

Organized crime banker linked to political hit-man Walter Sheridan

by Vin Berg and Jeffrey Steinberg

Investigation into Robert R. Ferguson's First National State Bank of New Jersey, which "hand-debited" \$170,000 in funds from Lyndon LaRouche's presidential campaign, has revealed a connection between this casino-linked bank and the political dirty-tricks operation of Walter Sheridan, a ranking figure in the U.S. intelligence establishment—now and then officially so. Sheridan is the "political hit-man" behind every big-time frame-up of the last 25 years, from the "Get Hoffa" campaign to Abscam to the indictment of Labor Secretary Ray Donovan. He still works on the staff of Ted Kennedy's Senate Labor Committee.

The financial warfare against LaRouche, in which Ferguson's was only the first bank to act, also involves the FBI, whose Richard Egan ordered the Ferguson bank's theft; U.S. Attorney for Boston William Weld, who now runs a national task-force for operations against LaRouche contributors and creditors; and NBC, whose First Camera program slandered LaRouche and then used a corrupt Judge James Cacheris of Virginia to secure a \$3 million counter-libel judgment against him. Sheridan unifies the operation.

The overall picture is of a stench-filled moral slum which must be torn out of our society and government. Robert Ferguson is the president of FNSB, which became New Jersey's largest bank by financing casinos—at a time when every other state bank, as the Oct. 7, 1977 *Washington Post* reported, "didn't like the gambling image." At a May 20, 1977 state bankers convention, then Gov. Brendan Byrne had to plead: "Let me warn you against thinking that shady money will be coming into New Jersey for the purpose of casino financing. It could be a self-fulfilling prophecy if banks, insurance companies, and others shy away from the financing."

But as state police superintendent Clinton Pagano said later, it's silly to talk of mob "infiltration" of casino interests: "Organized crime didn't get into gambling—organized crime was gambling."

Casinos operate mainly at a loss, largely by giving "credit" to "gamblers"—drug dealers, prostitutes. They don't repay and aren't expected to. Often, a mobster walks in, takes chips on credit, and turns them in for hard cash at the next window without so much as a nod toward a gaming table. The casino is there to launder dirty funds, not to entertain losers.

So, although New Jersey casino gambling was legalized

in 1976, as late as 1979, only one Jersey bank was willing to finance a casino, FNSB. Thereby it made the whole casino operation possible. Without local bank involvement, no big New York bank could have invested.

Ferguson's FNSB began to negotiate loans to Meyer Lansky's Resorts International in 1977 for renovation of Atlantic City's Chalfonte Hotel. After an initial loan of \$4 million, secured by a first mortgage on a Resorts hotel-casino on Paradise Island—Lansky's Caribbean "Hong Kong West"—FNSB headed a three-bank consortium extending \$7 million of an \$11 million total. Then, in early 1978, FNSB "subordinated" its \$4-million first mortgage on the Paradise Island hotel "to enable the Bank of Nova Scotia to take a first mortgage" on the same hotel, i.e., to extend \$10 million to Resorts secured by the same hotel! In effect, FNSB made Lansky a gift of his collateral so that he could use it to obtain another loan.

On Memorial Day 1978, Resorts succeeded in opening Atlantic City's first casino.

Ferguson's bank and organized crime were on their way: On Feb. 20, 1979, Playboy announced negotiations with several banks for financing of an Atlantic City casino. Later, on June 23, 1983, FNSB announced a consortium for \$53 million to the Playboy Hotel and Casino. On June 20, 1979, FNSB announced participation in an \$80 million loan for casino construction by Bally Co., formed in the 1960s by Gerardo Cateno, identified as an East Coast mafia figure in Senate testimony.

Despite a summer 1981 state division of gaming report charging Del E. Webb Corp. with "lax credit controls" favorable to drug pushers, et al., on May 17, 1982, Ferguson announced an FNSB-led consortium to finance a Del E. Webb casino. He testified then that he was "entirely comfortable" with the "new management" Del E. Webb had quickly provided for the occasion of licensing hearings. On June 2, 1982, Del E. Webb secured a license.

Sheridan

The gentleman ultimately responsible for the security of Resorts International is a shadowy figure named Walter Sheridan. Sheridan, while still a Justice Department employee in the early 1960s, founded what became Resorts' in-house security department, Intertel, Inc. Sheridan is otherwise the intelligence-establishment figure best positioned by dint of

history and experience to conduct the kinds of security-stripping financial and political warfare now being suffered by LaRouche.

Several years ago, a retired Air Force colonel, Fletcher J. Prouty, wrote a book called *The Secret Team*, identifying a powerful cabal within the U.S. intelligence establishment seeking to bring down the American system on behalf of their own power-seeking aims. If such exists today, Sheridan is one of its covert executives.

