



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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Ed Reid. *The Grim Reapers* (pp. 105-124) Chapter 7: Bahamas Hoodlum Sea

Columbus didn't know it, but he did find a pot of gold at the end of the rainbow when he steered his little ships into the heart of what has become one of the greatest crime syndicate enterprises since Al Capone left Brooklyn and discovered Chicago.

Capone had no connection with Columbus, of course, but their descendants share one thing in common: a place at the trough of gold where pigs and paladins are born, weaned and grow to maturity—the West Indies. Laved on the north by the Atlantic Ocean and on the south by the warm waters of the Caribbean Sea, this ancient haunt of pirates is the new playground of the mob.

The Caribbean can be blue or green, according to weather conditions, but for gamblers who rarely give it a second glance the sea generally glints gold. Just a scant ten years ago these almost tropical waters harbored a pearly string of tranquil islands, stretching from the Bahamas, seventy miles off the coast of Florida, to Barbados and Trinidad, off the northern coast of Venezuela, South America—a thousand island crescent of peace and pleasure providing retreat for tired tycoons, wound-up executives, and more or less lethargic but happy natives, many of whom though voodoo was the closest they could get to the devil. Places with names such / as Bimini, Nassau, Virgin Islands, and Martinique were shrines dedicated to those who liked to take the sum every now and then.

If there was a devil in the area, he didn't make himself manifest until Fidel Castro unlocked the Cuban Pandora's box and drove a segment of the American crime syndicate that had obtained a foothold in Havana—long a way-stop, as we have seen, in the dope traffic that flows through the Caribbean via Florida and New Orleans into the veins of the addicts in the United States and, during the years of Batista's regime, a gambling hot spot as well.

Castro, who sought no piece of the action in the country he took over, banished the gambling operators, pimps, and dope pushers from the Cuban littoral. America's law-enforcement officials were impressed with Castro's efforts to clean his nest, but Cuba's loss was America's unfortunate gain for the hoods drifted back into the underworlds of the cities that had spawned them: Miami, Tampa, Biloxi, Gulfport, New Orleans, and Las Vegas.

Thwarted only temporarily by Cuba's rejection, the hoods soon regrouped,

returned to some of the smaller islands in the Caribbean, and began to discover more riches than Columbus ever dreamed of. In outflanking Castro on the Spanish Main, they became part of a milieu that combined many talents—the know-how of financiers, lawyers, legislators, politicians, construction men, show-biz nabobs, gamblers, and plain “ordinary” greedy people—and came up with what in financial and real estate parlance is called a “real business boom.”

There is little doubt that Castro has since taken note of this “capitalistic” influx of money just a few blue waves from the shores of Cuba, where, under his guiding hand, communism is making its play under a somewhat marginal economy. But one of the first to note the potential in the Bahamas and get the ball rolling for the entry of the syndicate boys was a man named Wallace Groves, “Boy Wonder of Wall Street.” Groves did not throw himself out of a window when the financial crash of 1929 tumbled fat cats and golden calves throughout the United States, and he now has just about everything a man could want—a man such as Groves, that is—though he’d no doubt like to expunge from his record a 1941 conviction involving a \$750,000 stock swindle for which he was sentenced to two years in prison. In fact, he served only five months in duration vile, in the federal penitentiary at Danbury, Connecticut, and was released in December 1942.

The conviction arose through Groves’s pyramiding company on top of company until he had built up \$10 million in assets at a very small cost to himself, though this success could hardly have changed the flavor of the federal food allotment at Danbury. At the time of his conviction the Securities Exchange Commission said: “Almost all of the companies that came under the control of Mr. Groves suffered severe losses.” Yet a friend said of Groves, who owned substantial pieces of twenty-three corporations, “He had a good reputation on Wall Street. He wasn’t one of those sharpshooters.”

In January, 1967, after trying to dig out the facts on Groves, *Parade* magazine reported: “There is one area in which Groves’s friends and enemies agree: He is shrewd, quick and perceptive—‘a natural genius at making money.’” Groves is also credited with having extrasensory perception when it comes to business deals and has said that he receives “vibrations” during business negotiations.

Groves’s vibrations were apparently unhampered by his short vacation behind bars, for he went to Grand Bahama Island in the mid-forties to cut timber and found natural beaches, a frost-free climate, and convenient proximity to the tip of Florida—whence the scent of tourists wafted across the surging sea waters. Since then, the sixty-seven-year-old Boy Wonder has managed to wolf down half the island for himself with the help of two other men peculiarly suited to the task of helping him build up what is now a one-hundred-and-fifty-thousand-acre barony plus substantial pieces of outlying enterprises. The two associates have been fifty-six-year-old Louis Chesler, a 256-pound, blue-eyed son of a Lithuanian immigrant to Canada, and sixty-seven-year-old syndicate gambling chief Meyer Lansky.

