

Online Addendum to Chapter 4

“Bayonne Joe” Zicarelli, Irving Davidson, and Israel

By Jonathan Marshall

“Bayonne Joe” Zicarelli’s international circle of business contacts and political allies extended far beyond the Caribbean. In particular, he teamed up with adventurers, criminals, lobbyists, and intelligence agents involved in creating and defending the state of Israel. Their unorthodox tactics were reminiscent of the China Lobby’s. Both groups were dedicated to saving a small and beleaguered nation by any means necessary. Like the China Lobby, this pro-Israel network illustrates the deep political nexus between organized crime, corruption, and intelligence.

In the early 1950s, according to the Federal Bureau of Narcotics, Zicarelli was “alleged to have been involved in the traffic of arms and munitions sold to the government of Israel.” Probably not coincidentally, the gangster was also a business partner of two leading Jewish bootleggers, Abner “Longie” Zwillman and Schenley CEO Lewis Rosenstiel.¹ More than a few prominent Jewish gangsters, including Meyer Lansky, Zwillman, “Bugsy” Siegel, and Mickey Cohen, supported the Jewish underground with money and logistics help in the late 1940s.²

Zicarelli’s partner in the sale of arms and stolen securities, Steven Irwin Schwartz, had been a prominent gunrunner to Jewish armies in Palestine. Schwartz was an officer in ABCO, a New Jersey cigarette vending company controlled by Zicarelli and New York Mafia underboss Carmine Galante. “Since 1946,” the FBN report noted, “Schwartz has been engaged in the traffic of arms, a good portion of which have been obtained from Communist Bloc nations and shipped first to Israel and later to Cuba.”³

Associated with Schwartz in those ventures were Irving “Swifty” Schindler and TWA flight engineer Adolf Schwimmer. The Brooklyn-born Schwartz and the Florida-based Schindler were both pilots who joined the Jewish underground to fight for a new homeland in British-controlled Palestine. Under Schwimmer’s leadership, they smuggled surplus military airplanes to Palestine to build the first Jewish air force. Schwartz recruited pilots from supporters of the right-wing terrorist group, the Irgun, headed by Menachem Begin. Schindler, Schwartz, and Schwimmer were all found guilty of violating the Neutrality Act but were given light fines, thanks to warming US relations with Israel. Schindler became head of Israel’s new Air Transport Command. Schwimmer founded Israel Aircraft Industries, whose Washington lobbyist for several years was the extraordinary Irving Davidson.⁴

A leading fundraiser for this group’s smuggling efforts in 1948 was Abraham Feinberg, a New York-based manufacturer of hosiery and president of Americans for Haganah, Inc.⁵ As

noted in chapter 3, his timely delivery of \$100,000 in campaign cash to Louis Johnson helped finance President Truman's come-from-behind campaign in 1948. A source deemed reliable by the FBI said that the Israeli government turned to Feinberg to put political pressure on the Justice Department to "squash" the indictments against Schwimmer and other Neutrality Act defendants. The Israeli government indicated that Feinberg was also prepared to intervene with Louis Johnson on behalf of the indicted gunrunners.⁶

The FBI also observed that Feinberg was in contact with no fewer than four senior members of the Israeli military and foreign intelligence services, including the founder of Mossad.⁷ No less significant, Feinberg was a leading financial patron of Ernst David Bergmann, the father of Israel's atomic bomb. Under supervision of Defense Minister Shimon Peres, Feinberg and other wealthy diaspora Jews raised millions of dollars to fund Israel's secret nuclear bomb plant at Dimona. At the same time, he wielded political clout in the United States to derail attempts by the Kennedy administration to inspect the Dimona reactor. Under President Johnson, Feinberg enjoyed remarkable influence over the administration's Middle East policy—reportedly in return for delivering hundreds of thousands of dollars in cash to the White House.⁸

Through his connections with Israel, Feinberg became head of American Bank and Trust, a subsidiary of the Swiss-Israel Trade Bank. The latter bank, based in Geneva, was headed by Mossad agent Yehuda Assia, an Iraqi Jew who lived through World War II in Thailand. There he befriended General Phao Sriyanonda (chapter 3) while dealing in bulk sales of gold. In 1957, the infamous "Mr. Opium"—reputed to be "one of the richest men in the world"—moved to Geneva, where he shared an apartment with Assia and doubtless banked with him as well.⁹ Assia's Swiss-Israel Trade Bank also oversaw the collection of foreign funds to finance Israel's bomb program. (As discussed in chapter 5, its successor in that task, the International Credit Bank of Geneva, employed Lansky's financial adviser John Pullman to solicit deposits from North American racketeers.)

