

Mail Fraud in Background

Mr. Groves has a blemish in his background. He's an old Wall Street operator who was convicted of mail fraud in 1941 and sentenced to two years on prison. Now, a quarter of a century later, Mr. Groves has wound up with the right to open any number of casinos on his island fiefdom.

But—on to the Bay Street Boys.

The most powerful is Sir Stafford Sands, the Minister of Finance and Tourism (a post equivalent to the U.S. Secretary of the Treasury). Sir Stafford also is the most respected corporation lawyer in Nassau. As such, he represented the Groves group in its quest for a gambling license at the same time that he was a member of the Executive Council that granted the license.

Corporate records indicate Sir Stafford received for his service more than \$1 million from a Groves-controlled company. This handsome fee was divided into several payments. Records of the company for 1964 show payment to Sir Stafford of \$515,000 for legal services and also legal retainer payments of \$10,000 per month.

Sir Stafford flatly denies payments of any such magnitude, although he does confirm he has done a good deal of legal work for Mr. Groves and his companies.

Consulting Agreements

But the corporate records, disputed though they may be by Sir Stafford, also show consulting agreements with him and two other members of the Executive Council—Sir Robert Symonette, the Premier, and Dr. Raymond Sawyer, a dentist. Besides Messrs. Sands, Symonette and Sawyer, still a fourth member of the Executive Council had personal business dealings with the Groves group—C. Trevor Kelly, the Minister for Maritime Affairs, who fittingly enough leased boats to a Groves Company.

But business lies between the Grand Bahama entrepreneurs and the Nassau politicians weren't confined to members of the Executive Council. Two other important political figures were quietly taken aboard as consultants. "Bobby" Symonette, the Premier's son and Speaker of the House of Assembly, was one. The other: Sir Etienne Dupuch, a member of the Senate and the editor-publisher of the Nassau Tribune.

Sir Stafford, according to a former official of one of Groves' Bahamian corporations, was to receive under his consulting agreement, nearly \$50,000 a year for ten years, or as long as the Groves' gambling license remained in effect. The official says the consulting fees were on top of the Sands legal fees. Again, Sir Stafford denies he accepted any consulting fees.

Premier Symonette was to receive \$16,800 a year for five years for his service, the one-time Groves' executive says. Not so, relies the Premier. Though a member of the Executive Council at the time of the gambling decision, it's reported the premier voted "no." Besides being the head of government, Sir Roland holds extensive shipping, real estate,

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liquor and other business interests, and is regarded as the second most important figure in the Bahamas.

Dr. Sawyer, the dentist, again according to a former Groves' executive, was to receive \$5,600 a year for five years as a consultant. The dentist, who has since left the government, denies any knowledge of the agreement. He says he was forced to give up his public duties because of the press of private business. Besides pulling teeth, Dr. Sawyer operates Nassau's Hobby Horse Hall racetrack. "Dentists don't make much money," he explains.

"Bobby" Symonette, the Premier's son, confirms that he was under contract to Grand Bahama Development, one of the Groves-controlled companies, at \$14,000 a year, but says he ended the agreement some months back. Besides being a man of rising influence, the House Speaker also is an accomplished yachtsman whose picture has appeared on Sports Illustrated. The 40 year-old sailor explains that, because of his experience at sea, he was retained by the Groves group to advise on marina construction to earn his \$14,000 a year.

"My Private Business"

Mr. Kelly, the marine minister, is a wealthy businessman (some say he's among the wealthiest in the Bahamas) whose wide-spread interests include lumber, hardware and shipping. A series of his ships are named Betty K. after his daughter. Mr. Kelly confirms he's done a consulting business, through the Betty Ks, with the Groves group. An ex-Groves executive says the terms have been highly generous to Mr. Kelly, but the maritime minister will only reply "that's my private business."

Sir Etienne Dupuch, in a February 1964 letter to Mr. Sands, acknowledged receipt from Grand Bahama Development of a "cheque for one thousand pounds (\$2,800) in payment for services in January and February." Both Sir Etienne and his newspaper have opposed Grand Bahama gambling, and his letter said the check would be turned over to charity. It is understood that, before too long, Sir Etienne had second thoughts—and stopped accepting the fees.

Sir Etienne's doubts were not shared by some of the other Bay Street consultants. A former Groves official recalled the company received "letters of complaint" from at least one consultant when his check had not

arrived within "two or three days from the first of the month."

