

THE BOSTON Phoenix

June 3, 1986
Boston's largest weekly

What's the scam? Trying to bilk the Scientologists

by Jim Schuh

Back on the morning of June 7, 1982, a man walked into the New York branch of the Middle East Bank on the 25th floor of a Madison Avenue office building and tried to deposit a \$2 million check. When he balked at producing identification, bank officials refused to take the check. The man, a native of the United Arab Emirates, left without completing the transaction.

The check, written on an E.F. Hutton money-market account handled by the Bank of New England, was a forgery. Although attempted bank fraud of that ilk is not particularly unusual, this particular incident triggered a complex, bizarre, and, at times, vicious battle that shows no sign of abating nearly four years later.

The forged check had been written on the account of L. Ron Hubbard, reclusive founder of the Church of Scientology, who died last January. No one has ever been charged publicly with that attempted fraud, which Scientologists have come to regard as the most brazen of assaults on their religion and church. Some Scientologists believe that Boston lawyer Michael J. Flynn — who has made something of a career out of suing the

Church of Scientology — was behind the scam.

Flynn vehemently denies any involvement with the bogus Hubbard check. And indeed, the accusation has always seemed preposterous. For even if the Hubbard check had been successfully deposited, it is far more likely that the Bank of New England (or, to be more precise, the bank's insurance company), and not L. Ron Hubbard, would have lost the money.

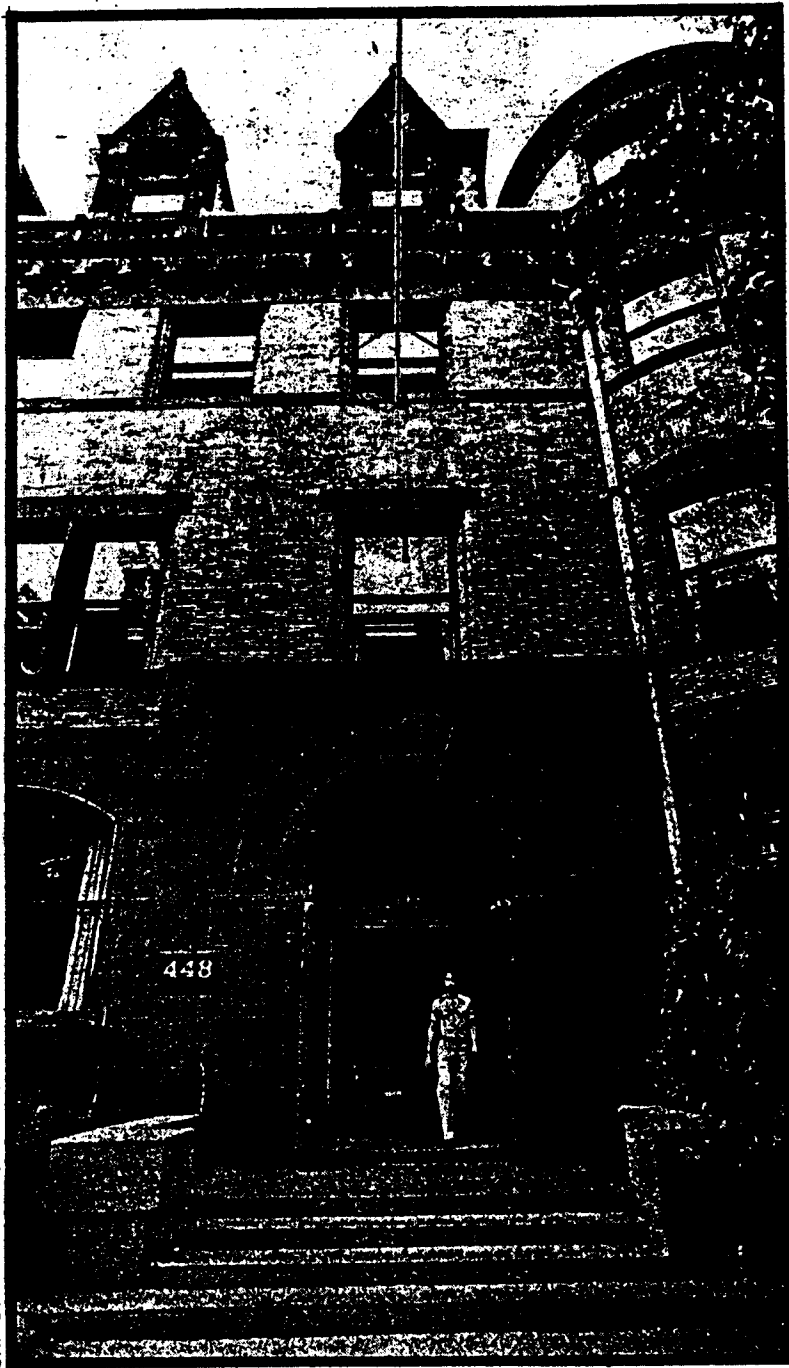
To gather evidence in the case, the Scientologists offered a reward of up to \$100,000 for information leading to the conviction of those who had tried to pass the bogus Hubbard check. And that reward offer produced results, though not necessarily what the Scientologists wanted. Among those who got portions of the reward were a con artist known as the Prince of Fraud, another man reputed to be an organized-crime figure, and a third character, who has since admitted involvement in the check scam — Larry Joseph Reservitz.