Groves provided the land; Chesler, through his Canadian connections and financing, helped smooth the way for the construction of a beautiful hotel

and subsequent permission for gambling therein; and Lansky came up with the syndicate know-how of casino operation to entice, cater to, and gauge the financial limits of the tourists—thousands of them—that was the main prerequisite to the money-making dreams of all three men.

In 1955 Groves managed to wangle property from the Bahamian (British) government for £1 per acre (at that / time £1 equaled \$2.80). Certainly Groves couldn't complain. Some of the original \$2.80-acres he purchased from the Bahamian government were reportedly later sold at \$50,000 each. Critics of the Bahamian hierarchy say Groves was given a blank check. His domain on Grand Bahamas Island includes a 211-square-mile slice of the 430-square-mile island.

All Groves's holdings are the legal property of various Groves corporate entities; the parent organization, Grand Bahamas Port Authority, Ltd., set up for the supposed purpose of creating a deep-water port to enable Groves to bring industrial and commercial establishments to his barony, which is named Freeport; the Grand Bahamas Development Company, established for the management and sale of the real estate; and Bahamas Amusements, Ltd., a subsidiary organized to take charge of the gambling casinos to be brought to the island.

No branch of the Bahamian government seems willing to tangle with Groves, yet the big man loathes descriptions of his operations as a "kingdom" or "dictatorship." "That's a lot of bunk," he scowls. Nevertheless, if you went to live—or play—in Freeport, you would use Groves's airport, Groves's harbor, Groves's roads, Groves's schools, Groves's land, Groves's supermarket, and Groves's electricity. The Port Authority is a private, tax-exempt, super-corporation, and its subsidiaries affect Freeport's twelve thousand residents from birth to death.

Freeport has no income tax, no profits tax, no real estate tax, and no sales tax. Indeed, Groves's long-term contractual guarantees build in these privileges, which are almost impossible to find elsewhere. Consequently, wealthy businessmen looking for business outlets are quick to take advantage of such favorable opportunities.

These advantages were what probably first attracted Toronto tycoon Lou Chesler to the sunny Caribbean. Chesler was no novice at the art of making a fast dollar. Starting as a customer's man for a brokerage firm, he had piled up \$4 million on Toronto's version of Wall Street almost before he was weaned. With his \$4 million he built up a paper profit of \$70 million by stalking small U.S. companies with big potential. His perception was uncanny. For example, he accurately presaged the coming boom in electronics, Florida land, and leisure activities, including horse racing. / In fact, he gave all such industries a boost up to the starting gate.

Chesler was also something of a bon vivant, building up a large and what, in June, 1964, the *Wall Street Journal* called "somewhat incongruous circle of friends and acquaintances." Among these, the Journal pointed out, were such respected business figures as publisher Gardner Cowles, investment banker John Weinberg, and bank president Gabriel Hauge, sometime economic advisor to President Eisenhower, Others listed were such Eisenhower administration officials as Robert Anderson, who served

as Secretary of the Treasury, and cabinet secretary Maxwell Rabb, who in 1964 was one of those trying to secure the Republican nomination for Henry Cabot Lodge,

Chesler, who fed \$12 million into the Bahamas before Groves ousted him with a clever squeeze play in May, 1954, has been a prime mover behind many important companies in the United States, including General Development Corporation and Universal Controls, Inc. Universal makes electronic equipment and General Development is a huge mail-order merchandiser of Florida houses and lots. Banker Weinberg went on the General Development board of directors in 1959 at the same time publisher Cowles became interested in the organization. Cowles later succeeded Chesler as chairman and became the company's second largest stockholder.

Chesler's guiding hand has also functioned in Canada's Lorado Uranium Mines, Ltd., and in the entertainment complex called Seven Arts Productions, Ltd., which has made its mark on the Hollywood movie-making scene. Incidentally, it was Maxwell Rabb who, as a board member of Seven Arts, came to Chesler's defense in 1963, when the management was being attacked by the stockholders for investing \$5 million in Chesler's and Wallace Grove's Grand Bahama Development Company—a squabble resulting in an announcement that Chesler would liquidate his holdings in Seven Arts and resign as chairman and director of the board after Seven Arts had disposed of its investment in the Grand Bahama Development Company.

The circle of Chesler associates and friends was not limited to Wall Street or Capitol Hill. He had a well-known love of horse racing, which may have prompted him in 1965 to secure, with the help of millionaire cronies such as Balti / more Colts' owner Carroll Rosenbloom, an outfit known as Baltimore's American totalizer, which owns and leases most of the racetrack "tote" systems that figure odds and winnings based on bet totals on individual horse races. Another Chesler associate, who had no business connections with the Canadian but was a friend, according to the *Wall Street Journal*, was Trigger Mike Coppola, whose activities were detailed in the chapter on the Mafia in New York.