Premier Symonette, while denying any consulting agreement, does say he had a road-building contract with Grand Bahama Development Co. years ago. But he adds he gave it up in early 1964 when a new constitution took effect. The Premier says his contract with the development company "was nothing like" the reported \$16,800 a year.

Sir Stafford Sands, vacationing in Europe, says he acted professionally for Wallace Groves, president of the Grand Bahama Port Authority, since the late 1940s. But he adds:

"In more than 15 years of this association, I have not collected a total of \$1 million in fees from him or from any other business with which we are jointly affiliated, or from all of them in the aggregate. Moreover, my records show that no checks approximating \$500,000 were received for any purpose in the period you refer to."

Sir Stafford charges that his political enemies have falsely accused him in the past of accepting excessive legal fees.

He notes that some of his income is in the form of a retainer, "which you have termed a consultant fee."

Sir Stafford adds that his expenses include a legal office in Freeport, Grand Bahama, mainly serving the Port Authority and its associated companies. Also, much of his own time, as well as the time of his staff in Nassau, is devoted to business for the same clients, he asserts.

"A Share of Prosperity"

Earlier this year, Sir Stafford unburdened himself to an English journalist about his double duty as lawyer and public minister.

"Ministers here are unpaid. As to the idea that I get a good share of the country's prosperity, of course I do. I would anyways since my family came over here 350 years ago, and I've been working during the boom years. Anyone would come in for a share. I can't stop charging legal fees, can I? But it's worth remembering that I've been a part of making all the islands a lot more prosperous."

This line of reasoning is echoed by many others. "We take the view that we should have unpaid government," explains Bobby Symonette, "because we can't afford to pay people in the government what they could earn privately." Indeed, the holding of public office by those possessing the greatest wealth has been the predominant style of government here since the beginning. This reflects the large educational and economic gulf that separates the ruling whites (20% of the population) from the colored majority. It also reflects the past ineffectiveness of the political opposition.

But it is getting harder to keep the lid on. Consider this episode, which concerns the highly regarded New York public relations firm of Hill and Knowlton, Inc., in what surely is one of the most curious arrangements in the history of publishing.

Hill and Knowlton operates the public relations department of the

Bahamian Ministry of Tourism under Sir Stafford. And it is a considerable operation: last year the ministry spent \$ 4.1 million, or 10% of the colony's revenues, to entice Americans and other tourists.

"The Ugly Bahamian"

In the process of serving the interests of Bahamian tourism, Hill and Knowles recently arranged for Exposition Press of New York to buy a manuscript entitled *The Ugly Bahamian*. Exposition Press apparently thought highly of it—enough to pay the author \$50,000 for the manuscript. Now, strange to say, Exposition Press has not the slightest intention of publishing its \$50,000 property. It is safe to conclude, moreover, that the book will never be published. Hill and Knowlton has "no comment" on the incident.

Whether or not *The Ugly Bahamian* would have constituted an embarrassment to Sir Stafford and his ruling party, the United Bahamian Party, the winds of change are beginning to waft through the Bahamas.

Slowly the opposition Progressive Liberal Party is gaining strength, though probably not enough to come to power in the next election which must be called by the end of 1967. Nevertheless, the PLP's Negro leader, 36-year-old Lynden Pindling is putting pressure on the controlling party.

Last year Mr. Pindling, who knows a good political issue when he sees one, brought conflict-of-interest charges before the United Nations in New York. "The ministers in the Bahamas Government today own large shares in nearly every local enterprise," he told the UN, "and are allowed to award themselves government contracts and they do unlimited business with the government they control."

Last July, the Bahamian Government made public a code of ethics that requires a minister to withdraw from any case in which he has a private interest. Government officials contend that they have followed this practice at least since a new Bahamian constitution took effect in early 1964. The decision to publicize the code in July may have been prompted by the conflict-of-interest charges raised by the opposition party.

Mr. Pindling's most potent political weapon is the Grand Bahama gambling, with its potential benefits of Government tax revenue and potential dangers of mobster infiltration. A few weeks ago, Mr. Pindling journeyed to the UN again to charge that the 140,000 Bahamian people were being sold out to "gangsterism" by his political opponents.

