
Book Reviews

Who is out to 'Hammer' Vice President Al Gore?

by Jeffrey Steinberg

Dossier: The Secret History of Armand Hammer

by Edward Jay Epstein

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It is now an open secret that *Washington Post* publisher Katharine Graham has, at least temporarily, abandoned her long-standing political backing of Vice President Al Gore. Recent front-page stories, published under the by-line of Nixon-slayer Bob Woodward of Watergate fame, have pilloried the vice president as the secret superstar behind the Clinton-Gore campaign fundraising juggernaut. In recent months, the *Post* has done more damage to the vice president's reputation than the *Washington Times*, *Wall Street Journal*, and "media food chain" piggybank Richard Mellon Scaife, combined.

Add another element to the political equation. Former President George Bush has made it known, at every opportunity, that his son, Texas Gov. George W. Bush, ought to be the Republican Party Presidential nominee in the year 2000. The former President has committed a string of political gaffes, in his zeal to peddle his son as the next GOP standard-bearer. First, he shocked a crowd of Bohemian Grove members and guests last July, at their annual semi-secret conclave, by having his son deliver part of his scheduled speech, in what one attendee described as an "incredible" breach of Bohemian protocol. More recently, the former President has toured Asia and Ibero-America, boosting Rev. Sun Myung Moon, in return for millions of dollars.

Whether there is any link between former President Bush's dreams of heading a two-generation Presidential dynasty, and Graham's public blasts at her longtime political friend, Gore, is yet to be seen.

Early signs of Kate's defection

The first serious signs of a break between would-be king-maker Graham and the vice president, came several months before the Woodward articles appeared. Last December, the

Washington Post joined with Rupert Murdoch's *New York Post* in lavish praise of a just-published biography of the late "Red Capitalist," Armand Hammer. The book, by the well-known chronicler of the Cold War spy wars, Edward Jay Epstein, portrays Hammer as one of the sleaziest characters to walk across the 20th-century stage. In Epstein's richly documented account, everything that Armand Hammer touched in his 90 years, turned to trash. He was, at once, an underground abortionist, who murdered a woman and then saw his father go to Sing Sing in his stead; a hard-core Soviet agent, who specialized in laundering cash into the communist undergrounds of Europe and North America; a front man for organized crime, with close links to Meyer Lansky and the National Crime Syndicate; a philanderer who maintained a stable of mistresses, and married a string of wealthy widows whom he looted blind. In death, as in life, Hammer robbed those closest to him. When his estate was probated, his son, his mistresses, and his illegitimate daughter found that they had all been written out of their promised inheritances. And a string of charities, from the Ronald Reagan Presidential Library, to the Danielle Mitterrand Foundation, to the Los Angeles County Museum of Art, ended up in court, trying to collect on millions of dollars worth of unfulfilled pledges and binding contracts.

The Hammer-Gore partnership

To dodge the law, and serve as Moscow's number-one international diplomat and underground business agent-without-portfolio, Hammer also made a lifetime hobby of buying the services of prominent Washington politicians. Foremost on Hammer's list of friends in high places, according to Epstein's account, was Tennessee's Albert Gore, Sr. From 1950 to 1968, while serving as a congressman and, later, as U.S. senator, Gore, Sr. did Hammer's bidding. When Hammer needed an introduction to a prominent Democratic politician, including a string of U.S. Presidents, Gore, Sr. was there. When Hammer needed to have his FBI files expunged of decades of Bureau surveillance reports, identifying him as a suspected high-ranking Soviet agent, Gore, Sr. was there. In return, Gore, Sr. profitted handsomely from the Hammer links, first as a silent partner with Hammer in a lucrative coal-mining deal. In 1968, Gore, Sr. left the Senate to take up a full-time position as vice president of Hammer's Occidental Petroleum, in charge of its coal-mining division, at a generous salary of \$500,000 per year.