Looking back on his Caribbean adventures in April, 1967, Chesler classified himself as "probably the biggest loser in the Bahamas" and admitted he paid huge sums of money to the "Bay Street Boys," the ruling clique at the time in Nassau, to buy permission to bring big-time gambling into the British colony. The story began in 1960 and 1961 when Chesler entered the picture as Grove's partner in the Grand Bahama Development Company, which was then selling real estate in Freeport.

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Chesler arrived on the scene at a time when Grove's initial ideas were undergoing change. What had originally been planned, ostensibly, at least, as an industrial boom—seen in terms of harbor development, hotels, golf courses, shops, homes, and various private businesses—was beginning to take on a new aspect. The Groves enterprises apparently needed a few additional inducements for the growth their creator had envisioned, something to bring in the fun-loving rather than the sun-loving tourists with money in their pockets. Gambling, therefore, was put on the agenda for Grand Bahama Island, and in the winter of 1961 construction began on the lavish, 250-room Lucian Beach Hotel—for which Chesler—as part of his agreement with Groves, had to raise and invest \$12 million—containing among other conveniences, a room with nine thousand square feet of floor space designed officially as a convention hall and privately as a handball court.

Since gambling was, and still is, specifically forbidden by law in the Bahamas, some legal maneuvering was necessary. But getting the needed certificate of exemption was easy, provided the right lawyer was on hand. And he was. Sir Stafford Sands—the lawyer of the Bay Street Boys and of the primarily white, long-standing governing party—had helped Groves all along the way in setting up his numerous interlocking firms in the island and was just the man for the job.

Louis Chesler, being a Canadian, would supposedly carry / none of the onus of the American gangster influence with him into the hallowed halls of a casino and thus another essential party to the scheme. Finally, all was ready. In March, 1963, Groves and Chesler went to the Bahamian government to seek an exemption from the anti-gambling laws. They went specifically to the governor's executive council, and their case was presented by Sir Stafford, who just happened also to be a member of the council. The certificate of exemption was made out in the name of Bahamas Amusements, Ltd.,—whose shares were then split equally between Chesler and Groves's wife, Georgette—was granted in April. The gambling license was ordered prepared for issuance, and the boys were in business.

The initial contract stipulated that casino employees be British, Irish—no one could be more surprised than the Irish!—or European citizens and specifically excluded American executives and personnel. It provided that company casinos could be operated anywhere on Grand Bahama so long as they were in, or in the vicinity of, a hotel having at least two hundred rooms. What a happy coincidence that the newly built Lucayan Beach Hotel had not

only the necessary guest rooms, but also a sizeable “convention hall,” which could be, and quickly was transformed into a casino!

The hotel opened in January, 1964, with all the glitter and gold its social director, Mrs. John McLean, could muster. The plan was to operate gambling on the highest level—a white-tie-and-tails copy of the ornate gambling palaces of Monaco. But the great experiment proved a great bust, at first, as the fickle phonies of the jet set failed to show. The Monte Carlo room remained as empty and cold at a pit boss’s heart,

Chesler and Groves, however, quickly learned what the big-time operators of Las Vegas and Reno, Nevada, spent millions to find out: that a successful casino must in the long run grind its dollars out of the pockets of little people, simply because there were so many more of them than jetsetters. Accordingly, plans were changed, and the boys in the know—Meyer Lansky and crew, who had made a life-long study of gambling within the framework of the crime syndicate—were brought in. The avant-garde of the gambling fraternity, with the love of warm climes already in their blood, turned their hawk noses to the Spanish Main, and things began looking up in the Bahamas. Early in 1967 Chesler blandly told a four-man investigative Royal Commission of Inquiry headed by Sir Ranulph Bacon, former assistant commissioner of Scotland Yard, that he sought Lansky’s advice on gaming potential in the Bahamas because he considered him a “dean of gambling.” “It was no easy job,” he told the probers, to organize a large-scale gambling operation, and he needed the advise of an expert.

A smooth and profitable route for the gambling industry always seems to require the Lansky types and their knowledge, but sometimes you wonder what keeps their noses to the grindstone. Is it the result of a sort of force-feeding hoodlums have to put up with? Or perhaps the Lanskys of this world have nothing else to do with their days? Whatever the reason, apparently no one ever really retires in the crime syndicate, although a few have claimed to have done so when investigators were on their trail.

For example, the current career of eighty-year-old George Sadlo, time-honored gaming Sancho Panza for Lansky, who, it appears, thought nothing of launching a new project such as the Bahamian enterprise.

