

relationship that has historically existed between the Hollywood entertainment industry and organized crime.

Yet, when asked earlier this year about the propriety of some of his business connections, Mondale demurely replied: "In selecting business entities with whom I might be associated, in each case I selected opportunities in which I was confident I would not be asked to do anything which might be uncomfortable. I did not want to do anything in my business life which might affect my political activities."

And Herb Allen, in the same connection, solemnly told the *New York Times* that he and Mondale had engaged in long discussions after the vice-president left office about what business activities he should enter. Mondale "was concerned, he left the White House with no money and an obligation to support his family," said Allen. "He wanted to do it in a way that was so circumspect." Allen added that he advised Mondale to become involved with business executives who were "honest."

The Hollywood mafia

The Allen family's reputation is so malodorous that even the *New York Times*, in a 1978 article detailing the late organized crime czar Meyer Lansky's role in Hollywood, dubbed **Charles Allen**, Herb's father, "The Godfather of the New Hollywood." It described him as "a mystery power behind the Hollywood set ever since" the early 1950s, a man with extensive business links to criminal circles associated with Lansky.

Some of the family's organized crime ties have been detailed in *Indecent Exposure*, the 1982 best-selling exposé of a check-forging scandal which erupted at Columbia Pictures while Herb Allen was chairman of the board.

Charles Allen, the founder of the Allen dynasty, bought up RKO Pictures from Howard Hughes in 1954. He was on intimate terms with **Jack Warner** of Warner Brothers, **Spyro Skouras** of Twentieth Century Fox, and banker **Serge Semenenko**, with whom he collaborated on numerous business deals.

Semenenko is a particularly intriguing figure. A White Russian emigré, he joined the First National Bank of Boston in the 1920s (soon emerging as its chairman), where he set up a "special industries section," through which he steered the bank's investments into the movie industry, trucking companies, hotel chains, casinos, and jai-alai—operations that have traditionally been permeated, if not dominated, by organized crime.

Semenenko's First National has frequently been charged with shady business practices and ties to the mob by the SEC and other authorities who have investigated its activities over the years. Their interest intensified in 1981, when Roger Wheeler, chief executive officer of the Telex Corporation, was murdered, in a case apparently related to the jai-alai investments which First National had arranged for him. First

National has been one of the largest U.S. banks in South America since the early 1900s and is now expanding into the Far East. During the 1960s, official investigations in the United States linked Semenenko and his bank to organized crime's move into casino gambling in the Bahamas.

Allen, Lansky, and the Bahamas

In 1956, Allen and Semenenko, who were Jack Warner's principal financial advisers, bought big blocks of stock in Warner Brothers, joined its board, and initiated a major overhaul of the company's finances. Part of this reorganization involved selling Warner's pre-1948 films to a company called Associated Artists Productions. The chairman of the board of Associated Artists, and the arranger of financing for its purchase of the Warner Brothers library, was **Louis (Uncle Lou) Chesler**, a Canadian stock promoter who had belonged to Lansky's circles for years. Associated Artists was riddled

The sordid history of the 'Billygate' affair

Almost four years ago, the United States was rocked by a scandal implicating the Carter-Mondale administration in a clandestine deal with some of the worst enemies of the nation, Iran's Ayatollah Khomeini and Libya's Muammar Qaddafi.

The scandal tainted nearly every top person in the Carter-Mondale regime. The President, his beer-guzzling brother Billy, Vice-President Walter Mondale, National Security Adviser Zbigniew Brzezinski, Attorney-General Benjamin Civiletti, Special Ambassador Robert Strauss, and Strauss's protégé, Democratic party chairman John White, to name a few, were all deeply implicated. After some aspects of the case were made public, Billy Carter finally registered with the Justice Department as a foreign agent, and the Justice Department carried out an "investigation" which whitewashed the administration. A supine Congress and corrupt judiciary acceded to the coverup, and, despite massive evidence of wrongdoing, none of the principals was ever prosecuted.