Epstein made only one reference to Albert Gore, Jr. in the entire book. On Jan. 20, 1989, then-Sen. Al Gore, Jr. brought an aging Armand Hammer as his honored guest to the Presidential inauguration of George Bush. They sat in a special section reserved for members of the U.S. Senate.

But the message was not lost for lack of repetition. Already, several conservative pundits have made reference to the vice president's embarrassing "family ties" to the Red Capitalist. According to well-placed GOP sources, when the



The late Armand Hammer: He was not the “lone ranger” that biographer Epstein portrays him to be.

appropriate moment arrives, certain Republicans are ready to “drop the hammer” on Al Gore, Jr.’s future political ambitions.

Hatchet-job, not history

Dossier is a well-researched, take-no-prisoners hatchet job on Armand Hammer. But, it is not real history. The author, who earned himself a reputation as the de facto publicist for many years for the late CIA counterintelligence chief James Jesus Angleton, was able to access a great deal of previously classified U.S., British, and *Russian* archives. He was also able to tap into a long line of bitter Hammer associates, who had been used, abused, and robbed by the late Red Capitalist.

But Epstein ignored some of the most tantalizing, often paradoxical leads. Epstein portrayed Hammer as an evil lone ranger, whose institutional ties traced only to Moscow. There was never a mention of the heavy London and Wall Street backing for the Bolsheviks, or the role of such prominent figures as Averell Harriman, S.G. Warburg, and the National City Bank and DuPont Chemical complex at 120 Broadway, in New York City — which propped up Lenin through an operation known as “The Trust.”

Especially egregious, was Epstein’s failure to draw out

the intimate ties between Julius Hammer and two other prominent turn-of-the-century American communists, Jay Lovestone and Bertram Wolfe, whose ties to Anglo-American intelligence circles — before, during, and after their tangos with Lenin and Stalin — demand serious consideration.

Lenin’s bagman

Armand Hammer was born on May 21, 1899 in New York City, the first son of Julius and Rosa Lipshitz Hammer (Rosa had a son, Harry, by a previous marriage). He was named after the “arm and hammer” symbol of the Socialist Labor Party, which Julius Hammer had helped found, along with Daniel DeLeon. Two years later, Armand Hammer’s younger brother, Victor, was born.

Julius Hammer had obtained a degree from a two-year medical program at the Columbia College of Physicians and Surgeons, and had opened a string of drug stores. Julius, according to Epstein’s account, poured all the business profits into the Socialist Labor Party, through his mentor, Boris Reinstein, who owned a string of drug stores in Buffalo, New York. As the result, Hammer’s pharmacy business went bankrupt.

In 1907, Reinstein brought Julius Hammer to the Seventh Congress of the Socialist International, which was held in Stuttgart, Germany. There, Julius was introduced to Lenin, and was recruited to the core group that would organize Lenin’s networks in the United States. After Stuttgart, Hammer created the Allied Drug and Chemical Co., to serve as a business front and money source for the Lenin underground in America. Bertram Wolfe described Julius Hammer as “the most discreet and able of Lenin’s men of confidence.”

In November 1917, when the Bolsheviks seized power in Russia, Lenin dispatched Ludwig Christian Alexander Karlovich Martens from London to New York. Martens headed the Russian Soviet Government Bureau (the United States did not recognize the Soviet government for more than a decade) out of offices at 110 West 40th Street in Manhattan; Julius Hammer was named “commercial attaché.” In reality, Hammer was the fence for stolen diamonds and other loot smuggled into America to help bankroll the nascent Soviet intelligence operations.

Julius takes the fall

The summer of 1919 was a busy period for Julius Hammer. He, along with Ben Gitlow, had been assigned to create a Bolshevik party in the United States. Indeed, the two men were expelled from the Socialist Party for agitating for Lenin; they formed the Communist Labor Party and, shortly afterwards, the Communist Party U.S.A.