Larry Reservitz is a former lawyer who was disbarred for bilking insurance companies on bogus car accidents and for cheating a client out of a fee. He then moved on to other vocations: forger,

Continued on page 10

What's the scam?

by Jim Schuh



CHRISTOPHER HARTING

The church, on Beacon Street, mixed it up with con men.

What is clear is that the scientologists, the FBI, reputed organized-crime figures, and private investigators have engaged in some labyrinthine scheming. But it is often unclear who is the victim and who is the culprit.

cardshark, Las Vegas gambler, friend to politicians and professional athletes, black-marketeer, international fugitive, and, in his latest incarnation, a protected government witness.

Reservitz is at the fulcrum of a complex tale of intrigue that has only begun to unfold in federal court. Much remains unknown, though it is clear that Scientologists, the FBI, reputed organized-crime figures, and private investigators have all engaged in some labyrinthine scheming. But in many ways it is unclear who is the victim and who the culprit; who is the con man and who the conned; who is investigating whom, for what crimes, and — finally — why.

The Scientologists have claimed in court documents that one man involved in the scheme was Ala Fadili Al Tamimi, a native of the United Arab Emirates who blazed an unparalleled trail of fraud across Massachusetts before jumping bail, according to charges still pending

against him. Scientologists say they gave him \$25,000 for writing an affidavit — a move which is technically legal, if risky — in which he claimed he had helped mastermind the bogus-check scheme along with Flynn. When the *Boston Globe*, in July 1984, wrote about those allegations, Larry Reservitz got a laugh at the Scientologists' pursuit of Flynn, who, Reservitz said, in a court transcript of a tape recording, had nothing to do with the check. Michael Flynn didn't laugh. He sued the *Globe* for libel, a case that is still pending.

(A federal grand jury, however, does not doubt that Tamimi had some involvement with the bogus Hubbard check. Indeed, court records in Germany, where he is being held, indicate that Tamimi was secretly indicted in Boston last November for attempting, along with his brother, to pass two bogus checks at the Madison Avenue Middle East Bank between April and June of

1982. That indictment remains sealed, apparently pending Tamimi's extradition to this country on old fraud charges unrelated to this case. Tamimi recently was extradited from a prison in Italy to a prison in Germany; as he makes the rounds of atonement for his career of fraud.)

The latest chapter in the bogus-check case was made public last week: reputed organized-crime figure George T. Kattar, 67, of Methuen, and defrocked lawyer Harvey Brower, 49, of Swampscott, were indicted last week on fraud and extortion charges. The grand jury claims that Brower and Kattar offered to provide information to Scientologists about the bogus Hubbard check for \$100,000. Brower and Kattar allegedly bilked the Scientologists out of an initial down payment of \$33,333, using "threatened force, violence and fear." The indictment says Brower and Kattar gave Scientologists inaccurate information about the check, but the indictment doesn't detail the nature of that information.