In the early days, Lansky had been a murder partner of Las Vegas pioneer Bugsy Siegal, when Siegal was strong-arming it for Louis Buchalter. Years later, Lansky provided—through George Sadlo, his “insulation”—the wherewithal for the late gambler Marion B. Hicks and Cliff Jones when they decided to build the Thunderbird Hotel in Las Vegas. In fact, Jones himself is another example of how old friends stick together and of how men connected with the Mafia never seem to give up. A former Lieutenant-Governor of Nevada, Jones now has his fingers in various financial and gaming pies in and out of the Caribbean and is a good friend of top airline officials, who also have a vast financial stake in that tropical playground.

But to return to Sadlo, Lansky thought nothing of bringing his old friend out of semiretirement. And when Louis Chesler was asked about Sadlo’s duties by the investigative commission, he said: “George Sadlo was in complete control of the hiring and firing of employees” when the other casino got

started. In fact, Sadlo's activities in Grand Bahama merely illustrate the beginning of another operation featuring the competence and talent of the men who make up one side of a seemingly endless war of attrition waged by the syndicate against legal authority. There was, and is, a specific ban on the employment of American personnel in the big / Freeport casino. Yet at first it was not enforced; it was forgotten as is made clear by the following list, which appeared in the April 6, 1967, *Wall Street Journal*, of just a few of the syndicate workers, American born or naturalized, who moved in, along with Sadlo, as gambling aids in the Monte Carlo room of the Lucayan Beach Hotel:

Frank Reiter, alias "Frank Ritter"	credit manager
Max Courtney	general manager
Charles Brudner, alias "Charlie Brud"	floor manager
Dino Cellini	craps supervisor
James Baker	craps supervisor
David Geiger	craps supervisor
Al Jacobs	craps supervisor
Roy Bell	craps supervisor

Max Courtney and Frank Ritter first made their marks as close associates of Dutch Shultz, a leading bootlegger in the New York-New Jersey area who unsuccessfully plotted the murder of Thomas Dewey, prosecutor in Manhattan during the vicious Prohibition days of open gang warfare. When Dutch Shultz died—he was machine-gunned by his rivals—Ritter and Courtney decided to take up a less violent occupation. In the fifties they appeared in Montreal as operators of a huge bookmaking operation. To relieve the pressure of large bets made in Las Vegas, Chicago, New York, and other fast-buck areas, the two men set up their operation in Canada outside of the reach of U.S law-enforcement agencies. But someone must have snitched to the Royal Canadian Mounted Police, for they soon galloped into Montreal and arrested the two bookies. Expelled from Canada, Courtney, who is also known by his real name, Morris (Moishe) Schmertzler, and Ritter, who often moved around under the alias "Red Reed," spent a number of years taking bets in the salubrious atmosphere of the various gaming centers in the United States, finally showing up as executives of the Monte Carlo Room in Freeport. Which all goes to prove that tough a good hood may be down, he's never out.

Cellini, Baker, Geiger, Jacobs and Bell were eventually investigated by the Bahamian government and expelled from the Bahamas in March, 1964. Apparently it had taken some of the more conscientious officials that long to discover that the whole crew—including Sadlo and Lansky's brother Jake—/ had been the main-stem of the Lansky combine in Havana under Batista's rule before Castro threw them out in 1959.

Ritter, Courtney, and Bruder, who had also done time with Lansky's gang in Havana casinos, escaped pressure in the Bahamas until January 15, 1967, when it became clear to the Bahamians that they were fugitives from justice in the United States, having been charged with evading income taxes while allegedly running a bookmaking operation in New York. But at least three of

the fugitives were still on hand when the new El Casino opened in Freeport on January 1st and had two weeks in which to give a high-level, graduate course in running the place to the new boxmen, stickmen, and pit bosses—also, of course, Lansky associates from way back.

Miami Crime Commission Director Dan Sullivan, on an “Open End” television program, said that Courtney and Ritter, before they left the country, were probably the “two biggest, heaviest bookmakers and sports bookmakers in the United States.” Yet, though officially banned from the Bahama casinos along with Bruder, all three men have been granted asylum “as residents” in the Bahamas despite their fugitive status. In this connection, too, it is interesting to note that Sir Ralph Francis Alnick Grey, Governor of the Bahamas by appointment of Her Majesty Queen Elizabeth II, said in relation to the hard lines tossed at the Lansky boys running the gambling details at Freeport: “The mere giving a dog a bad name ought not to be cause to have him hanged. If you go into the tourist business, all sorts of strange people with strange proclivities come in.”

Testimony before the Bacon investigative committee revealed that banishment of Courtney, Ritter, and Bruder from the casinos did not exactly leave them out in the cold. An agreement was made that the three men will, over the next ten years, receive \$2.1 million for a credit-card file they apparently brought to the island when gaming first began. Thousands of well-heeled American gamblers are listed on the cards, and Keith Gonsalves, president of the Bahamas Amusements, Ltd., and former head of Barclay’s Bank in the Bahamas, told the commission that the purchase was made so the casinos would “continue to function smoothly.” As Gonsalves said, the men “could have left us with a completely sabotaged organization.”