Then, on Aug. 12, 1919, the roof caved in on Julius Hammer. To fulfill his fundraising chores for Moscow, he had been running an underground abortion clinic. Marie Oganessoff, the wife of a Russian diplomat, died, as the result of a botched abortion performed at Hammer’s clinic. The abortion, accord-

ing to Epstein, was performed by Armand Hammer, who at the time was studying medicine but had not yet obtained a license. Julius Hammer was convicted of performing the fatal, illegal abortion. On June 20, 1920, he was sentenced to three-and-a-half to 12 years in Sing Sing Penitentiary.

A few months later, Martens was expelled from the United States back to Russia. He retained responsibility for Lenin's operations in the United States under the cover of the Commissariat of Foreign Trade. In March 1921, Martens offered Allied Drug and Chemical Co. one of the first concessions to do business in Soviet Russia. With his father in jail, Armand Hammer made arrangements to travel to Moscow to work out the details. He set sail for England on July 5, 1921.

Arriving there at Southampton on July 13, he was detained by Scotland Yard—at the request of J. Edgar Hoover. After several days of interrogation, Armand Hammer was released, and he continued on to Berlin. On July 31, Hammer disappeared. He surfaced in Riga, Latvia, several weeks later, and was smuggled across the border by Boris Mishell, one of his father's longtime contacts in Lenin's inner circle.

On Oct. 22, 1921, Hammer had a personal audience with Lenin. Hammer was given the first Soviet foreign concession—the exclusive rights to mine asbestos near Sverdlovsk, in return for shipping American wheat to Russia. The concessions program was run by Feliks Dzherzhinsky, the infamous head of the first Soviet secret police agency, the Cheka. Lev Mironov, Dzherzhinsky's top counterintelligence officer, was in charge of the concessions.

Among the early “business” deals Hammer extracted from Moscow, was the exclusive concession to sell money orders in the United States that would be redeemable by relatives back in Russia. The operation was run in New York City through the National Bank of the Soviet Union, according to Soviet archives obtained by Epstein. Hammer was given \$75,000 in cash by the Cheka, to pass on to the Communist International (Comintern) underground in America, and a personal letter from Lenin. On Dec. 4, 1921, Armand Hammer arrived back in New York City.

He soon changed Allied Drug and Chemical Co. to Allied America Corp., of 165 Broadway. His main bank accounts were maintained at Midland Bank in London. Soon, Allied American had offices in London, Berlin, Riga, Kiev, Petrograd, and Moscow. The Moscow office, a gift from the Soviet government, was a four-story building that had once housed the famous Fabergé works, which produced precious art for the tsars and Russia's *nomenklatura*. Hammer's account at Midland Bank in London served as a conduit for Comintern funds, which included kickbacks to Moscow on all of Hammer's concession deals.

By July 1, 1922, Hammer was back in Europe, en route to Moscow. In October, workers at the Hammer asbestos mining concession went out on strike. Hammer's Cheka sponsors responded by dispatching troops to quell the workers' revolt; when the train carrying the troops was delayed, Hammer went

into a rage, and the rail official responsible was summarily executed. The strike was eventually crushed, but the asbestos mine continued to be a losing venture. Allied American posted \$20,000 a month in losses, a considerable sum of money in 1922. In December, with pressure building on him to keep up the failing business operations, and to maintain the money-laundering program, Armand Hammer had a nervous breakdown. When word got back to Julius Hammer, he pressed for early release from prison. By April 5, 1923, Julius Hammer was free—he even obtained permission to travel to the Soviet Union to take charge of the family business, a rather strange turn of events, given that this was the period of the Palmer Raids and a general crackdown against “Bolshevik agents” operating in the United States.

According to Epstein, shortly after Julius Hammer's arrival in Moscow, he was visited by Jay Lovestone, his longtime ally, now a top figure in the Communist Party U.S.A. Hammer reportedly explained to Lovestone that he was working on special projects for the OGPU, the successor to the Cheka, and, therefore, had to “create a firewall between himself and the CP.” Indeed, the Hammer businesses were, by 1923, an integral part of the international money-laundering structures of the Communist International. Money conduited through the Hammer accounts at Lloyds Bank in London bankrolled the CPUSA newspaper, the *Daily Worker*. The overall effort was run by Genrikh Yagoda, the chief of the economic directorate of the OGPU.