Scientologists say they were threatened in their dealings with Kattar and Brower. And Earle C. Cooley, a lawyer for the Scientologists, says they were bilked in that they did not receive the documentation and the witnesses they had been promised. But Cooley says he remains unconvinced that the information Scientologists did receive — which implicated Flynn — was inaccurate. "The church is satisfied that there is a complex breadth of obstruction and conspiracy involved in this entire affair," says Boston lawyer Harry L. Manion III, who, along with Cooley, represents the church. "This indictment represents the outer skin of a very strong-smelling onion. The church will continue to peel the onion until its core is fully exposed."

The Scientologists have become increasingly bitter over what they perceive as the federal government's failure to aggressively investigate the bogus Hubbard check and the Kattar-Brower matter. They have taken out advertisements in newspapers offering a \$75,000 reward for information about "complicity and/or obstruction of justice" by four federal prosecutors, three FBI agents, and two private lawyers.

The indictment against Kattar and Brower was brought in part because a Scientologist, Geoffrey Shervell, secretly tape-recorded — at the behest of the FBI — his negotiations for their information, according to those familiar with the case. But part of the government's case will be to prove that the information that Brower and Kattar allegedly supplied was phony. And given that Larry Reservitz claims, on tapes he made for the government, that he was involved in the check scheme, it seems likely he will take the witness stand for the prosecution to repeat that assertion, thereby undermining any contention Kattar and Brower might make that Flynn did indeed mastermind the Hubbard check.

Reservitz secretly tape-recorded his conversations with Kattar, a federal prosecutor has said in court during another case in which Reservitz is a government witness. It is unclear whether those conversations pertain to the Hubbard-check case or to yet another matter for which the prosecutor said Kattar was under investigation — allegedly plotting to cash another bogus Bank of New England check, this one from a Florida millionaire, for \$12 million.

(Where the Kattar case may lead boggles the mind. The *Wall Street Journal* reported last Tuesday that ultra-conservative politician Lyndon H. LaRouche Jr. approved a \$100,000 payoff to Kattar in 1980 to get LaRouche votes in the 1980 Democratic presidential primary. Kattar has reportedly confirmed helping LaRouche but has denied receiving the money. Brower, Kattar's purported accomplice, was once a talented defense lawyer. He was disbarred for counseling a client to jump bail. Later, Brower, a drummer, formed a musical group called Harvey B. and the Bail Jumpers.)

Indeed, there are many Reservitz tapes. He spent nearly five months in late 1984 gathering evidence for the government as part of his plea bargain, tape-recording his telephone calls and sticking a tape recorder down his boot for documenting face-to-face meetings, according to court testimony. Reservitz and

Continued on page 13

\$75,000 REWARD

— WANTED —

William Weld Richard G. Stearns Robert S. Mueller III
William Schmidt James Burleigh George DiMatteo
Wayne B. Hollingsworth Michael Flynn
Brackett Badger Denniston III

Information concerning the complicity and/or obstruction of justice by agents of the Boston Federal Bureau of Investigation and the Massachusetts U.S. Attorney's Office regarding violations of these criminal statutes:

**BRIBERY OF PUBLIC OFFICIALS
AND WITNESSES (U.S.C. 18.201)**
**OBSTRUCTION OF CRIMINAL
INVESTIGATIONS (U.S.C. 18.1510)**
**FRAUDS AND SWINDLES
(U.S.C. 18.1341)**

**FRAUD AND FALSE STATEMENTS —
STATEMENTS OR WRITING GENERALLY
(U.S.C. 18.1001)**
**SUBORNATION OF PERJURY
(U.S.C. 18.1632)**
**FRAUD BY WIRE, RADIO OR
TELEVISION (U.S.C. 18.1343)**

Information:
 In January 1984, an advertisement appeared in four major national newspapers offering a reward of \$100,000 for information leading to the arrest and conviction of those responsible for forging and attempting to pass a two million dollar check drawn on a Bank of New England account of L. Ron Hubbard at a New York bank on June 7, 1982.

