

How the U.S. film industry was subleased to the Mafia

by Michael J. Minnicino

After World War II, the film industry was effectively “subleased” to the Mafia. The industry had been honed into a psychological warfare instrument while it was under direct British intelligence control; then the Mafia was shamelessly invited in by the biggest Wall Street and Boston financial institutions to transform film into part of their growing “entertainment” combine. Mafia control of film remains to the present day.

The movies: psychological warfare as a fine art *Fifth of a six-part series*

Organized crime had been in and around film from the beginning. In fact, Hollywood has occasionally celebrated this. Mr. Lucky, the charming professional gambler “with a heart of gold” whom Cary Grant played in the movie of the same name is typical. Who else is Barbra Streisand as the entertainer Fanny Brice singing about in *Funny Girl* than Nicky Arnstein, the murderous swindler who was part of Arnold Rothstein’s mob? Even in the twenties the enclaves of Beverly Hills mansions of the greatest stars always contained a complement of “sportsmen” as they were euphemistically called, the men without visible means of support, like Abner “Longie” Zwillman, Johnny Roselli, and Benjamin “Bugsy” Siegel, the local reps of the mob.

The cult conception of “entertainment” is of course a Mafia concept. Long before Warner Brothers diversified into sports, casinos, and pornography, the Mafia had established such a combine. Criminal elements in the United States have always inclined toward the “human services”: prostitution, gambling, alcohol, and dope smuggling, in furthering of hedonistic outlooks. At the turn of the century, the mob controlled many of the best restaurants and night spots in America’s major cities—they were excellent for conducting business and acted as a cover for the introduction of their clients to less licit activities. Almost as soon as spectator

sports became popular in the United States, the Mafia stepped in, quickly reaching a point such that in 1919 Arnie Rothstein fixed that year’s World Series with ease.

When the motion picture became popular, the mob saw it as yet another possible shill, and moved in. The largest film union, the International Alliance of Theatrical Stage Employees and Moving Picture Operators of the United States and Canada (IASTE), was controlled by mobsters Frank Nitti and Louis Lepke almost from the beginning. Loew’s Inc., the largest motion picture theatre chain and the financial backbone of the Metro-Goldwyn-Mayer empire, was largely owned by the mob led by Arnold Rothstein. Twentieth Century-Fox, set up in 1933 by Warner Brothers’ Darryl F. Zanuck, was financed by mob money laundered through Loew’s; part of the deal was a contract transfer for “Blonde Bombshell” Jean Harlow, who was Longie Zwillman’s mistress at the time. Zwillman was also the bookmaker for big-time gambler Harry Cohn, who borrowed one million dollars from Zwillman in 1932 to buy out his partners and become president of Columbia Pictures.

It is alleged that one of the reasons filmmaking moved from its original home in New Jersey and New York to Hollywood was not for more sun but because the small California village was close to the Mexican border, a useful precaution given the “no questions asked” financing arrangements of most early films.

This arrangement took a qualitative leap at the end of World War II. The American population—organized by the struggle against fascism into the most potent force for technological progress and decolonization in the world—had to be demobilized *psychologically*, and turned in upon itself with the ages-old sop of “bread and circuses.”

It was also clear that the media would be the method. For one thing, Anglo-American intelligence services had studied the effect of the radio and film during the war among both the Allies and the Nazis, and confirmed their devastating success. For example, it has been claimed that the obvious intense dependence which Americans developed on their radios (for news of loved ones in battle, etc.) opened whole new opportunities in what Winston Churchill described as the campaign to “out-Goebbels Goebbels.”

The Mafia was the one institution which had already built

an infrastructure of media-centered “bread and circuses.” This was simply legitimized.

The first step in this legitimization was the construction of Las Vegas. Despite severe shortages of men and material, federal officials looked the other way as Bugsy Siegel and his colleagues took the almost-nonexistent village in Nevada and turned it, even as Americans were still dying in France and Belgium, into the gaudy Sodom we see today. With winks from state officials, the IRS, and so forth, they arranged for the full legalization of high-stakes gambling (heretofore only possible in certain Mafia-run resorts in Mexico) and prostitution. Big-name film and radio stars were shipped in to act as shills and were given “a piece of the action,” a piece which some, like Frank Sinatra, retain to this day.