While the hoods in the Bahamas have had to put up with / certain inconveniences, the operators of the casinos cannot complain about their profits, although their initial expenses were not negligible, either. For example, in 1965, its first full year of operation, the Lucayan Beach Hotel casino on Grand Bahama Island laid out \$490,000 for chartered flights to bring in free-loading “high rollers” from the United States, people with blue-chip credit ratings meticulously provided by Lansky and his associates. And, according to a *Life* exposé of the Bahamian gaming idyll, another \$930,000 was spent to provide hotel and ship accommodations for the pampered guests.

Rumors are that close to \$500 million have been sunk into Wallace Groves’s island empire, and, according to Parade, Groves calls profits from his gambling casinos “peanuts.” For Groves’s information, Meyer Lansky has never settled for peanuts, and it is estimated that by 1970 more than a half a million tourists a year will be visiting the Lucayan Beach Hotel and others like it, some still to be built. And syndicate ledgers prophesy that each tourist will leave at least \$25 on the tables. Some peanuts!

The *Life* article went on to point out that U.S. lawmen are convinced the mob is getting a big cut of casino profits, so perhaps their harassment is not too onerous. In January, 1967, the El Casino, a new carpet joint also owned by Bahamas Amusements, Ltd., opened to swell the total take, and 30 per cent of the sum is going, *Life* claimed, to such Lansky confederates in the Mafia as Stephen Magaddino of Buffalo, Angelo Bruno of Philadelphia,

Frank Costello of New York City—this is disputed by the Mafia buffs in Manhattan—Santo Trafficante of Tampa, and Joe Adonis in Italy.

Newsman Clarence Jones of the *Miami Herald* reported in July, 1967, that so much money was being raked in by the casinos that “it had to be mailed, parcel post, to New York banks in cardboard beer cartons.” He quoted records of the Royal Commission of Inquiry and said the cartons full of money also “hinted at wholesale skimming from the casinos.”

If this is true, and there is little reason to doubt it, it is also true that the gambling operation is having a profound effect on the whole economy of Grand Bahama and neighboring islands. Some fringe “benefits” of wholesale gambling have already become manifest: the local, comparatively unskilled, and certainly confused police on Grand Bahama are, for the first time, up against organized prostitution and narcotics, traditional enterprises of the Mafia. Three American cans were recently deported for trafficking in whores and drugs. Two of them had police records and Mafia affiliations in New York City, and used Las-Vegas-trained girls in the old “badger game,” housing them, according to the *Saturday Evening Post*, in the King’s Inn, one of the island’s plush hotels.

The periodical also recounted the inauguration of a Mafia-type extortion enterprise in which local businessmen were threatened with physical harm if they did not pay protection money to the gangsters. To the Bahamian government it seems to be of little concern, in response to such allegations Sir Ralph Grey said: “We can’t police the world. No one has yet shown me any clear-cut evidence of wrongdoing.”

Evidence is, however, not unavailable. Under oath, Keith Gonsalves, who was apparently third in the Groves hierarchy before Lou Chesler moved out of his post as president of the Grand Bahama Development Company in 1964, named a dozen Bahamian government officials who had been receiving largesse from the Groves operation, and he pointed out that Chesler negotiated most of these deals. One deal Gonsalves referred to involved Sir Etienne Dupuch, editor of the Nassau Tribune, who took “5,000 or 6,000 pounds a year “ for two years “to assist us with our public image,” which “locally has always been poor.” Gonsalves also testified that former Bahamian Premier Sir Roland Symonette had a road building contract with one Groves’s company that paid him over \$16,000 a year. Symonette’s son, a jet-setter named Bobby whose yachting prowess got him on the cover of *Sports Illustrated*, was hired by Groves to act as adviser on marina construction at \$14,000 a year.

The big man behind the men on the islands, however, was Minister of Finance and Tourism Sir Stafford Sands, the highest paid lawyer in the playground of pirates. Sands will deny it, but testimony indicates that his fees for guiding Groves through choppy legal waters over the years may run well over \$1 million, so it was not surprising that Sir Stafford was said to be “ill in Spain” when the commission of inquiry first met in the Bahamas in May, 1967, and did not make an appearance,

When Gonsalves was asked by the commission about a \$500,000 check reportedly given to Sir Stafford in April, 1964, the witness said it was an “omnibus fee,” related “to obtaining an exemption certificate [to operate

gambling casinos in Freeport] from the government.” Gonsalves said / the size of the check “didn’t stagger me” and added that Sir Stafford performed many duties for Bahamas Amusements.