This ad was made necessary because after one and one half years federal authorities had made no effort to recover the embezzled funds. Immediate responses from the public identified key conspirators in this fraudulent check scam. An intensive investigation fully corroborated the reports of witnesses. Evidence of who had committed the crime and exactly how it was done was submitted to the Boston U.S. Attorney's office on July 11, 1984. The Boston FBI office was also presented with the evidence and agreed to take on the case and quickly get it before a grand jury.

After six further months of inaction by federal authorities, a second, full-page newspaper ad ran on March 1, 1985, calling for information on the cover-up and prosecution of those responsible for the two million dollar fraud. This ad offered a \$100,000 reward for evidence leading to the arrest and conviction of those guilty of covering up the crime and obstructing lawful prosecution.

Since this second advertisement, starting information has been presented. The information suggests political corruption extending high up into these federal agencies, rivalling the scandal of Watergate. One quarter of the total available reward has been expended, in exchange for the following evidence:

- Deaths of key witnesses. The questionable suicide of a key witness who could tie in two major conspirators. The murder slaying of a key witness days after the facts of the crime had been laid before federal agents in Boston.

- A government informant (three times convicted of felonies), with a history of blackmailing witnesses to prevent them from testifying before grand juries, was used in to bully a witness into changing his testimony and to disrupt the investigation.

This informant later reportedly disappeared into the witness protection program and the government has refused to honor a duly served subpoena for him to testify under oath.

- A well-known underworld figure for whom attempted to disrupt the investigation by offering money in exchange for manufactured evidence. Assistance was given to FBI officials to obtain sufficient evidence to indict this wanted criminal for extortion. As yet no indictment has come down, instead, the FBI has threatened the investigator

who uncovered the underworld figure's crimes with obstruction of justice charges to prevent further investigation of these incidents.

- In a well-publicized episode, the chief prosecutor on the check scam case was linked to a conspiracy to destroy the victim of the check scam who was attempting to solve the crime. Despite this episode and numerous complaints of his bias to his superior, the prosecutor was left on the case without explanation.

- Boston federal agents traveled overseas at U.S. taxpayer expense to blackmail the key witness in this case to change his story. When this failed, these agents attempted to bribe him to retract his statement and shift the blame to those uncovering the crime. Specifically, the agents offered the witness freedom to make off with several hundred thousand dollars in stolen cash with complete immunity.

Information and Documentation Wanted
 \$75,000 in reward money is still available for anyone with demonstrable information that leads to the arrest and conviction of those guilty of what appears to be a series of felonies. Others are invited to come forth with any information they have of similar instances of corrupt prosecution under the law by employees of the Department of Justice or other government agencies.

Identifiers will be protected upon request.

Direct all communication to:
FREEDOM

Box 25, 4810 Fountain Avenue, Los Angeles, California 90029
 (213) 643-9431

This ad was put out by a Scientology organization.

Scam

Continued from page 11

an odd assortment of characters star in more than 100 separate tapes, according to an FBI agent.

Many of those tapes have yet to become public, and some perhaps never will. Among them, according to those familiar with the case, is a tape Reservitz made for the FBI when he met in a law office with two Scientologists investigating the phony check written on the Hubbard account. During the session Reservitz reportedly received \$12,500 in reward money from the Scientologists for information he provided them. Some people familiar with the case believe that Reservitz was sent into that meeting to gather evidence against Scientologists for obstruction-of-justice charges in their attempt to implicate Flynn in the bogus Hubbard check. A witting attempt to provide fraudulent evidence to convince federal prosecutors to indict an innocent man — if that's what occurred — would clearly be an obstruction of justice.

"I do not believe anybody from the church will be indicted because that would be an obscenity," says Cooley. "The church has pursued this investigation in good faith."

International intrigue presumably is foreign to the Scientologists. But for Larry Reservitz, it is the habit of a lifetime.