The age of the media conglomerate

Film content, in turn, immediately became much more “liberated,” acting as public relations for these newly legitimized entertainments. At the same time, great waves of “diversification” took place linking together various Mafia-dominated enterprises in the general entertainment area into giant media combines.

Within this process, divisions of labor were established. The new field of television (a technology that had been known for well over a decade) was immediately established as an outgrowth of the radio networks, themselves, like early film, then directly under the control of top-level British intelligence agencies. The radio-television combines were also allowed a majority share of America’s publishing industry. The film combines were handed the American record business (i.e., what gets played on the radio stations), a solid footing in spectator sports, the rest of U.S. publishing, and the long-term “option” of any relevant new techniques—options which they have exercised so far on video games and cable television.

This process culminated in what today we call the “entertainment industry.”

The plump Mafiosi of the Thirties would have drooled. There is no vice, no addiction, no inclination to break the laws of God and man that this empire cannot service at a moment’s notice. And if a vice is not sufficiently in demand, then it can be brainwashed into the population almost overnight.

The typical conglomerate relies on a conception of “cradle-to-grave entertainment.” This means that the combine holds not only a major studio with distribution network, but also a toy or electronic games manufacturer, a soft-drink distribution system, book and record publishers, and possibly some local television or radio stations. If such a conglomerate wants to create a “trend” they first put out a highly advertised “blockbuster” film and coordinate the release with so-called “tie-ins”: their book-publishing wing transforms the film into a bestselling paperback; their record division releases the soundtrack recording; the toy department puts out dolls and video games based on the film’s characters; and finally their

candy or soft-drink operation puts out promotional pieces tying in their product with the film.

The majority of these activities are aimed at children. This is one of the major reasons why, in the aftermath of World War II, children aged nine to seventeen years have outstripped adults as moviegoers.

In a breathtaking textbook case of cartelization, this entire structure is controlled by six corporations. There are many independent film-production companies, but the only way for a film to be actually distributed and publicized is through this six-fold combine.

The Warner axis

The largest is **Warner Communications**, which owns:

Warner Brothers

Orion Pictures

Warner Brothers Records

Elektra Records

Asylum Records

Atlantic Records

Atari video games

DC Comics

Mad Magazine

Knickerbocker Toy Corporation

Wolper Organization (a documentary TV producer)

New York Cosmos soccer team

Warner Book (250 paperbacks a year)

Coca-Cola’s New York-area bottling operations

Warner also shares with American Express total ownership of Warner-Amex, which operates the Qube system. Currently in test marketing in Ohio, Qube is the pioneer “talk-back” cable television system. In perhaps the most ominous development in the history of media brainwashing, Qube has started a special soap opera, which differs from the others in that it has three or four alternative endings filmed beforehand. At a crucial point in the showing, the Qube audience is asked over the screen how they want the tale to turn out; they “vote” via the talk-back devices attached to their sets, these votes are computer-tabulated, and the majority-desired ending is run.

Today’s Warner Communications was set up in the 1960s through combining of the shards of the 1940s Warner Brothers with Seven Arts, originally a small Canadian television production company. Seven Arts was owned by Louis Chesler, an underling of Meyer Lansky, who also controlled Universal Controls, which manufactured the pari-mutuel betting machines used at racetracks. Chesler and Seven Arts got big enough to buy Warner via a deal by which they set up the Grand Bahama Development Company, itself a dummy corporation which was attempting to build a casino in the Bahamas for Meyer Lansky, head of the Midwest mob and Chesler’s business partner.

The unsecured loans and high-risk investment for the Development Company were provided by the old Boston Brahmin-controlled First National Bank of Boston and by

Charlie Allen of the Wall Street investment firm of Allen & Company. The propaganda cover for the deal—which included the bribery of the entire government of Bahamas—was provided in part by William Safire, then a public relations man for the Development Company, later a speechwriter for President Richard Nixon, and now resident right-winger for the *New York Times*.