Billygate, as the sordid affair came to be known, operated on two levels. One involved Billy Carter, who became an agent for the Libyan government in 1978, visiting Libya and hosting Libyan "friendship" delegations to the United States. He was paid an estimated \$220,000 by the Libyans to influence U.S. government policy toward Libya, and was promised significantly more for himself and his Georgia business

with organized crime figures. One of the company's vice presidents, a Chesler associate named **Morris Mac Schwebel**, was indicted and convicted for securities fraud in 1961.

The investigator who pulls the strings to unravel Mondale's mob connections gets closer and closer to the infamous Lansky, ending up amidst shadowy "offshore" financial dealings in the Caribbean. It was Charles Allen, indeed, who helped to launch Lansky's move into the Bahamas. In 1957, Allen's close friend, producer **Ray Stark**, joined the Associated Artists' board. At the time, other directors included Chesler, Mac Schwebel, and **Eliot Hyman**, the company's president, who had introduced Stark to Charles Allen. A year later, Stark and Hyman launched a company called Seven Arts (later known as Seven Arts Productions, Ltd.), with Lou Chesler as board chairman, Eliot Hyman as executive vice president, and Ray Stark as senior vice-president. All three also sat on the company's board.

In 1964, Seven Arts' owners decided to seek a listing on the American Stock Exchange. Knowing that this would require passing the SEC's muster, they decided to eliminate the company's dirtier elements. In a series of moves engineered by Charles Allen and Serge Semenenko, Chesler left Seven Arts. The reorganized board of directors included Herbert Allen and **Alan J. Hirschfield**, an Allen & Co. vice-president who became president of Columbia Pictures when the Allen family took that company over.

In 1967, Warner Brothers and Seven Arts merged. The new entity was purchased in 1969 by **Stephen Ross**, president of Kinney National Services. Allen & Co. acted as Ross's agent. The new company, christened Warner Communications, helped finance Jimmy Carter's 1976 presidential bid.

When Chesler left Seven Arts, he took with him the company's share in a shady enterprise called the Grand Ba-



Billy Carter is greeted by Libyan Prime Minister Shakellons during a visit to Tripoli.

ian separatist movement. Billy Carter, among his assignments, was supposed to convince his brother to permit Vesco to sell eight embargoed cargo planes to Libya.

On the second level, Billygate was one piece of the Carter-Mondale administration's foolish "Islamic Card" policy. Advocated by Brzezinski, this inept geopolitical tactic called for the United States to support Islamic fundamentalist revolutions along the "arc of crisis" surrounding the Soviet Union, in hopes of infecting the U.S.S.R.'s large Islamic population with the spirit of rebellion and achieving the break-up of the Soviet empire. This fantasy ignored the fact that the Soviets had long before developed their own Islamic Card and were already playing it to the hilt.

As part of its Islamic caper, the Carter-Mondale crew provided crucial logistical and political support to Khomeini's efforts to topple the Shah of Iran. After the triumphant Khomeini repaid his benefactors by taking American hostages, the Carter-Mondale team reached a secret agreement with the mad Ayatollah: The United States government would turn a blind eye to terrorist operations which Islamic fundamentalist networks were running on American soil, in exchange for the release of the hostages before the November presidential elections. Khomeini, who also had agreements with the British and Russians, double-crossed the Carter administration by failing to release the hostages in time for Carter to reap the anticipated electoral benefits. The United States government, however, stuck to its side of the bargain and protected Iranian terrorists operating in the United States. Thus, when leading anti-Khomeini spokesman Ali Akbar Tabatabai was murdered in Washington by Iranian agents, Attorney General Benjamin Civiletti saw to it that the assassin, Bahram Nahidian, was never arrested.

associates. The White House provided Billy with briefings and classified government cables on U.S.-Libyan relations.

Evidence published at the time indicated that Billy Carter got this job through Robert Vesco, the international drug- and gun-running kingpin who ran Investors Overseas Service (IOS) with Bernie Cornfeld, and through the Sicilian-based Michele Papa, already exposed as the controller of the Sicil-