An additional \$50,000 a year, for ten years, was promised to Sands, Gonsalves testified, for advice in “advertising, publicity, and promoting all phases of the development company.” In addition, Gonsalves listed “political contributions” by the Groves group to the United Bahamian party totaling \$320,000, which were said to be funneled through Sir Stafford Sands as legal fees.

Thanks to the absence of a conflict-of-interest law in the Bahamian government, Sir Stafford and some of his other Bay Street Boys had functioned for years both as legislators and private lawyers, a combination that has enabled them to accumulate and manipulate considerable power and wealth.’

Apparently 1964 had been a very busy year for all concerned. According to the *Wall Street Journal* of October 19, 1966, Lou Chesler “resigned” in May, 1964, because he and Groves “didn’t see eye to eye.” “There was a lot of emotion built up,” Chesler stated. “It got to the point that I wanted out.” “Groves hates inefficiency,” said one person who had worked in the organization, belittling Chesler’s administrative abilities. “So he made it clear to Lou he’d have to go.”

The exact circumstances of the split are somewhat clouded, but in the obvious clash of personalities Chesler was apparently the one to yield and allow himself to be bought out. And he did it at a time when the development company was apparently becoming financially shaky and the ownership of the Lucayan Beach Hotel was undergoing some complicated legal shenanigans—the understanding of which would take a battery of Philadelphia lawyers.

The hotel itself, a separate entity from the Monte Carlo room casino within its walls, has run in the red almost since it’s opening. Officially, this is the result of overstaffing and poor management; unofficially, of the usual “tax write-off” or “robbing Peter to pay Paul” reasons. At any rate, while being subsidized to the tune of \$500,000 yearly from the Monte Carlo room, which is raking in the oney hand over fist, the hotel has gone from Chesler’s sponsorship through the hands of another Canadian entrepreneur into the control of a Canadian holding company that had numerous other investments in Freeport but defaulted on \$104 / million in debts in June, 1965, declaring bankruptcy and causing what was called an “international financial scandal.” The hotel then went into receivership.

The story goes on and on. But it is enough to say that Louis Chesler played his part well, spent his, or somebody’s, money, and left his mark on Grand Bahama. He brought money, his “good name,” and—despite the protestations of a Seven Arts publicist who said, in defense of his company’s \$5-million investment in Chesler’s Bahama interests, that jurisdiction over the gambling licenses, there had been given to Bahamas Amusements, Ltd.,: “to make sure no improper elements infiltrated the operations of the exclusive gambling licenses”—the syndicate to the island.

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Ed Reid. The Grim Reapers Chapter 7: Bahamas Hoodlum Sea

The first competitive challenge to the Groves-Chesler-Lansky triumvirate came in 1963 from grocery-chain, model-agency, theater-arts magnate Huntington (Hunt) Hartford, who tried to fire a legal torpedo of his own little domain a few miles away across the blue sea at the Freeport empire a-building.

Hartford had control of a smaller island a short sail from Freeport Grand Bahama Island, and just across the harbor from the Bahamian capital of Nassau. Hartford's island is listed on navigation charts as Hog Island, but, as a step to converting it into a tourist paradise, Hunt renamed his floating platter of earth Paradise Island. Between 1959 and 1963 Hartford said he poured \$25 million into Hog, trying to change it into a silk purse, and originally he protested the introduction of any form of gambling in the Bahamas.

Hartford apparently assumed he had the right to speak for the islands, and he still had a substantial part of the A & P fortune to back him up. But he must have reckoned without the ABC's of modern economics, especially since his attempt to buck both the gambling-eating-sunning-carousing splendor of Las Vegas and other tourist traps and the rapidly developing Grand Bahama Island right in his own back yard was made from an off-the-track island-Paradise.

Finding that a marina, hotel rooms, golf course, and continental restaurant weren't enough to lure the tourists, Hartford made an about-face in 1963 and said he would like to put a gaming casino on Paradise Island and build a bridge to get the tourists across the bay from Nassau. In a press release issued at the time, making a public plea for the / issuance of a gambling license, Hartford declared that he thought it would be beneficial to the natives on Paradise Island because babies are occasionally being born blind, and worms and amoebic dysentery and tuberculosis are prevalent due to poor sanitation and over crowding. If gambling would be permitted on Paradise, it goes without saying that there will be employment for thousands and I trust my past record in giving employment will confirm the responsibility of my statement

Hartford's seemingly good intentions, however, came to naught, for neither the gambling nor the bridge-building permit could be secured. It appears that Hunt had failed to hire the able Sir Stafford Sands as his lawyer and, to add insult to injury, had even contributed \$15,000 to the

opposing political party; the largely Negro Progressive Liberal party, which scored heavily in the January, 1967, elections and gave the islands their first black premier.