The son of a lawyer, Reservitz grew up in Brockton and went to a private school in New Hampshire, graduating in 1959. He was an honor-roll student; he worked on the school newspaper and his class yearbook. Reservitz was athletic; he was a member of the varsity football and track teams and the junior-varsity basketball team. He was a proctor and a member of the dramatics club. His quote in the yearbook was an enigmatic "Eeee — yes."

Reservitz went on to Tufts, where he majored in economics. During a recent appearance as a prosecution witness in a federal fraud case, Reservitz said he had departed Tufts because of "very poor grades."

According to his own testimony, Reservitz switched to Suffolk University. For the six summers of his college career, he worked in his father's law practice. Reservitz recently explained the work he had done for his father: "Basically carry a briefcase, follow him around, and try and learn some things."

While in college, Reservitz was heavily involved in high-stakes card games, according to a former classmate. Reservitz also boasted about his friendships with professional athletes, including players on the Red Sox and the Celtics.

In 1967, Reservitz passed the bar and joined his father's law firm, pursuing his career with, as one acquaintance recalls, "vim and vigor."

But within a year Reservitz's father died of a heart attack. And Larry — with vim and vigor, if not judiciousness — embarked on a career in crime. He started concocting phony car crashes and bilking insurance companies for damages, according to his own testimony. The motivation, Reservitz acknowledges, was "probably greed."

"It was part of a large deal," Reservitz testified. "They were set up accidents. It wasn't that there was a legitimate client. The majority of these accidents were phony accidents, they were staged... Where there was a legitimate accident, if there were two people in the car, for example, by the time the case got ready for settlement it would have been four people in the car."

Among Reservitz's partners in

crime was a man named Elias Kenaan, of Braintree. Kenaan's wife, Eileen, is the daughter of Ilario "Larry Baione" Zannino, now the reputed head of the Boston Mafia.

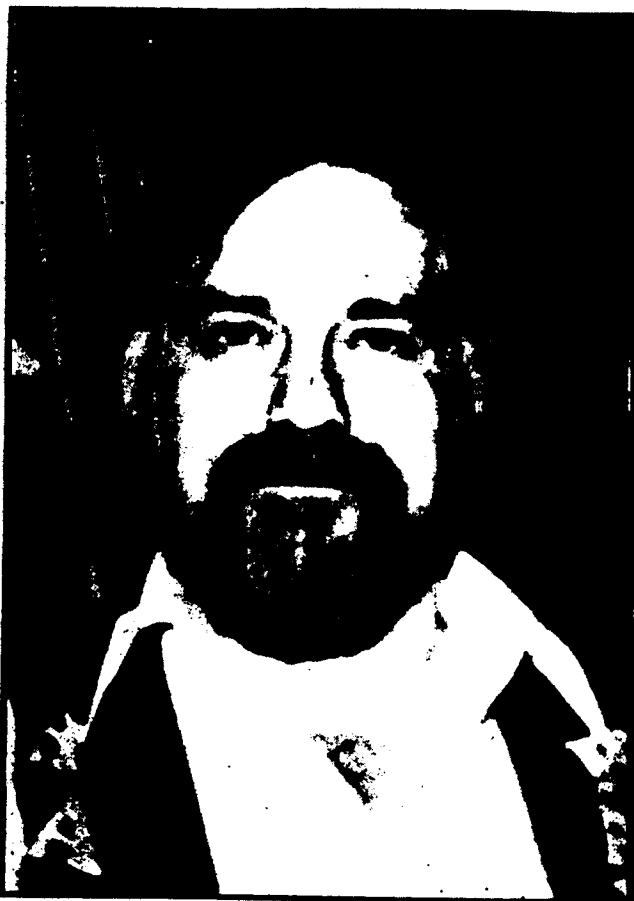
Reservitz testified that he had probably filed more than 20 phony insurance claims during an 18-month period. The scheme had come to an abrupt halt when Reservitz read in a newspaper that a grand jury in Plymouth had been convened to indict an unnamed lawyer for filing false claims.

In early 1970, Reservitz, his wife, and their baby fled to Europe. Shortly before he left, he received a \$650 fee to represent a Stoughton man charged with selling LSD to a state policeman. Reservitz never represented the man but did not return the fee.