When Lenin died in January 1924, and Stalin consolidated power six months later, the OGPU recommended that the Hammers continue as conduits of Comintern cash, but under tighter Moscow direction.

At this point, some heavy decision-making was required of Moscow. Hammer's venture in asbestos mining had been a failure. In fact, almost every one of the concessions that had been granted by the Soviet government wound up as money-losing ventures. For Moscow, Hammer's business failures had to remain a state secret, covered over by a flourish of propaganda, hailing the Hammers as capitalist entrepreneurs who had gambled, and profitted, on the Soviet “workers' paradise.”

To buy time to cover the losses and keep up the propaganda front, the Soviet government decided to grant the Hammer family a concession to manufacture pencils. All of the necessary machine tools, and access to lead, wood, and so on, were provided by the Soviet regime; and, the Hammers, indeed, became the largest supplier of pencils in the Soviet Union. However, by 1929, three years after the pencil concession was up and running, no dent had been made in the overseas debts of Allied American. Ultimately, the Soviet government issued \$500,000 in state bonds to allow Hammer to retire his foreign debt.

It was a prelude to the next phase of Hammer's tango with the Soviet *nomenklatura*.

As part of his operations inside the United States, Hammer

had set up L'Ermitage Galleries in New York City, in 1925. Now, under direction from Stalin, Anastas Mikoyan was assigned to generate badly needed foreign hard currency by selling off precious works of Russian art that had been confiscated by the Bolsheviks from the Romanovs and other wealthy Russian families who had ended up on the losing side in November 1917.

Armand Hammer arrived back in New York City, with a contract from Mikoyan to sell Russian art, in return for shipping beerbarrel staves to Russia. To explain away how he came upon his collection of precious Russian art and jewelry, Hammer wrote an autobiography, which was published in 1932 under the title *The Quest for the Romanov Treasures*, with an introduction by *New York Times* Moscow correspondent Walter Duranty. The book was a total fabrication. Hammer claimed that he had sold his highly profitable Allied American Corp. for \$1 million, and had devoted the money to purchasing 15 of the Fabergé eggs and other Romanov art works. In fact, Allied American was bankrupt; and most of the Fabergé eggs that Hammer brought to America were high-grade Soviet forgeries. Hammer had one of the original stamps from the Fabergé works, which he used for decades to “authenticate” the Soviet forgeries, so there is no doubt — according to Epstein’s account — that Hammer was a witting player in the Soviet art forgery program. To avoid the careful scrutiny of people in the New York art world, Hammer came up with an innovation. He took his Russian art collection, and toured the United States, selling the art at department stores. Hammer used the few genuine Fabergé eggs that he had brought from Russia, courtesy of Mikoyan, to generate cash and cultivate his initial connections with the New York City upper crust. Among his clients for the genuine articles were Malcolm Forbes, Dorothy Pratt, and Marjorie Merriweather Post.

Years later, Hammer would expand his “art” business, by creating the Armand Hammer Foundation, with money he illegally siphoned from Occidental Petroleum, to amass a collection of genuine old masters and other great works of art. But for Hammer, great art would always be a prop, a means to an end. One prominent art world figure would comment, “Armand Hammer knew and cared as much about art as Al Capone.”

Hammer and Lansky

J. Edgar Hoover had opened a file on Armand Hammer in 1921, on the eve of Hammer’s first voyage to the Soviet Union. In 1933, however, the United States normalized relations with the Soviet Union, and interest in Hammer’s Comintern dealings temporarily abated. However, during this period, Hoover began receiving reports that Hammer was tied to the mob, through an outfit called King Breweries. Hammer, according to the reports reaching the FBI, was paying inflated prices to mob front companies for the beer barrel staves that he was shipping to Moscow, ostensibly in return for the precious works of art he was selling in America. During the Hitler-

Stalin Pact, the FBI suspected that the beer barrels were being used to smuggle Mexican oil to the Nazis to aid in the military build-up.