That's why Frank Ritter, in the Lucayan Beach Casino, is such a focal point of attention. Along with two casino helpers—Max Courtney, real name Morris Schmertzler, and Charlie Brud, real name Charles Brudner—Ritter has been indicted three times in the U.S. for tax evasion and other offences. Allegedly the three men operated a nationwide bookmaking business from New York before they skipped town.

Robert Morgenthau, the U.S. Attorney for the Southern District of New York, wants Ritter, Courtney and Brudner back, but the U.S. has no treaty of extradition with the Bahamas. Trevor Kelly, acting Premier one day recently when he was interviewed, dismisses the thought: "The only charges the (U.S.) government has on them is tax evasion," a crime that is

not taken seriously by Bahamians who do not have to pay income taxes.

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Wall St. Journal Oct 5, 1966

But U.S. Authorities are after bigger fish—Meyer Lansky, the notorious Florida mobster who ranks high in the U. S. crime syndicate. The Lansky reputation is so black that the Nevada Gaming Control board barred him from Las Vegas casinos. U. S. officials suspect that Lansky controls or gets a piece of the profits of the Lucayan Beach casino.

One bit of evidence: for many months, until Bahamian Government officials invited them to leave the islands, Dino Cellini and George Sadlo were prominent figures at the Lucayan Beach casino. Both are known Lansky cronies.

Roles Described

One man in a position to know many of the intimate details of the casino operation describes the role of Cellinin and Sadlo this way: "Cellin and Sadlo were Lansky's men. At the closing of the casino each night, all of the boxes were taken from the tables and brought into the counting room. There were three sets of keys to the boxes, but it was very important that either Cellini or Sadlo be present before a box was opened.

If indeed George Sadlo journeyed to the Lucayan Beach counting room on many a night to see to Meyer Lansky's interests, he was bringing with him a good deal of previous experience. Testimony before the Kefauver Committee in 1950 showed that Meyer Lansky and his brother Jake, along with George Sadlo, operated illegally the Club Boheme gambling casino in Florida. An accountant for the casino testified that, "At the end of the night ... after they close each table, they take the money and put it in the cashier's cage and they count it down."

"Who counts it?" asked a committee investigator.

"Mr. Lansky," replied the witness.

"Personally?"

"Yes; or Mr. Sadlo, or whoever is there with him."

If some of the Lucayan Beach casino's profits are, in fact, being "skimmed off the top" by the Lansky crowd, U.S. authorities suspect they are being used to finance the activities of American hoodlums.

Such suggestions draw staunch denials from the Nassau police. Sitting in his office in the police barracks, S. R. Moir, assistant commissioner, is every inch the stiff, proper, tight-lipped Britisher. "No evidence," he replies to inquiries concerning mob infiltration of the casino and the possibility of skimming profits off the top.

Mob Infiltration Denied.

The president of the company that operates the Lucayan Beach casino rejects reports of mob infiltration as "completely untrue." He is Keith Gonsalves, a former employee of Barclays Bank, and his company is Bahamas Amusements, Ltd., which is part of the Groves group. Bahamas Amusements is required to pay all profits to the Grand Bahama Development Co., a land development firm, which is controlled by the Grand Bahama Port Authority, in turn controlled by Mr. Groves. To confirm the integrity of the casino's operation, Mr. Gonsalves has ready a lengthy position paper. It mentions the presence of two security officers, hired on the recommendation of the police, who "have access at all times to all casino operations, including access to the countinghouse and records." Yet, the fact remains that the security officers are not policemen, are not employed by the government, but are employed by the company that runs the casino.

The Gonsalves paper also notes that the casino's books are audited by the firm of Peat, Marwick, Mitchell & Co.

Despite Mr. Gonsalves' assurances, suspicion persists, favored by the presence of Ritter, Courtney, and Brudner in the Lucayan Beach casino. Just when this presence began is not clear, but it certainly dates back to the spring of 1963.

Then the Lucayan Beach hotel was in an early construction stage. When the gambling license was issued in April 1963, meetings were arranged to convert a planned convention hall into the casino. Someone who attended a session in Miami recalls that Ritter and Courtney were brought in to help with the designing. "They were the experts on casinos," he remembers. There are those unkind enough to suspect that the convention hall was intended to be a casino all along. Ritter and Courtney—along with Lansky crony Dino Cellini—were especially important in setting up the casino.

