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California and the West

Extremist Institute Mired in Power Struggle

■ **Courts:** Staff members oust founder of Holocaust denial center. They are now entangled in lawsuits and poisonous prose.

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COSTA MESA—On the sunny autumn morning of the coup d'etat, Willis Carto could be found clinging to the glass doors of his cherished institute like a tough sea barnacle.

Swiftly, the mutineers moved to oust Carto, 67, a stubborn and wiry man who had founded and shaped the obscure

Institute for Historical Review into a revisionist think tank that critics call the "spine of the international Holocaust denial movement."

The insurrection finished with the slam of a door and Carto pushed out in the cold.

But it did not put a close to the civil war raging within a small circle of Holocaust "historical revisionists," who are more accustomed to other battles: denying the reality of Auschwitz's gas chambers or the World War II extermination of 6 million Jews.

Since Oct. 15, when the founder and the institute's insurgent staff unclenched their fists and laid down their weapons—a club, a concrete-filled can, wire clippers, a sawed-off handle of a garden tool and a handgun—the rival

factions have continued battling for control of the institute with lawsuits and poisonous prose.

The bitter power struggle is outlined in voluminous court documents from three lawsuits pending in Orange County Superior Court. Carto has declined to discuss the matter except through his court declarations and letters to supporters.

At stake is not only the 16-year-old Costa Mesa-based institute and its shadowy web of political connections, but a generous bequest of more than \$10 million in stock certificates from the late granddaughter of inventor Thomas Edison.

And much like their lingering squabble over history, everyone involved has a sinister theory about the spark that

ignited and destroyed the bonds between the founder and his staff of six longtime editorial employees: Subterranean forces. Greed. Money. Racism. Inadequate health benefits.

"I'm sure this is personally difficult for Carto," said Kenneth S. Stern, author of "Holocaust Denial" and the American Jewish Committee's specialist on hate groups. "This is the man behind the curtain who has been pulling the strings for years. Carto was the guiding force behind the institute, the one who pulled together the white supremacists and neo-Nazis. Is it going to fall apart? These people are all committed to the same goals. They're fighting over money, tactics and personality, but their common agenda is one of promoting

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Nazism and xenophobia."

Mainstream Jewish organizations, alarmed by the spread of Holocaust denial theories, said the split is a boon because it has divided key figures who promote the movement as a serious enterprise.

"Whenever enemies are fighting with each other, that is a positive sign," said Aaron Breitbart, a senior researcher for the Simon Wiesenthal Center in Los Angeles. "Let them shoot each other. You don't hear a lot of human rights groups talking about this because they feel they should fight it out. Maybe they'll manage to wreck each other's camp."

From an unassuming suburban headquarters in Orange County, the institute has emerged over the last decade as an international forum for right-wing ideologues from Europe and the United States who have used the pages of the institute's glossy *Journal of Historical Review* to debate themes such as whether the diary of Anne Frank was a fraud or the concentration camp gas chambers possessed the capacity to execute 6 million Jews.

In 1985, the institute attracted international publicity after it paid \$90,000 to settle a lawsuit filed by Mel Mermelstein, an Auschwitz concentration camp survivor, in a case that became the subject of a television movie. Mermelstein sued after unsuccessfully demanding the institute's \$50,000 reward offered for proof that the Nazis operated execution gas chambers.

Since Carto's unceremonious ouster, his wife and another ally have filed a lawsuit and an appeal in Orange County Superior Court, unsuccessfully seeking to regain control of the institute. Carto has also circulated angry letters, linking the rebel staff to his enemies such as Mermelstein, the Anti-Defamation League of B'nai B'rith and a catch-all category of "political Zionists." In court documents, he hints that the Church of Scientology is a backstage force. Two of the rebel staff members are Scientologists who deny that religion played a role in the takeover.

"It is certain there are many more motives at work," Carto wrote in a letter shared with his supporters, "not the least of which—in addition to Zionist forces—are pure greed and also the involvement of a bizarre, mind-bending, Jim Jones-like cult, which has a long history of infiltrating and ruining organizations."

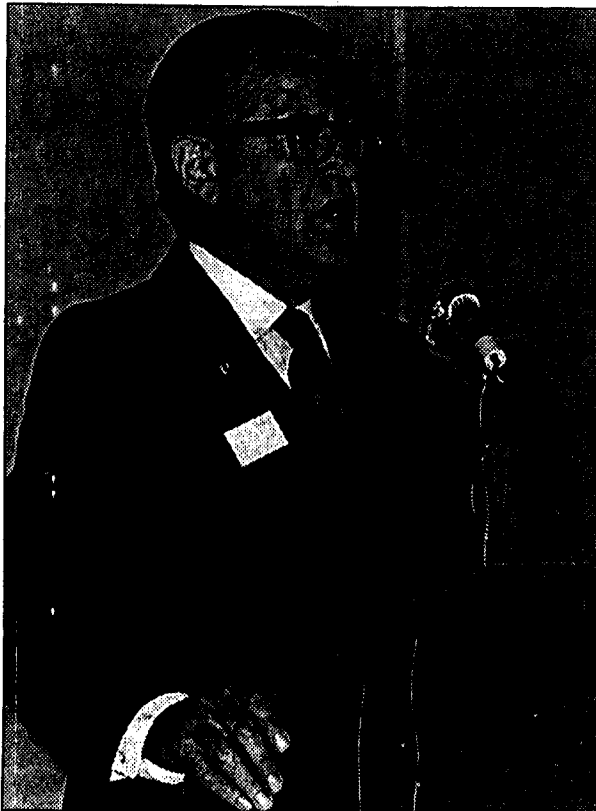
Over 16 years, Carto handpicked or approved each one of the rebel staff members who shared his theories that the Holocaust had been greatly exaggerated for propaganda purposes.