In 1943, Hammer went into the whiskey business, obtaining one of the few permits granted at the time to produce alcohol for non-military purposes. His United Distillers turned a handsome profit, in a business dominated by the National Crime Syndicate dating from the time of Prohibition. In February 1953, Hammer sold United Distillers to Shenleys Liquor, owned by a longtime Lansky and Roy Cohn compatriot, Lewis Rosensteil. Elsewhere in the book, Epstein reported that, in April 1953, right after the United sale, Hammer had gone on a tryst to Havana with a mistress, Bettye Murphy, and that they had spent time at the Tropicana Hotel and Casino, where “Hammer knew the owner, Meyer Lansky.”

At the time of the Havana jaunt, Hammer had already been divorced from his first wife, Olga, whom he had met in the Soviet Union, and was married to a wealthy New Jersey socialite, Angela Carey Zevely, who was on social terms with President Franklin Roosevelt. Hammer had married Zevely just days after his divorce from Olga, in December 1943. On Jan. 19, 1956, he divorced Angela, but he did not marry Bettye Murphy, who was carrying his child. Instead, on Jan. 25, 1956, he married Frances Barrett Tolman, a wealthy widow who had inherited over \$8 million. With her money, he arranged a sham marriage for Bettye Murphy, in Mexico, and paid off all of his back debts. He then purchased a controlling block of stock in Occidental Petroleum. It was enough control to allow Hammer to have himself named chairman and president. Hammer obtained undated, signed letters of resignation from all the corporate officers, a violation of Securities and Exchange Commission law, and proceeded to turn Occidental into his personal business-political vehicle and piggy bank.

Libya and P-2

In 1964, Hammer entered the play for oil drilling concessions from the Libyan government of King Idris. Idris announced that Libya would be taking bids on 85 oil concessions. Hammer targetted two sites, believed to be the largest untapped sources of Libyan oil. At first, Hammer turned to the Lansky organization for help. According to Epstein’s account, Hammer arranged for Herbert Allen, of Charles Allen and Company (Meyer Lansky’s Wall Street brokerage house), to arrange a personal introduction to Omar Shelhi, the adopted son of King Idris and the man in charge of the oil concessions. Allen’s intermediaries failed to deliver, and Hammer turned to other channels.

He was introduced to Hans-Albert Kunz, a Swiss “businessman” who would later surface as a member of the Propaganda-2 Freemasonic Lodge in Italy. P-2 was run top-down by the Duke of Kent, a member of the British royal family and a top official in British Masonry. The P-2 lodge was, for decades, in the middle of an arms-for-drugs apparatus that involved leading figures in the “Black International.” The

head of P-2, Licio Gelli, had been a wartime operative for Mussolini and the Italian Fascists, who was also widely believed to have been closely tied to Soviet intelligence services. Muammar Qaddafi was allied with P-2.

Kunz was, according to *EIR* investigations, an important figure in the P-2 orbit. In 1982, he ordered Roberto Calvi, the head of Banco Ambrosiano and a leading P-2 operative, to report to London, following the collapse of the bank and the public exposé of the lodge's role in international money laundering and "Black" terrorism. Calvi was found dead, hanging from Black Friar's Bridge in London, in what was widely characterized at the time as a ritualistic murder.

Epstein does not so much as mention the Kunz/P-2 connection, but provides a detailed profile of the intimate ties that developed between Hammer and Kunz.

In 1964, Kunz, along with a Swiss-based Azerbaijani businessman named Kemal Zeinal Zade, who was close to one of the KGB's top Islamic operatives, Haider Aliyev, entered into an arrangement with Hammer that would continue until Hammer's death. The duo promised to "deliver" Omar Shelhi, and assure Occidental's winning of the two prize oil concessions.

And, they delivered. On Feb. 27, 1967, after several years of delays, Occidental Petroleum was granted the two contracts. Shelhi's take: \$2.8 million in cash, and 3% of the gross price of the oil pumped and delivered to market.