Columbia: coke goes better with Coke

Allen also figures heavily in the modern development of **Columbia Pictures**, the fifth-largest combine, with ownership of several radio stations, Arista Records, and D. Gottlieb, the major pinball game manufacturer. Columbia's chairman is Herbert Allen, Charlie's son, and Allen & Company owns 6.2 percent of the corporation's stock. Three years ago a scandal broke when one of Columbia's properties, actor Cliff Robertson, accused the corporation's president, David Begelman, of embezzlement. The sum, less than \$100,000, was insignificant by Hollywood standards, but the whole case threatened to expose the well-known methods by which Columbia's management was involved in laundering drug funds; the *New York Times*, in an article calling Charlie Allen "The Godfather of the New Hollywood," started hinting as much. Particular fear was voiced concerning the role in all this of the owner of 5 percent of Columbia's stock, Carl H. Lindner, a well-known associate of Meyer Lansky's in Ohio.

Begelman stepped down to become head of United Artists; the *Times* was sued, stopped its series and settled out of court; Robertson was blackballed from film. In mid-January of this year it was announced that Columbia would be acquired by Coca-Cola, the Atlanta-based firm which provided much of the personnel for the Carter administration, and which has been accused of involvement in cocaine traffic. Coke's already accepted offer will mean about \$80 million profit to be shared by just Allen and Lindner.

United: still flying 'suckers'

As is usual in these operations, Begelman was protected for keeping his mouth shut and "taking the rap." His transfer to **United Artists** was ensured by Kirk Kerkorian, who owned 25 percent of Columbia at the time Begelman was there, but sold out to take control of Metro-Goldwyn-Mayer Film Company, which doesn't make films itself but in 1981 bought United Artists from Transamerica, Inc. Kerkorian started in the entertainment business in 1947 when he operated a one-airplane "airline" whose only flight was from Los Angeles to Las Vegas, transporting "suckers" for the new pleasure palaces. Kerkorian's sponsor was Charles "The Blade" Tourine, who served as a manager for several of Bugsy Siegel and Meyer Lansky's casinos both in the United States and Batista's Cuba.

In 1968 Kerkorian sold his airline to Transamerica, the empire created by the Bank of America, and then got Bank of America to give him \$73 million in unsecured loans which he ultimately used to buy MGM—which he then completely

liquidated in order to obtain the money for the construction of the Grand Hotel, Las Vegas's most sumptuous new casino-hotel. The Grand Hotel is built on land sold to Kerkorian by his old friend Moe Dalitz, Lansky's colleague in bootlegging. Kerkorian is known to have been criticized in certain mob circles for being so blatant about the connection between Hollywood's tinsel and the thinly veneered mob fronts in Las Vegas.

The other film giant deeply involved in Las Vegas is **Gulf and Western**. Gulf owns over 350 companies, including:

- Paramount Pictures (the second largest filmmaker)

- New York City's Madison Square Garden

- New York Knicks basketball team

- New York Rangers hockey team

- Roosevelt Raceway

- Simon & Schuster (the leading producer of "Gothic romance" novels; its editor-in-chief is Michael Korda, a nephew of British psywar specialist Alexander Korda)

- Famous Music Corporation

- Schrafft Candies

- Seaga, the electronic games maker

This monster was put together to a large extent by its current chairman, Charles G. Bluhdorn, with the assistance of his lawyer, Sidney Korshak. Korshak's first footnote in history derives from a 1942 report by the IRS intelligence division which states that "Our informers have stated that Sidney Korshak, a lawyer in Chicago, Illinois, is often delegated to represent the Chicago gang, usually in some secret capacity." Twenty years later Korshak became involved in a scandal concerning the parking franchise for the Dodgers Stadium in Los Angeles. Later, Korshak got deeply involved in Bernie Cornfeld's Investors Overseas Service swindle. These days, he concerns himself with representing several major film stars and negotiates their booking contracts in the major Las Vegas casinos.

Last year, Paramount's head of production, Robert Evans, the man responsible for such movies as *The Godfather*, *Urban Cowboy*, *Love Story*, and *Popeye*, was convicted in a \$19,000 cocaine-pushing deal.