We will also see in chapter 5 that one of Assia's close American friends, and account holders, was the extraordinary Irving Davidson. When he wasn't working for Caribbean dictators, Teamster president Jimmy Hoffa, or Louisiana mobster Carlos Marcello, Davidson was lobbying for Israel Military Industries, maker of the Uzi submachine gun, and for Schwimmer's Israel Aircraft Industries.¹⁰ (The FBI reported that Hoffa's support for Israel is what brought him together with Davidson.)¹¹ In 1957, Davidson brokered Nicaragua's purchase of seventy-three Israeli Staghound armored cars, followed the next year by Nicaragua's sale of thirty Staghounds to the Batista regime in Cuba.¹² In 1960, he advised Vice President Nixon's campaign manager that "Israeli Military Intelligence" hoped Nixon would become President.¹³ Davidson remained in close touch with senior Israeli intelligence officials for years afterward.¹⁴

Meanwhile, in parallel with Davidson, Zicarelli and Schwartz were also selling weapons to Caribbean dictatorships. "During early 1958, Zicarelli and Schwartz accompanied Galante to Cuba," the FBN report stated. "It was reported that they were engaged in the sales of arms to the Batista and Castro forces, the Dominican Republic, as well as the sale of worthless or stolen Canadian securities."¹⁵ And as we saw above, while Davidson served the Somoza family,

Zicarelli acted as one of Trujillo's unofficial political agents. Davidson later became a Washington agent for Trujillo's successor, Balaguer.

Davidson's connections to Nicaragua and Zicarelli's connections to the Dominican Republic may both be related to their connections with Israel. Somoza was an indispensable (if well-compensated) supporter of the Jewish underground in 1948, and his regime was one of the first to recognize the new state of Israel.¹⁶ The Dominican Republic followed soon thereafter. Trujillo, despotic though he was, won the profound gratitude of many Jews for his decision to allow hundreds of European Jewish refugees to settle in the Dominican Republic in 1940, saving them from the Holocaust. (Ironically, one of Trujillo's motives was to "whiten the Dominican race.")¹⁷ The American rabbi Baruch Rabinowitz, who raised money for the Irgun from Mickey Cohen and Frank Sinatra, among others, also convinced Trujillo to grant false passports to help members of the Jewish underground leave British detention camps in Eritrea; Trujillo's beneficiaries included future Prime Minister Yitzhak Shamir, Justice Minister Shmuel Tamir, and Finance Minister Ya'acov Meridor.¹⁸ Until his death, Trujillo went out of his way to support Israel, knowing that would improve his image with influential American Jews.¹⁹

Although we cannot reliably connect all of these dots, they are clearly too significant to ignore. The political, business, and even criminal ties between Israel, the Somoza dictatorship, and the Trujillo regime were strong, as were the ties between their allies in Washington, D.C., including Irving Davidson, Jimmy Hoffa, and Rep. Abraham Multer (chapter 5). We should not read into these facts a dark Israeli (much less Jewish) conspiracy, but they do reveal the outlines of a deep political network worthy of further study.

¹ FBN memo, "Joseph Zicarelli," April 1961, Douglas Valentine papers. "Zwillman and Zicarelli have frequently been linked in underworld activities. The 1949–1950 investigation concerning Raymond Patriarcha Interstate Transportation of Lottery Tickets . . . involved both Zicarelli and Zwillman. Zwillman's organization has had gambling and policy game connections with Zicarelli in the past and Zwillman and Zicarelli have been observed together in the past." FBI report from SAC, Newark to Director, FBI, February 10, 1959, in FBI FOIA release on Zwillman. On Zicarelli and Rosenstiel, see chapter 3.

² Robert Rockaway, "Gangsters for Zion," *Tabletmag.com*, April 19, 2018; Ricky-Dale Calhoun, "Arming David: The Haganah's Illegal Arms Procurement Network in the United States 1945–1949," *Journal of Palestine Studies*, 36 (Summer 2007), 22–32; Derek Penslar, *Jews and the Military: A History* (Princeton: Princeton University Press, 2013), 244–45; Eisenberg, Dan and Landau, *Meyer Lansky*, 295–96. On Zwillman's support for the Jewish underground, see Rich Cohen, *The Fish That Ate the Whale: The Life and Times of America's Banana King* (New York: Farrar, Straus and Giroux, 2012), 170. Later backers of the "Israel lobby" (American Zionist Committee for Public Affairs and its successor, American Israel Public Affairs Committee) included one of Lansky's front men at the Sands casino in Las Vegas, Aaron Weisberg, and former Chicago gangster John "Jake the Barber" Factor, owner of the Stardust

Casino. See 1956 and 1959 disclosure statements in “1951–1964 Lobbying Disclosures,” at israellobby.org/AZCPA/.