When Qaddafi staged a military coup against King Idris several years later, Hammer would cut off Shelhi; still, he made good on his obligations to Kunz and Zade, and used their IMEG Management account at Union Bank of Switzerland as his personal slush fund. Through IMEG, Hammer was robbing blind his own company. Courtesy of the Kunz/P-2 apparatus, Hammer was able to survive the overthrow of King Idris. On Sept. 1, 1970, Hammer's contracts for the two concessions were continued—under only slightly less lucrative terms.

Richard Nixon

When Richard Nixon was inaugurated President on Jan. 20, 1969, Armand Hammer was in the VIP section at the ceremony. According to Epstein, to prepare for the new flurry of East-West diplomacy, Hammer purchased Tower International from Pugwash Conference founder and leading one-world federalist Cyrus Eaton. In addition to his "discreet" and long-term "business ties" to the Soviet Union, Hammer soon created his own version of Pugwash, the annual Armand Hammer Conferences on Peace and Human Rights based in Oslo, Norway.

General Secretary Leonid Brezhnev had placed his KGB chief, Yuri Andropov, in charge of détente, and Andropov, in turn, assigned Mikhail Bruk, a high-level Soviet intelligence officer who had been assigned as a translator to all of the Pugwash conferences, as Hammer's personal "facilitator" in Moscow. Hammer moved immediately to revive all of his

ambitious business projects in the Soviet Union, once détente was in full swing; and, Bruk opened all of the appropriate doors.

Back in Washington, Hammer was able to negotiate a \$180 million Export-Import Bank loan guarantee, with Ex-Im President William Casey. It was the first such loan to a Soviet project, and Nixon had to personally approve a national security waiver.

Hammer had endeared himself to Nixon through a \$100,000 cash donation to the Committee to Re-Elect the President (CREEP). The bulk of the money was delivered after the new election law had gone into effect, barring such large contributions to a federal campaign. Hammer would eventually be prosecuted for the payoff, and would negotiate a plea agreement. Years later, on Aug. 14, 1989, shortly before his death, and as Hammer was obsessively lobbying to be given the Nobel Peace Prize, President George Bush pardoned Hammer. On Jan. 20, 1989, Hammer had turned over a check for \$110,000 to the Republican National Committee.

Hammer's campaign for the Nobel Peace Prize had also provided the occasion for him to cultivate close ties to Prince Charles. Hammer, after failing to win former President Jimmy Carter's endorsement for the prize, wooed Margaret Thatcher. Hammer decided that he stood the best chance of winning Thatcher's backing by developing a close relationship with the Prince of Wales. Hammer began pouring Occidental's corporate money into some of the Prince's favorite "charities," including the World Wildlife Fund and United World Colleges, a project launched by Prince Charles in 1962 to create a string of schools based on the methods of Kurt Hahn, the founder of Outward Bound. In 1982, Hammer bankrolled the founding of the Armand Hammer United World College of the American West, at a renovated castle in Montezuma, New Mexico.

The Thatcher sponsorship never materialized. Ironically, the man who ultimately placed Hammer's name in nomination with the Nobel Committee, was Israeli Prime Minister Menachem Begin. During his entire life, especially after he got the oil concessions with Libya, Hammer had done everything he could to conceal the fact that he was Jewish.

Hammer died on Dec. 10, 1990. His estate turned out to be worth under \$40 million, most of which he had stolen from his brother's estate (leaving Victor's heirs penniless), and from his late wife Frances. As Hammer's personal staff rushed to remove boxes of financial records from Hammer's mansion, attorneys for his late wife showed up with court orders to block their removal. They were in court, suing Hammer for theft of Frances Barrett Tolman's fortune, including the house.

It may be that Vice President Gore's personal involvement with the late Armand Hammer was of little consequence. But, the drumbeat is on; and the sins of Gore's father will surface, sooner or later, as a matter of public scrutiny—thanks, in part, to Katharine Graham.