The A & P heir eventually decided to bail out and, in a flash, a buyer showed up for the former Hog Island. Hartford announced in January, 1966, that for \$3 million in cash, the assumption of a \$9 million mortgage by the buyer, and the retention of a 25 per cent interest in the entire operation (to include the building of a 500-room hotel and casino), he had sold Paradise island and its facilities to the Mary Carter Paint Company.

Since 1962, the Mary Carter Paint Company, a Delaware corporation recorded in October, 1958, with headquarters in Tampa, Florida, had been exceedingly active in swallowing up businesses, increasing her paper assets, and assuaging her thirst in various ways in the Caribbean. There were, by 1964, some one thousand the Mary Carter dealer and company paint stores spread throughout much of the United States and in Puerto Rico and the British West Indies. A subsidiary operated National Biff-Burger System (drive-in restaurant) franchises together with a manufacturing plant that produced everything needed to operate one of the drive-ins, including the portable building-units themselves. Another subsidiary, Bahamas Developers, in 1963, acquired some thirty-five hundred acres of land within the Groves domain on Grand Bahama Island, part of which was developed in 1965 into a residential community called Queens Cove. /

In 1966, therefore, when the Mary Carter—she doesn't exist but it's a good feminine handle on which to hang one's corporate hat—made her deal with Huntington Hartford, she was no virgin in island commerce and already had a more-than-platonic interest in her future playmates. Shortly after Mary disposed of Hunt, she proceeded to make a marriage of financial convenience with the Groves group in order to accomplish something that Hartford had been unable to do: secure permission for gaming on Paradise Island. The Mary Carter Paint Company was able, through the representations of none other than Sir Stafford himself to purchase for \$750,000 the certificate of exemption belonging to the Bahamian Club, a conservative gaming parlor in Nassau owned by Groves's interests.

The agreement, according to *Life* magazine of February 3, 1967, called for the Bahamian Club permit to be transferred to the Paradise Island casino when it opened on the condition that Mary Carter relinquish a reported four-ninths of the casino's profits as well as management of the entire casino to Wallace Groves's Bahamas Amusements, Ltd. Lansky and his crew, who were at the time, managing the Bahamian Club for Groves as well as the Monte Carlo room on Grand Bahama Island, were slated to run the Paradise Island casino when the change of ownership was made, for a flat 15 per cent of the gross gaming profits.

In reporting the details of the arrangement to her jet-set readers, syndicated gossip columnist Suzy spoke of "nice fresh money" being brought by Hartford's new partner to alleviate the \$59,000 monthly losses he had been suffering. "That's expected to stop," she surmised, "because the new group has acquired the gambling permit once owned by Nassau's Bahamian

Club. Now they can play with the big boys.” How right she was!

Since then, Mary Carter’s Paradise Island has joined hands with Nassau on New Providence Island via a \$2-million toll bridge. It seemed that, miraculously, Mary Carter was also able to get the bridge-building permit denied Hartford in 1963. The new \$15 million Paradise Island hotel and casino opened in January, 1968, in typical ala fashion. Columnist Earl Wilson reported that Lady Astor, Lady Sassoon, Carol Channing, Serge Obolensky, and Huntington Hartford—apparently still comfortably ensconced within his 25 per cent retained interest in what Wilson called / the “Paradise Island, Ltd., Complex”—together with others of the jet set, made quite a night of it.

“It’s all run by James M. Crosby, head of the Mary Carter Paint Co.,” Earl reported, “and there never was any Mary Carter but the paint company thought it sounded like a sweet name.”

Business on Paradise Island has been booming ever since, and plans are going ahead for the building of houses, apartments, a shopping center, and more hotels. Consequently, it is interesting to note that the Paradise Island casino is managed by none other than the brother of the ousted Dino Cellini, Eddie.

Dino Cellini, moreover, although out of sight is anything but out of action. After he was ousted from the Bahamas in 1964, he ran a school in London to train European croupiers for work in the Bahamian casinos. Then, when the British got wise and banned him at the same time as they gave George Raft his walking papers, Cellini returned to Miami to become a highly successful organizer and promoter of international gambling junkets—affairs involving the bringing in of planeloads of “high-rollers” to a hotel-casino, to be lavishly coddled, catered to, entertained, and deprived of their money.

According to Keith Gonsalves’ testimony before the Royal Commission of Inquiry, two-thirds of the Bahamas’ casino profits came from junkets, each of which reportedly costs the casino operators about \$50,000. It is therefore not too difficult to picture the brothers Cellini working hand-in-hand, “doing their thing” for the mob.

At any rate, it would now appear to be a toss-up between Groves, Lansky, Mary Carter and the local Bahamian government—officially represented by its newly-elected premier, thirty-eight-year-old Lynden O. Pindling, whose vociferous campaign against allowing the Bahamas to become a “lucrative center of international crime,” has resulted in the royal commission—as to who will roll the vital seven that loses the game and shifts the dice to the next man at the table.