The last two of the big six—**MCA, Inc.**, which owns Universal, and **Twentieth Century-Fox**, purchased last year by Denver oil baron Marvin Davis—are still under investigation. Both have heavy holdings in Coca-Cola (MCA owns Coke's West Coast shipping system; Fox runs the Midwest system), and both had mob financing during the 1940s and 1950s.

It is often mentioned in the trade press that the independence of the film industry is guaranteed by the independent producers who buck the trends and convince the big six to distribute their films. This too is fraud.

Analysis Film Releasing has been praised for its "bold" new film about incest, *Butterfly*. Analysis is controlled by Meshulam Riklis, the chairman of Rapid-American Corporation, a conglomerate which holds the old rum-running

Schenley liquor company. Rapid is suspected by U.S. customs officials of currently running drugs across the Canadian border—suspicions that are not helped by the fact that 40 percent of Rapid is owned by Carl Lindner, the big Columbia stockholder and Meyer Lansky's Cincinnati frontman.

Or take Keith Barish, who the *Washington Post* once praised as the man "who found literature and bought it for Hollywood." Barish gave us *Endless Love* and will soon present us with films based on two very popular current bestsellers, *Sophie's Choice* and *White Hotel*. In the late 1960s this highly cultured individual set up Gramco, an off-shore mutual fund openly modelled on the Investors' Overseas Service swindle. Gramco, which had former Kennedy press secretary Pierre Salinger and eight other former members of the Kennedy staff on its board, collapsed in 1970 after the West German government, smelling a scam, suspended selling of the fund.

Even the schools that train college students for the next generation of filmmaking are not exempt from organized crime's hold. The Annenberg Center of Communications at the University of Pennsylvania, one of the more popular film schools, was bequeathed by the largesse of Moe Annenberg and his son Walter. Moe made his money as the founder of the Nation-wide New Service, and later the Continental Press Service. These were the services by which bookies throughout the country were informed of racing results. In 1951, Sen. Estes Kefauver, the chairman of the Senate Crime In-

vestigating Committee, called Continental "public enemy number one." Son Walter was indicted for sending obscene literature in the mails in 1932, but the charges were dropped. In 1969 Walter became President Nixon's ambassador to England; he is now a sometime advisor to President Reagan.

It's time for . . .

The goal of the film creators is nearly achieved. The overwhelming majority of the adult population of the greatest nation in the world are "dullards" so stupefied that nightly they hand their children over to the evil creatures that made them stupid. These creatures tell the children that drugs, sex with anybody or anything, and extreme violence are merely "alternative lifestyles."

Weekly the children go to the temple to see murders so graphic as to be indistinguishable from the real thing. Not very long ago, parents felt that such sights might traumatize a child. Today we "know better."

And as the generation changes, the children get stupid too, even more stupid than the adults. The adults at least knew who Beethoven and Shakespeare were; the children don't seem to recognize the names. That's all right. A U.S. Army general tells the newspapers that it is okay that young recruits can't read or write; they can play video games very skillfully and that is very similar to handling our weapons.

The children seem ready to explode. But not now; they're smiling. They're being entertained.

KISSINGER'S DRIVE TO TAKE OVER THE REAGAN ADMINISTRATION

Now available, a new EIR Special Report

Since at least May 1982, following an underpublicized visit to London, Henry Kissinger has been coordinating a drive to consolidate control of the Reagan administration for the Trilateral Commission wing of the Republican Party. Secretary of State George Shultz is fully collaborating with this effort, which will put Kissinger in charge of enforcing the "controlled disintegration" economic collapse and depopulation of the developing sector. This EIR Special Report, written by EIR's Washington Bureau, provides the details of Kissinger's drive, including the implications for domestic and foreign policy. Includes profiles of Kissinger's collaborators, especially Helmut Sonnenfeldt, and the role being played by the Jack Kemp-led "opposition." Profiles of recent administration appointments also included.

60 pages \$250.00

Order from: Peter Ennis, EIR Director of Special Services at
(212) 247-8820, or 304 West 58th Street, New York, N.Y., 10019