Reservitz said he'd hoped the move to Europe would bolster his faltering marriage. After landing in Geneva, Reservitz and his family moved to the Spanish island of Palma de Mallorca, about 120 miles off Barcelona. He invested in a nightclub and ran a small clothing store. Reservitz and his wife had another child. But one day Reservitz returned home to find his family had vanished.

A few months later, more trouble struck. A member of the Spanish secret police, whom Reservitz had befriended, told him that he was about to be arrested and extradited. While he was in Spain, Reservitz had been indicted in Plymouth County on more than a dozen charges of bilking from insurance companies, in bogus claims that exceeded \$50,000.

Reservitz quickly sold off his interests in the clothing store and the nightclub at a loss and flew to Marseilles and then Genoa. From there, he took a boat to Israel — "because I'd never been there



Brower: indicted

before and I wanted to see it." He settled in a suburb of Haifa for several months, living off his savings and selling money on the black market.

During his travels, Reservitz met his future second wife, a Scottish woman named Antoinette. When they tired of life in Israel — hampered by their inability to speak Hebrew and Reservitz's failure to find work — they moved briefly to Frankfurt, and then on to Edinburgh, where Antoinette's parents lived. Reservitz also spent time in London, frequently gambling in high-stakes games at a club called the White House, a college classmate told the *Phoenix*. Scotland Yard

became interested in him in part because his passport showed him frequently traveling between Rome and Britain. British police checked with investigators in Italy, who informed them that Reservitz was traveling with Antoinette, and that he was expected to visit her family in Edinburgh for the holidays.

Meanwhile, Scotland Yard learned that Reservitz was wanted back in the States for the insurance fraud. On New Year's Eve, 1971, Reservitz was arrested at the home of Antoinette's family. He was transferred to Pentonville prison in north London, a grim, forbidding structure built in the 1700s. Reservitz was to stay

there for the next four months.

He was held in solitary confinement in an eight-foot-by-five-foot cell, with one small overhead light, a window about one square foot, and a solid-steel door with a peephole for guards to observe prisoners. There was no sink or toilet, just a plastic pail that was emptied once a day. He was released from the cell for a half-hour every day. Showers were allowed on Sundays. The mattress was straw, and Reservitz had one worn blanket. He had no radio. A two-month-long power outage meant that Reservitz sat in darkness for half his stay. "That is a very, very old prison," Reservitz testified. "It's exceptionally unpleasant." While he was incarcerated, he was notified that his first wife had filed for divorce.

A Massachusetts assistant attorney general eventually went to London and obtained Reservitz's extradition. Reservitz was released on bail after arriving in Brockton. While awaiting trial, Reservitz and Antoinette moved to an apartment in Brookline and started a women's-clothing business — with Reservitz's mother providing some of the seed capital. After a year out on bail, Reservitz pleaded guilty to two larceny charges and was sentenced to 18 months in the Plymouth County jail.

Despite his legal problems, Reservitz apparently remained quite solvent. He and Antoinette bought a large brick house in Brookline for \$72,000, where he installed a pool. While Reservitz was in jail, Antoinette ran the clothing business. When he was released in 1974, he appears to have gone straight — for a while. He merged the dress business into a retail clothing firm, which operated a store called Feathers, on Boylston Street in Back Bay. Reservitz opened branches in Quincy, Brookline, Newton, and in several Gilchrist department stores. But the Gilchrist chain went into bankruptcy, taking the

Scam

Continued from page 14

Feathers chain with it, Reservitz testified. "They forced me into bankruptcy because I had so many goods left over that weren't sold. There was nothing I could do. I owed too many people. And actually before we went into bankruptcy the business was insolvent." When Feathers folded in November 1976, it went down hard — owing taxes to the federal government and money to 99 creditors and 10 employees.

Without Feathers, Reservitz returned to an old skill to pay the bills: he gambled, playing cards and placing bets on sports events. In the late 1970s, federal investigators charged Reservitz with possession of counterfeit money, but a magistrate dropped the charges because federal agents were unable to prove Reservitz knew the money was bogus.

