
The Los Angeles Olympic Organizing Committee

A playground for organized crime and Soviet KGB operations

by Tim Pike

The Los Angeles Olympic Organizing Committee, founded in 1979, describes itself as a “blue-ribbon” panel mandated to organize every aspect of the 1984 summer Olympics, from contract services to security protection. In fact, as we shall show, it is the Committee itself, with its connections to organized crime and to Soviet intelligence agencies, that poses the greatest threat to the security of the Olympics.

These will be the first Olympic Games paid for entirely by “private enterprise,” ostensibly to save the taxpayers money. But the entrepreneurs who constitute the Committee, controlling \$3.3 billion in economic benefits generated directly and indirectly by the Olympics (by the Committee’s estimate), are not acting out of love for spectator sports. They and their business partners include some of the top organized-crime figures in the country, individuals with multiple connections to the Soviet Union, people who used their political muscle to wreck the intelligence capabilities of the Los Angeles Police Department.

Ziffren and the mob

The Committee chairman is **Paul Ziffren**, a wealthy attorney from Chicago, who headed the California state Democratic Party during the governorship of Edmund G. “Pat” Brown. Ziffren also served as John Kennedy’s state campaign manager, until his ties to Chicago mobster Frank “the Enforcer” Nitti were exposed in 1960.

It turned out that Ziffren had been the attorney and business associate of Alex Louis Greenberg, a front-man for the Al Capone mob and Nitti. Greenberg was murdered by hitmen in 1955; he held at least \$2 million of Nitti’s assets in his own name. Ziffren owed Greenberg \$19,000 at the time.

When Ziffren moved from Chicago to California in the 1950s, he was followed by Sidney Korshak, another Nitti lawyer, also associated with Henry Crown (Hilton Hotels) and the Pritzger family (Hyatt Hotels). Ziffren and Korshak in California performed the role of Greenberg in Chicago, laundering mob monies into the “legitimate” entertainment field. One of Korshak’s first Hollywood contacts was mobster Willie Bioff, gunned down in Arizona in 1955 without revealing more about Korshak than a communication he had received from Nitti lieutenant “Cherry Nose” Gioe: “Sidney is our man and I want you to do as he tells you. Any message he may deliver is a message from us.”

Pat Brown, then state attorney general, elevated Lester Ziffren, Paul’s younger brother, to deputy attorney general, right out of law school. The mobsters themselves were placed at the top of the “law enforcement” apparatus.

In the 1960s, Ziffren and Korshak negotiated one deal after another for Bernie Cornfeld’s Investors Overseas Services, set up in 1961 with a \$26,000 loan from the Dreyfuss Fund. Under cover of mutual funds activities, IOS laundered monies from mobster Meyer Lansky’s syndicate, after Lansky’s move into narcotics. Within a few years, the influx of dirty money from the drug trade and the Las Vegas skim was so large that stock movements by IOS on the New York exchange could comprise up to 10% of the trading on any given day.

IOS created the Fund of Funds in 1966, and Pat Brown was placed on the board. In June 1967, a portion of the Fund of Funds managed by Lansky-associate Fred Alger invested \$2.5 million in the Mary Carter Paint Company, which changed its name to Resorts International.

IOS also invested big in Charles Bludhorn’s Gulf and Western common stocks, while Bludhorn placed \$29 million in debt stocks with IOS, which additionally poured investments into G&W subsidiaries. Korshak arranged deals whereby Lansky lieutenants invested in G&W, and were named heads of its subsidiaries. Philip Levin placed \$22 million in G&W stock, and became chief of the Transnation real-estate subsidiary, for which Korshak negotiated the loans that enabled Levin to build the O’Hare Towers Hotel (now O’Hare Hilton), and teamed him with Los Angeles mobster Moe Morton to build the Acapulco Towers Hotel. Levin died in 1971, soon after a case in which he invoked lawyer-client privilege to protect Korshak from illegal campaign-contribution charges. G&W became one of the largest conglomerates in the film industry (Paramount Studios).

Attorney **Stephan Reinhardt**, another member of the Olympic Organizing Committee, arranged in 1978 for the state’s Culinary Workers Union, under Korshak’s friend Blackie Leavitt, to make loans to Murietta Hot Springs—a resort controlled by Las Vegas mobster Morris Shenker—and to Rancho LaCosta, in which Shenker, Irwin Molasky, and Mervyn Adelson have interests. For a time, Reinhardt enjoyed a tax shelter, Pastoral Vineyards, with Dalitz, Molasky, and Adelson. Jimmy Carter made Reinhardt a federal

judge in 1979, although "Brilab" sting-man Joe Hauser charged that he had made \$16,000 in illegal campaign contribution's to Pat Brown's son Jerry. The FBI called Hauser "unreliable," so Reinhardt got the job.