³ FBN memo, “Joseph Zicarelli,” April 1961, Douglas Valentine papers. According to the memo, Schwartz pretended to be married to Galante’s mistress to give her legitimate cover. Schwartz and Zicarelli were also said to be “close associates” of Canadian stock swindler Frank Kafel. Kafel’s name came up in connection with Tibor Rosenbaum’s International Credit Bank and Rosenbaum’s prominent Canadian colleague Louis Bloomfield in the Canadian investigation into the bankruptcy of Atlantic Acceptance Corp. In 1970, Schwartz was named as a coconspirator in a federal indictment of Zicarelli for tax fraud (“Zicarelli Indicted in Failure to Pay Taxes on \$960,000,” *New York Times*, June 12, 1970; “Big Money Interest in a Little Airline,” *Boston Globe*, July 5, 1970). On Schwartz’s subsequent involvement in the Capitol Holding Corp., Pan American Mines, and Picture Island Computer frauds, see Jonathan Kwitny, *The Fountain Pen Conspiracy* (New York: Alfred A. Knopf, 1973), 300–1; Roger Croft, *Swindle! A Decade of Canadian Stock Frauds* (Toronto: Gage Publishing, 1975), 108–42; Al Delugach “Stock Deal Links Hughes Aide, Man Allegedly Tied to Mafia,” *Los Angeles Times*, July 21, 1971; Delugach, “Hughes Aide’s Venture Creates Canada Furor,” *Los Angeles Times*, December 8, 1971.

⁴ Leonard Slater, *The Pledge* (New York: Pocket Books, 1971), 219–327; *Life*, August 9, 1968 (Schwartz sentence); Davan Maharaj, “Pardon in Hand but Still Proud of His Crime: Aiding Israel,” *Los Angeles Times*, February 25, 2001 (Schwimmer pardon). In the mid-1980s, Schwimmer again became notorious for arranging the covert sale of US arms to Tehran as a key figure in the Reagan-era Irangate scandal. One of Schwimmer’s smuggling colleagues in 1948, Hank Greenspun, handled public relations for Desert Inn casino operator and former Cleveland mobster Moe Dalitz before founding the *Las Vegas Sun* (chapter 9). He would remain an ardent supporter of Israel and helped to arrange Teamster Union purchases of Israeli government bonds.

⁵ Feinberg’s fundraising for weapons smuggling to Haganah is noted in “Abraham Feinberg, 90, Philanthropist for Israel,” *New York Times*, December 7, 1998. New York attorney Nahum Bernstein, former secretary of Americans for Haganah, Inc., confirmed to the FBI that leaders of the group designated Schwimmer to purchase aircraft for the underground. Bernstein forwarded to Schwimmer the necessary funds. A confidential informant of “known reliability” identified Bernstein as one of several Israeli intelligence agents active in the United States. FBI report from New York office, June 13, 1950, file 65-15301, declassified August 28, 2013. At Schwimmer’s trial, Bernstein testified that the impetus for support for Schwimmer came from the Jewish Agency for Palestine, but he admitted handling the funds while working as secretary (and cofounder) of Americans for Haganah, Inc. FBI report by Philip J. Reilly, Los Angeles, July 28, 1950, declassified August 28, 2013. Available online at [israellobby.org/Schwimmer/1177948-1-65-HQ-59184\(SER3,8,15,40,41,43,58\)-Section1Serial1nodescriptionMedi.PDF](http://israellobby.org/Schwimmer/1177948-1-65-HQ-59184(SER3,8,15,40,41,43,58)-Section1Serial1nodescriptionMedi.PDF).

⁶ Memo to the FBI Director from Daniel Milton Ladd, Assistant Director, April 17, 1952; FBI memo, “Activities in Connection with the Creation of the New State of Israel,” from FBI FOIA release on Feinberg. (Thanks to Grant Smith for sharing these documents.)

⁷ Ibid.

⁸ Seymour Hersh, *The Samson Option: Israel’s Nuclear Arsenal and American Foreign Policy* (New York: Random House, 1991), 27–28, 94, 108–11, 192–93.

