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CG 92-1037

CG 6443-C advised SA JOSEPH G. SHEA on May 24, 1963, that he recently learned from LESLIE KRUSE, en route to O'Hare Field, where KRUSE was to take a plane to Florida, that KRUSE is greatly concerned, and stated that the "G" must have an "outfit" guy as an informant. KRUSE stated their information is very accurate lately concerning some matters. KRUSE speculated the informant has to be an individual very close to the outfit. KRUSE stated they suspected FRANK FERRARO, since they consider him a weak individual; and they also suspect former alderman JOHN D'ARCO, as well as LOUIS BRIATTA, as the informer.

CG 6443-C advised SA SHEA on June 14, 1963, that KRUSE intended to leave for New York, this date, where he stated he was going to visit a medical specialist for a kidney or bladder disease. Informant stated that KRUSE has been instructed by his Chicago doctor to maintain a careful diet, and to visit the specialist in New York City. He said that, during this conversation, KRUSE made the remark, "This is the beginning of the end for the rackets. Everybody is a stool pigeon, even our own guys are leaking the information, and the FBI is over zealous. Everything is locked up." During this conversation, KRUSE talked again about his pet peeve, which is the Hot Springs, Arkansas, area, where gambling operates wide open in Senator MC CLELLAN's home state. KRUSE cannot understand why gambling flourishes in Hot Springs, where it is against state law; and yet, here in the local area of Chicago, gambling is being closed down, largely by the FBI.

CG 6443-C advised on June 21, 1963, that he had talked with KRUSE recently, and KRUSE had discussed a gambling venture, presently in the development state, in the Dominican Republic. KRUSE admitted that he has been making frequent trips to the Dominican Republic from Florida, for the purpose of establishing gambling there. KRUSE said this is a perfectly legal venture, and that the financial backers of the operation in the Dominican Republic will be

- C -

COVER PAGE

0008-10502

92-1037

KRUSE; RALPH PIERCE; MMEYER LANSKY, top hoodlum of Florida; ROCCO FISCHETTI; JOE FISCHETTI; JOHN DREW, Las Vegas gambler; and PETE LICAVOLI, Detroit hoodlum.

Informant stated that KRUSE said he intended to make additional trips to the Dominican Republic, by way of Florida, and that he might use the informant as a courier for him to the Dominican Republic; and, on occasion, might have the informant accompany him on this trip.

KRUSE indicated further that, when he makes the trips to the Dominican Republic, he picks up envelopes and letters to be delivered to persons there. KRUSE indicated that he makes the trip approximately every two weeks.

CG 6443-C advised SA WILLIAM A. MEINCKE on July 2, 1963, that he recently learned that one HERBERT MESSE, an individual recently appointed by Mayor DALEY to the City of Chicago Zoning Appeal Commission, has been going recently to the Rondout and Old Homestead gambling establishments run by MC GUIRE, SMITH, and GRIFFIN.

The informant advised that he learned through MC GUIRE that on the night of June 28, 1963, the Sheriff of Lake County had planned a raid at the Rondout gambling establishment and that apparently he had secured a warrant. MC GUIRE stated that "the whole thing was tipped early in the day." MC GUIRE did not elaborate further, however, stated that CHUCK SMITH had received a phone call in the afternoon of June 28, 1963, apparently alerting him to the possibility of a raid that night. MC GUIRE stressed in his conversation that the tip came from a "civilian" and not a law enforcement agent. MC GUIRE went on to say that about 9:30 P.M. another phone call had been received at the Rondout establishment confirming the fact that there would be a raid that night. Thereafter, MC GUIRE advised the

- D -

COVER PAGE

100-1037

CG 92-1037

hurriedly got rid of the few gambling customers who had appeared that night. MC GUIRE laughed and said that they had to get their own cars, and several of the patrons got their clothing all messed up falling in the mud next to the parking area.

It is to be noted that the raid was planned by the Lake County Sheriff's Office based on information supplied by the FBI. A warrant and complaint had been issued by the Lake County State's Attorney's Office concerning this raid. The warrant and complaint were drawn on the afternoon of June 28, 1963.

Informant advised that MC GUIRE also told him that SMITH in particular was really shaken up by the impending raid. MC GUIRE advised that they felt they could control all the law enforcement agencies in Lake County but if they were forced to act in some way their control was lost and this made SMITH and GRIFFIN extremely dubious.

MC GUIRE advised that SMITH told him that he did not want any more of the gambling in Lake County advising that he was wealthy in his own right and "too old" to take any more chances."

The informant advised that the matter at present is "up in the air" with the gambling shut down at least temporarily, if not permanently. He advised that MC GUIRE and his associates were all lamenting the fact that they were shut down before their big week end, that of the 4th of July.