Around 1980 Reservitz appears to have developed a source of information inside the Bank of New England. Reservitz says he then became involved in six or seven major frauds using bogus checks, some of which were, at least initially, quite successful. But two of those schemes eventually went sour and contributed mightily to the downfall of Larry Reservitz.

Reservitz testified he had worked with a man named Irwin Swartz to carry out those scams. Using fraudulent paperwork, they had arranged for a financial-investment concern to transmit \$2 million to the account of a Chicago jeweler in 1980. After the money transfer had occurred, Swartz, purporting to represent the financial concern, picked up \$2 million worth of jewels from the jeweler. It was a scheme that netted Reservitz more than \$100,000. But three weeks later, Swartz was arrested in Montreal while making a pick-up at a coin shop in a similar scam. Swartz was convicted of fraud and sentenced to a decade in prison. Despite pressure from in-

vestigators, Swartz initially refused to name Reservitz as the mastermind of the scams, because Reservitz was paying him to remain silent. But Swartz eventually cut a deal, and Reservitz was indicted on a variety of charges, including wire fraud, conspiracy, and obstruction of justice.

At about the same time, Reservitz erred again. He attempted to buy a truckload of marijuana from undercover agents of the federal Drug Enforcement Administration. That cost him a three-year sentence.

Swartz was partly through his testimony in the fraud case when Reservitz cut his own deal. He pleaded guilty on July 13, 1984, to five charges, and secretly agreed to cooperate in criminal investigations for the federal government. Reservitz immediately informed investigators of another scheme that he was already helping orchestrate: an attempt to pass a bogus \$12 million check from an account at the Bank of New England. The participants, Reservitz said, were Jack W. McNatt, 39, of Boxford, a departmental-systems manager in the corporate-agency department at the bank, and Arcangelo "Bochie" DiFronzo, 49, a Somerville man who was then co-owner of New England Mail Services Group. They were convicted this April following a trial at which Reservitz and his tapes were the star witnesses.

While Reservitz was gathering evidence for his new friends at the FBI, he had supported himself by gambling, he testified. He bet on sporting events, and he played gin with the fellows over at the swank Cavendish Club, in Brookline, where his gregarious personality made him a favorite.

It was while Reservitz was wearing a hidden tape recorder for the McNatt-DiFronzo investigation that he revealed his involvement in the Hubbard-check scheme. According to transcripts, Reservitz, sipping black Sanka in a Cambridge restaurant,

chuckled as he told DiFronzo that Scientologists thought Flynn was behind the check scam. "They think that I'm part of a conspiracy to defraud the church, that I'm tied up with Michael Flynn [and other Flynn associates]... I've never heard of these people. I wouldn't know these people if they stood in front of me."

And in another meeting that he tape-recorded with DiFronzo, Reservitz explained that the Hubbard-check scheme had failed because Hubbard himself had written a check to pay taxes at about the same time, thus drawing down his balance. Recalled Reservitz, "Do you understand that L. Ron Hubbard wrote out a tax check, the guy whose check it was happened to write out a tax check at that time and take money out of the fuckin' account?" Scientologists say that though Hubbard had recently paid his taxes when the bogus check was presented in New York, there was enough money in the account to cover the check.

It was within hours of completing his street work for the McNatt-DiFronzo case that FBI agents whisked Reservitz off to prison on December 6, 1984. The two-year sentence he eventually received on the check frauds was eventually consolidated with that from the marijuana case, and both were cut to 18 months. Reservitz served 13 months in prison and then returned to the streets.

Reservitz, his wife, and two children were relocated at government expense and given a new identity through the federal witness-protection program. There is an unconfirmed report that he was in the crowd at a recent Las Vegas fight featuring another Brockton man and Reservitz acquaintance, middle-weight champion Marv Hagler.

As FBI agent Dennis Carney testified at the recent McNatt-DiFronzo trial, the saga of 44-year-old Larry Reservitz may be far from over. "He's free to engage in other scams right now," Carney said. □