To remove any taint of Las Vegas and to give the Lucayan Beach casino "class" it was publicized widely that only European croupiers would be employed.

Accordingly, a school was set up in London in early 1963 to train the European croupiers (they are not especially adept at the American game of craps). Apparently no effort was spared. The finishing school cost the casino \$250,000.

"Cellini, Courtney and Ritter were sent over to start the school and to

instruct the people," an insider recalls. "They returned to the Bahamas with 100 croupiers.

Ritter, Courtney and Brudner were allowed to remain on Grand Bahama after Cellini and Sadlo departed. Mr. Gonsalves explains why: "It was necessary to have Americans in some key positions because more than 80% of the patrons of the (Lucayan Beach) casino are United States citizens; and Messrs. Ritter, Courtney and Brudner and other professionals were employed because of their previous professional experience in gambling in the United States."

Ritter bears the title of credit manager; Courtney, chief supervisor; and Brudner, casino floorman. But Ritter is obviously the key man. Credit is vital to the casino profits. Most gamblers come to win, not lose, so they don't bring all their money. When the luck runs bad, the trick is to know just how much credit to extend to whom. That's where Frank Ritter shines. His knowledge of the financial status of American gamblers, plus his contacts with the Las Vegas casinos, makes him an expert on "instant credit"—and where to draw the line.

This talent was observed at the Lucayan Beach casino recently. It was late, and only a handful of hard-core gamblers remained. Among them were two brothers from the States. One was playing with \$100 chips in a closed game at the blackjack table. He was losing heavily; his brother already had lost quite a bit. They both came to Frank Ritter for credit. "You're all right," barked Frank to one, "but not him," jabbing his finger at the other.

The incident raises an interesting, but unanswered question. Granting Frank Ritter's expertise at his job, he's still human. Suppose he makes a mistake. Suppose a borrower fails to pay up after he returns to the States. Who duns him for the debt? The mob? That's what U.S. investigators want to find out.

The casino is a sore point with many Bahamians. Mr. Pindling of the opposition party whose distress doesn't extend to favoring a shutting down of the casino, pledges: "If we came into power, we would renegotiate the entire casino license. Our concern is to eliminate all possible gangster influence."

Also distressed is the upper crust of Nassau society. Dining on the veranda of their spacious home, a banker and his wife view the distant Lucayan Beach casino as an "error of taste and judgment." They refuse to believe that American mobsters have infiltrated, but they fear the "potential" is there. The thought of an "offshore Las Vegas," as they term it, horrifies them.

And the man they blame for the mistake is Sir Stafford Sands, a huge man who, according to an acquaintance, "lives like an emperor." His Nassau estate, "Waterloo," comes complete with private lake.

Sir Stafford has a penchant for expensive lounging jackets and elaborate paperweights. He's addicted to the grand gesture too. "At a dinner for four, he'll have caviar for a hundred," says a friend.

"Brilliant, Genius"

Friend and foe alike regard Sir Stafford as the mastermind behind the Bahamas' tourist boom (this year a record 80,000 are anticipated). And all descriptions of him, sooner or later, converge on the words, "brilliant" and "genius." Even Mr. Pindling, who seeks to oust the United Bahamians, admits that, if successful, he'd like Sir Stafford to remain as minister of finance and tourism.

A tiny glimpse of the man's power, and the way he uses it, is provided by the letter that Sir Etienne Dupuch, the Senator and Tribune publisher-editor, wrote to him acknowledging receipt of his consultant's fee from the Groves-controlled Grand Bahama Developing Co.

The letter would seem to suggest that Sir Stafford shoved Sir Etienne, who has criticized gambling editorially, into accepting money from the casino crowd. Read:

"You had talked with me briefly on this proposal but I did not realize it had been finalized."

"I am sure you know that I am not happy about having casinos in the islands but since a casino has been established at Grand Bahama, I am concerned to see that a high standard is maintained. If you think that my services in this way might be helpful, I shall do my best but I want to feel that this is an arrangement that can be terminated at any time by either side.

"I told you at the time that this arrangement must not in any way be considered as influencing my decision in the Senate or the policy of the Tribune. You agreed to this condition.

"I would readily give you my services free of charge but since you insist on paying me what you say is the normal fee for this kind of service I shall deposit the money to a special account I have in the Royal Bank of Canada for helping children and other charitable purposes."

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