CG 6587-C-TE advised SA MEINCKE on July 3, 1963, as follows:

Informant advised that he was present at the Rondout gambling establishment on Friday, June 28, 1963. He advised that he arrived at the establishment about 8:45 P.M. and immediately sensed that something was different from any other night he had attended this establishment. He advised that between 8:45 and 9:30 P.M.

- E -

COVER PAGE

60298-10582

CG 92-1037

Informant advised that he contacted FRANK PALERMO on July 2, 1963, in an effort to determine what had occurred at the Rondout gambling establishment on June 28, 1963. He advised that FRANK simply told him that he "would have to watch TV a few nights" and did not explain his comments further. Informant advised that FRANK left him with the impression that the game will be going again in the future; however, that for some reason it would remain down for a period of time.

CG 6443-C advised SA MEINCKE on July 5, 1963, that on July 3, 1963, KRUSE had asked the informant to see one HARRY LEVINSON, who owns and operates a pawn shop on Clark Street and Chicago Avenue, Chicago, Illinois. LEVINSON has a home at 4200 Marine Drive, Chicago, next to the Imperial Towers. KRUSE suggested that the informant try to interest HARRY LEVINSON in an even swap of property at 4200 Marine Drive, for KRUSE's Lake Worth, Florida home.

Informant advised that ROCCO POTENZA, on July 3, 1963, in the late afternoon, visited the H and H Restaurant, where KRUSE also hangs out, and asked MAISHE BAER to hold his bankroll, consisting of \$48,000. POTENZA asked BAER to hold it until he came back, stating he was going to a lawyer's office in the Metropolitan Building, at 134 North La Salle Street, Chicago, and did not want to carry the money with him.

CG 6443-C advised SA MEINCKE on July 18, 1963, that he recently saw KRUSE in conversation with PETER EPSTEEN and a lawyer by the name HENNESSEY, formerly a city attorney for Skokie, Illinois, and a personal friend of KRUSE, in conversation at the Hyatt House on Lincoln Avenue, in Skokie. From portions of the conversation that he could hear, the informant learned that apparently KRUSE is interested in something in Jamaica, and may fly there on a vacation trip with his wife in the near future.

- G -

COVER PAGE

00087-1037

CG 92-1037

They mentioned that one WALTER LENRROT (phonetic), a friend of MEYER LANSKY of Miami, is presently in Jamaica, conducting some sort of financial investigation. It was mentioned during the conversation that the government owns the gambling interests in Jamaica, and there was an indication that KRUSE was extremely interested in this arrangement.

With reference to HENNESSEY, the informant advised that KRUSE leans on him for legal advice, and he visits KRUSE at his home frequently, particularly on Sunday mornings.

Subsequently, KRUSE advised that he is going to take a trip of several weeks duration with his wife, and has instructed the informant to purchase some luggage for him. The informant stated it is unusual for KRUSE and his wife to visit their son two weeks in a row, and the current visit is probably due to the fact that KRUSE and his wife are planning a trip of several weeks duration; therefore, the informant places credence in KRUSE's conversation.

Informant also advised at this time that he had seen HARRY LEVINSON, as requested by KRUSE, regarding the swap of property. LEVINSON's attitude was that he would not even consider such a swap, and this deal will never materialize.

CG 6443-C advised SA MEINCKE on August 16, 1963, that he had a meeting scheduled with KRUSE for 4:15 P.M. on this date; however, KRUSE did not show up. Informant said he waited in MAISHE BAER's H and H Restaurant until later that evening when KRUSE's son appeared and stated that his father had been called out hurriedly on a quick business trip. Destination was not mentioned; however, the informant felt that KRUSE must have flown to the Dominican Republic, as he had indicated previously, that this trip was coming up. He advised that KRUSE, according to previous statements, would have to be back by August 20, 1963, as he planned to drive to Culver Military School to bring his youngest son back to school.

- H -

COVER PAGE

CG 92-1037

INFORMANTS

<u>Source</u>	<u>Identity</u>	<u>Contacting Agent</u>	
CG T-1	CG 6443-C	SAs JOSEPH G. SHEA and WILLIAM A. MEINCKE	
CG T-18	CG 6443-C	SAs JOSEPH G. SHEA and WILLIAM A. MEINCKE	
CG T-24	CG 6443-C	SAs JOSEPH G. SHEA and WILLIAM A. MEINCKE	
CG T-28	PCI MATCHIE ZMISTOWSKI	SA RICHARD B. KELLOGG	
CG T-32	PCI [REDACTED] [REDACTED]	SA JAMES A. ABBOTT	OTHER 4
CG T-35	CG 6597-C-TE	SA WILLIAM A. MEINCKE	
CG T-36	CG 6283-C	SA VINCENT L. INSERRA	
CG T-37	PCI [REDACTED] [REDACTED]	SA LARRY FABLE	OTHER 4
CG T-38	PCI [REDACTED] [REDACTED]	SA LARRY FABLE	OTHER 4

- J* -
COVER PAGE

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