After graduating from the Jesuit-run Fordham University, Sheridan joined the FBI in the early 1950s, from which he entered the super-secret National Security Agency (NSA). At NSA, Sheridan was named Chief of Counterintelligence Section, Special Operations Division, Office of Security—a position that placed him in charge of security clearance investigations for Pentagon and civilian personnel. While at NSA, Sheridan and lifetime collaborator David Belisle came under sharp criticism by the House Un-American Activities Committee for giving top security clearance to two NSA officers, Vernon Mitchell and William Martin, who defected to the Soviet Union in 1960. Both men were homosexuals with links to the Communist Party U.S.A. at the time of their clearance checks by the Sheridan's unit.

In the late 1950s, Sheridan was seconded to the Kennedy family through Joseph Kennedy's ties to sections of U.S. intelligence dating back to World War II. First as a staff assistant to Senator John F. Kennedy and later as both a White House and Justice Department aide to JFK and Attorney General Robert Kennedy, Sheridan surfaced in the role of a political "hit man" directing often illegal fire at targeted enemies of the Kennedy clan.

Sheridan installed an elaborate electronic eavesdropping system in every office in Foggy Bottom with the specific objective of destroying the careers of several officials of the Office of Security, an in-house State Department clearance unit that had blocked the issuance of security classification to Helmut Sonnenfeldt and several other Kennedy associates.

During his period with the Kennedy Justice Department, Sheridan put together an organization known as the "Terrible Twenty." Among the members of this special unit were at least two of Sheridan's cronies from the NSA, Robert Pelouquin and Tom McKeon. Sheridan's "Terrible Twenty" conducted the "blood feud" against Jimmy Hoffa that led to the Teamster boss's conviction on jury tampering charges.

Private eyes

To facilitate the "official" probe into Hoffa, Sheridan sponsored the creation of a "private" security firm whose primary mission, according to several authors and former government officials, was to carry out a dirty war against the Teamsters. That front agency, "Five Eyes" (International Investigators, Inc. of Indianapolis, Indiana), listed branch offices throughout the Midwest as early as 1961—although

it was never incorporated in any state until five years later. Within a year of its incorporation, Five Eyes went defunct, only to be replaced within months by another thinly veiled front for clandestine government agents, Three Eyes, or, International Intelligence, Inc.—Intertel. Among the founding partners in Intertel, the in-house security division of Resorts International, were Sheridan's two NSA associates Pelouquin and McKeon, along with a cast of retired feds drawn principally from the Terrible Twenty. One of the Intertel stalwarts, William Hundley, is today the law partner of the brother of Judge James Cacheris, the federal district judge who presided over the error-ridden "LaRouche v. NBC" trial in Alexandria, Va.

Associated with NBC

In March 1964, less than six months after the assassination of JFK, Sheridan left the DOJ. In February 1967, he again surfaced publicly, this time as an "investigative reporter" for NBC's White Paper documentary series. Under the NBC cover, Sheridan ran a full-scale assault against New Orleans District Attorney Jim Garrison's investigation into the Perminex assassination of the President. On July 7, 1967 Sheridan was indicted by Garrison on four counts of bribery and jury tampering. Among the agents deployed by Sheridan during this coverup of the JFK hit was Gordon Novel, a convicted felon who was used by NBC in the March 1984 First Camera slander against LaRouche.

By all accounts, Garrison was "onto" the British-Canadian secret intelligence command that ran the Kennedy hit with advance approval from Moscow. According to several sources interviewed in the course of the Sheridan inquiry, such a full-scale probe would have likely led eventually to the Situation Room of the White House where, on Nov. 22, 1963, McGeorge Bundy was the first person to announce to the world that the assassination was the work of a lone killer, Lee Harvey Oswald. In a recent speech in Baltimore, Md. attacking President Reagan's Strategic Defense Initiative, Bundy revealed with venom that the speech JFK was to deliver in Dallas the night of his assassination was a repudiation of Mutually Assured Destruction and a clarion call for a U.S. defense buildup.

Among the principals in the NBC slander effort against LaRouche is the Nightly News team of Brian Ross and Ira Silverman. Ross-Silverman are the successors to the original Walter Sheridan White Paper team.

Sheridan himself was the architect of the "Get Reagan" effort coming out of a December 1980 conference in Washington, D.C. of the Socialist International. Utilizing his nationwide stable of "investigative reporters," Sheridan was, according to a series of *Washington Post* articles from 1982, the point man in the press smear campaign against Labor Secretary Donovan which led to his indictment by a New York grand jury.