Reinhardt is the mentor of Los Angeles Mayor **Tom Bradley**, a Committee member whose run for governor in 1982 was organized by Reinhardt, Ziffren, and Lew Wasserman, the MCA (Universal Studios) mogul and another old friend of Korshak. Bradley's financial disclosures revealed investments in Interscience Systems and Summit Systems, Inc., both limited partnerships with the Elsinor Corporation, producing slot machines. On Elsinor's board are Korshak's associate Jay Pritzger of Hyatt Hotels and mobster Francisco Lorenzo, now notorious for asset-stripping and union-busting at Continental Airlines. Elsinor owns the Hyatt Lake Tahoe casino and part of Morris Shenker's Dunes Hotel and Casino in Las Vegas, one of the beneficiaries of Reinhardt's Culinary Workers' loans.

Sidney Korshak's son Stuart works for the Wyman, Bautzer, Rothman, Kuchel, and Silber law firm. He handles the accounts of G&W subsidiary Paramount and of Max Factor & Co., of the Jake "the Barber" Factor family. Partner Frank Rothman is chief executive officer at MGM/United Artists, the flagship possession of Kirk Kerkorian, who started out running an unscheduled airline to Las Vegas after Bugsy Seigel consolidated Lansky's operations there. Kerkorian worked out financing with Charlie "the Blade" Tourine, among others, subsequently taking over Western Airlines and several Las Vegas casinos.

The Manatt connection

A kingpin in the milieu from which the Olympics Organizing Committee was drawn is Charles "Banker" Manatt, the chairman of the Democratic National Committee. **Philip Rothenberg**, a Committee member, is a member of the Manatt, Phelps, Rothenberg, and Tunney law firm; the firm itself is a command center for the "young.turks" who are the designated successors to the Ziffren/Korshak mob. As for Manatt himself, he got his start in politics as student coordinator for John Kennedy's election campaign in 1959-60, working for Paul Ziffren, until Ziffren's mob ties came to light.

Clients of Manatt's law firm include:

- Western Airlines, the old Kerkorian operation;
- Gulf & Western, the late Meyer Lansky's favorite money-laundry;
- Texas Airlines and Continental Airlines, controlled by Elsinor director Lorenzo;
- the Argonauts, a hockey team controlled by Vancouver's Bellsberg brothers, Lester Ziffren's Beverly Hills real estate partners;
- MCA Corporation, Lew Wasserman's holding company for United Artists;
- Elisabeth Ashley, wife of Ted Ashley, the mob partner of Max Pavlesky who is a principal financier of the National Organization for the Reform of Marijuana Laws (NORML),

and who almost single-handedly financed **Mayor Bradley's** first election campaign;

- Playboy Enterprises, which provided the seed-grant for NORML, and whose godfather Hugh Hefner has paid Korshak hefty fees to arrange deals (with Lew Wasserman et al.) relating to casino-gambling operations.

Both Manatt and Rothenberg are directors of the First National Bank of Los Angeles, whose sale to the Istituto San Paolo di Torino Manatt announced in 1981, maintaining directorship under the agreement. The Istituto San Paolo sponsored IOS's operations in Italy.

KGB assets

Manatt partner John Tunney, a former U.S. senator, headed Image Factory Sports, Inc. prior to the 1980 Moscow Olympics, entering into a joint venture with Dzhermen Gvishiani to market Olympic coins. Gvishiani is the son-in-law of the late Soviet Premier Alexei Kosygin; head of the State Committee on Science and Technology, a KGB industrial-espionage instrument; and reputed head of KGB covert operations. Tunney's deal with Gvishiani was arranged by "mystery financier" David Karr, who is not so very mysterious after all: He is a former member of the Communist Party U.S.A. (CPUSA) who wrote for the party's paper, the *Daily Worker*. Israeli intelligence once traced sales of Soviet weapons to Libya and the PLO back to Karr. He is an associate of Occidental Petroleum's Armand Hammer, who has a relationship to the Kremlin's inner circles dating from the immediate post-revolutionary period, and whose father was a CPUSA founder.

Links between the KGB and organized crime have a long history. **Paul Ziffren** was investigated in the mid-1950s for membership in a CPUSA front, Progressive Citizens of America, headed by Ed Mosk, an attorney for Amtorg Corporation, the Soviet trading company which operates as a cover for intelligence activities. Bernie Cornfeld started out as a paid organizer for the League for Industrial Democracy, which created Students for a Democratic Society. Cornfeld's IOS later funneled more than \$7 million into SDS and the New Left, through "peace conferences" organized by Robert M. Hutchins' Aspen Institute and the Center for the Study of Democratic Institutions. Among Hutchins's protégés was Saul Alinsky, a bookkeeper for Al Capone in his college years, who became a "radical organizer," the godfather of the New Left, producing (among others) Caesar Chavez and his United Farm Workers. It was Sidney Korshak who secured Chavez's first labor contract—at the vineyards of the old mob's Schenley's brewery.

Former SDS activist Tom Hayden now runs the "Committee for Economic Democracy," whose founding documents dedicated the organization to dismantling police-department intelligence capabilities. Leading the attack on the Los Angeles Police Department was **Stephan Reinhardt**, as a member of **Mayor Bradley's** Police Commission and a leader of the California ACLU.