⁹ Details of Phao's long history with Assia may be found in the report by Paul Helliwell's OSS and banking partner, Edward Philip Barry, "Report of trip with General Phao, July 22 thru August 11th," August 1959, in Helliwell file, Corcoran papers, Library of Congress; Lintner, *Burma in Revolt*, 192 (richest). On Barry's intelligence and banking background, see Alan A. Block and Constance A. Weaver, *All is Clouded by Desire: Global Banking, Money Laundering, and International Organized Crime* (Westport: Praeger, 2004), 36–37.

¹⁰ FBI report by SA Gerard C. Carroll, June 14, 1961, re "I. Irving Davidson," NARA 124-10214-10420 (Davidson received a fee of \$10,000 from the Israeli Military Industries in 1959); Davidson filing with Justice Department, November 3, 1966, terminating his registration as agent for Schwimmer.

¹¹ FBI report from Robert B. Herrington, to Director, FBI, August 5, 1964, NARA 124-10289-10384. The report also noted the connection of both Hoffa and Davidson to *Las Vegas Sun* publisher Hank Greenspun, who was convicted of Neutrality Act violations for running guns to Israel with Schwimmer's group.

¹² Defense Intelligence Agency memo from Col. John J. Morgan, October 24, 1963, NARA 124-10301-10055. Davidson told a congressional committee about how he put his two clients together: "I recalled . . . that in 1948 when Israel was fighting for its independence, or for her independence, Nicaragua was the only country in the Western Hemisphere that helped Israel. So I flew to Israel and I asked the Government of Israel to help Nicaragua help these boys, and I am very happy to say that the Government of Israel sold a boatload of arms to Nicaragua. My negotiations were as agent for Nicaragua, and I negotiated through the Israel military attaché in Washington, D.C." U.S. Congress, Senate, Committee on Foreign Relations, *Nondiplomatic Activities of Representatives of Foreign Governments*, hearings, 87th Cong., 2nd sess. (Washington: U.S. Government Printing Office, 1962), 1659.

¹³ Davidson letter to Robert Finch, February 24, 1960, in "Davidson, I. Irving" folder, Series 320, Nixon papers, Nixon Library.

¹⁴ Davidson's early connections to the Israel's Defense Minister, Shimon Peres, and to Israeli intelligence, are noted in FBI memo from SAC, Washington Field Office, to Director, FBI, February 6, 1959, NARA 124-102210-10335. In 1971, seeking to fix his indictment in a fraudulent Southern California real estate development called Beverly Ridge Estates, Davidson forwarded to the President Nixon's political aide Murray Chotiner a letter from the chief of Israeli military intelligence attesting to Davidson's friendship and help over many years. John K. Greaney, Assistant General Counsel, CIA, memorandum for the record, July 16, 1971, NARA 1994.05.16.14:31:36:280005 (letter from Maj. Gen. Aharon Yariv). As we will see in chapter 8, Chotiner's intervention may have accounted for the remarkably light sentences handed down in that case. In 1972, Davidson attempted to broker a meeting between the incoming chief of Israeli military intelligence, Maj. Gen. Eliahu Zeira, and the acting director of the FBI. FBI memo from A. J. Decker to E. S. Miller, June 26, 1972, NARA 124-10302-10125. Zeira had the misfortune to head Israeli military intelligence when Egypt launched its surprise attack over Yom Kippur in 1973.

¹⁵ FBN memo, "Joseph ZICARELLI," April 1961, Douglas Valentine papers.

¹⁶ Edy Kaufman, "Israel's Foreign Policy Implementation in Latin America," in *Israel in the Third World*, Michael Curtis and Susan Aurelia Gitelson, eds. (New Brunswick, N.J.: Transaction, 1976), 140; Calhoun, "Arming David." Somoza sold Haganah agents diplomat passports and fake receipts to cover for

their purchases of arms in Europe in the late 1940s. Benjamin Beit-Hallahmi, *The Israel Connection: Who Israel Arms and Why* (New York: Pantheon Books, 1987), 92.

¹⁷ Allen Wells, *Tropical Zion: General Trujillo, FDR, and the Jews of Sosúa* (Durham: Duke University Press, 2009).

¹⁸ “American Rabbi Who Lobbied for Holocaust Rescue Dies at 89,” news release from The David S. Wyman Institute for Holocaust Studies, December 10, 2003.

¹⁹ Edy Kaufman, et. al, *Israel-Latin American Relations* (New Brunswick: Transaction Books, 1979), 20, 26, 41, 58, 70, 201; Greer Fay Cashman, “Dominican Republic’s Ongoing Love Affair with State of Israel,” *Jerusalem Post*, March 25, 1988.