Groves lives in a blue-green tile palace valued at \$1 million; Lansky lives in a modest \$25,000 house near Hollywood, Florida; and Mary Carter’s J. M. Crosby is rather comfortably situated—when not in Paradise—in Great Neck, Long Island, where, cozily, Lou Chesler is also main- / tains equally elegant lodging. The question at the moment is what kind of residence Pindling is planning for himself.

Pindling’s drawing boards are currently covered with designs for a new

approach to the gambling free-for-all—for Groves and friends, that is—espoused by the former Bahamian administration. The new approach is somewhat obscure, for the Bahamian-born, London-educated Pindling plans to reject the royal commission's ruling barring Americans from casino employment on the ground that "some taint" seems to cover anyone connected with organized gambling in the United States, even persons with no criminal records,

According to Pindling's enemies, his Progressive Liberal party has accepted money from syndicate sources, in fact, they say that the party must have received payments because gamblers always insure their bets. But Pindling is not alarmed at the reports or criticism, nor does he seem to have to be. Apparently, his philosophy is: if you're going to run a gambling casino, you need gamblers to run it. The skilled labor needed for such an enterprise will therefore stay.

Pindling has, however, stated that there will be no more certificates of exemption granted for new casinos—which eliminates the competition, at least—and that he will honor a previous law prohibiting Bahamian residents from playing the games. New schools and housing tracts are planned for the impoverished native residents, but Pindling is apparently moving towards a ghetto-style living for his people—Negroes represent 80-85 per cent of the Bahamian population—through his efforts to keep the gambling environment off-limits to the local black electorate.

Appeasement in the form of a flat \$500,000 fee charged annually against each casino and increased taxes on a graduated scale for all revenues above \$5 million has done little to demonstrate that things will be easier for the locals. The cost of living has gone sky-high, and the Bahamian chamber of commerce has warned that a family of three needs about \$19,000 a year to live reasonably, an altogether impossible prospect for the people who voted Pindling into office.

Regardless of politics and the changing of the guard, it would appear that the syndicate holds most of the gaming aces in the Bahamas. After his election Pindling, who demands the islands' eventual freedom from Britain, apparently not only changed his mind about the facts of gambling life / and related aspects of international crime but also showed up in full dress at the January, 1968, opening of the Paradise Island hotel and casino with a big welcome for the guests. He danced a wild rhumba with actress Janet Leigh and reportedly kept asking orchestra leader Meyer Davis for more of the same. It seems that Pindling, too, is "playing with the big boys," and it remains to be seen just who is hustling who.

There are hundreds of sunny islands in the warm sea around the Bahamas, and it could be that Lansky and his cohorts may one day spread themselves too thinly. The key point perhaps, is just how far his associates in the States will let him go. A big head is an easy target, and the Mafia is not quite as racially integrated, as it may seem. Meyer Lansky is still the kid on the corner who shines the shoes of the boys in the Sicilian brotherhood. They know without question that he handles the shinola with a dexterity second to none and that he takes out a goodly cut for his services, but they aren't likely to let him climb on to the stool himself and pretend he's really one of them.

The Bahamas, however, do not stand as the only gemstones in the Caribbean crown of the syndicate; there are other diamonds in the rough operated by the slick-suited professional gamblers. To the south are numerous other islands, stretching down to Aruba in the Dutch Antilles, where the Mafia boys have decided to settle,

In Port-au-Prince, Haiti, the depression-ridden, voodoo capital of the Caribbean a gaming casino has been established by the Mafia hoodlums. Run by the Canadian branch of the syndicate and controlled locally, according to U.S. Immigration Department files, by the Volpe brothers, Paul, Albert, and Eugene, the Carib-Haiti was established with the help of the Haitian dictator François (Papa Doc) Duvalier.

Also connected with the Volpe operation in Haiti is John Pasquale Tronolone, alias “Salvatore Tronolone,” also known as “John Rich.” and intimately known to his Mafia colleagues as “Peanuts.” Tronolone is known to have represented Mafia chieftain Frank Costello’s interests in Las Vegas. Some of his more odious associates, in addition to Costello and the Volpes, have been syndicate hearties Joe Massel, John and George Angersola, Joseph DiCarlo, Fred Felice, and Frank Caruso.

Whenever you pry the lid off a Caribbean vacationland nowadays—with the possible exception of Puerto Rico, where the government-run casinos are in the experimental / stage—you generally find that if there are casinos, the cashiers of the mob are in charge. An even more disturbing fact, however, is—as the next chapter shows—that Caribbean gambling is not just a syndicate operation. Representatives of the U.S. government, union officials, executives of American financial institutions, as well as Las Vegas gambling operators—all have set out on their own treasure hunt for the buried gold of the Spanish Main.

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