Carto had been active in conservative politics since the 1950s, when he organized the Liberty Lobby, a Washington-based group whose weekly tabloid supported former Klansman David Duke's political aspirations. The Anti-Defamation League of B'nai B'rith spurns the lobby as "the most active anti-Semitic organization in the country . . . a multimillion- [dollar] operation."

Irwin Suall, director of fact finding for the ADL in New York, said his organization has been monitoring Carto's activities for decades. "We regard him as probably the leading anti-Semite in the country because of his funds, resources and publications at his command," Suall said.

Yet, even with that well-known reputation, the staff came to view their founder as an edgy, cantankerous Capt. Queeg who was steering the institute too far starboard.

In interviews, they complained that he treated them like children and skimmed on their pay. He was so intent on saving money, they said, that he lowered the air conditioning on peak summer days. He exhorted them to conserve paper clips. Longstanding employees said they lacked health benefits, a sore issue that a lower-ranking staff member huffed about even in the midst of the October coup d'etat.



Willis Carto has filed a lawsuit seeking to regain control of the Institute for Historical Review.

They also blamed Carto for scrimping on the institute's fire insurance coverage, which became a compelling issue after the group's former quarters in Torrance was destroyed in a July, 1984, firebombing that caused \$300,000 in damage. The group was insured for only \$50,000. One employee bitterly observed in a court declaration that only Carto's locked personal office—which contained four heavy bronze busts of Hitler—was unscathed by fire.

And in interviews and court documents, the institute's staff criticized Carto for botching the handling of the celebrated Mermelstein case, which later was made into a television movie starring Leonard Nimoy and Dabney Coleman.

"Carto's launching and subsequent mishandling of the reward offer wound up costing a \$90,000 settlement with Mermelstein and another \$30,000 in attorney's fees and \$20,000 in lost productivity, not to mention embarrassment and widespread alienation of supporters," director Thomas J. Marcellus wrote in a court declaration in connection with the lawsuit debating control of the institute.

But the growing resentment finally exploded on the issue of race.

"Our main problem was editorial direction," Mark Weber, editor of the *Journal for Historic Review*, said in an interview. "He wanted to make substantive changes in the direction of the review. He wanted to become more 'racialist,' to make it more clearly white racist."

Carto's intent became clear last April, according to Marcellus, who remembered a table-pounding session of outbursts "a la Nikita Khrushchev."

While the senior staff editors listened in dismay, they said, Carto declared his intention to slash journal stories devoted to the Holocaust by 80%. Eventually, they were told, the topic would vanish entirely, along with the name of the journal.

"The focus of the new journal would be race and multiculturalism," Weber recalled in a letter to subscribers. "In one written memo, Carto called for an article to appear 'proving' the partial African ancestry of President Eisenhower. . . . The staff told Carto that to transform our journal into such a periodical would be suicidal."

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For years, they had tried to win a measure of credibility for their movement with a journal that strived for a sober tone although mainstream historians still scoffed at their results. Suddenly, it appeared to the staff members that their glossy, scholarly looking journal—with a paid circulation of 6,000—was in danger of becoming little more than a crude racist rag.

In his correspondence to old allies in the Holocaust denial movement, Carto would later argue that he simply was trying to expand the focus of the journal to include articles on ancient history, culture, art, religion, philosophy, social and racial matters.

The staff did not buy the Renaissance argument; they threatened mass resignation.

"Having suffered Carto's machinations, harebrained schemes, mismanagement, insults and irrationality long enough, the senior staff met to determine the course of action to stop Carto from taking harmful actions," said Marcellus in his court declaration.

They quickly devised a strategy, turning for advice to the same Santa Ana attorney who had defended the institute in the Mermelstein lawsuit.

One employee started researching Carto's ties to the institute's parent corporation, the Legion for the Survival of Freedom. He discovered, according to the staff's court declarations, that the Texas-based non-profit corporation had listed a corporate director who had been dead for five years.

Then as the summer progressed, Marcellus discovered a \$100,000 bank order for Carto's Liberty Lobby. It was drawn on a Swiss bank account holding funds for the Legion from the Jean Farrel Edison bequest, according to court documents.

Edison, the granddaughter of Thomas Edison, was a wealthy heiress to the Edison fortune who died in 1985, leaving conflicting instructions about the dispersal of her estate. A handwritten will bequeathed the money—then estimated at \$40 million—to a South African-born woman who was Edison's neighbor in Switzerland.

The Legion also had a claim to the money because Edison left further instructions that only a Legion representative could open the four safe deposit boxes in Europe, Asia and the United States that contained cash certificates for the money.

Three of the boxes and \$20 million in certificates were found, according to Suall of the ADL, who said the fourth box in Singapore was never located. The Legion and the neighbor fought over the money in Swiss courts, finally splitting the estate in 1990.

During settlement conferences related to the Mermelstein case, the institute's attorney, William S. Hulsey, recalled how Carto acknowledged the existence of the legacy, describing it as "considerably smaller because it had been contested by various Jewish groups."

"Carto told me that he had been distributing the Farrel Edison bequest 'to good causes' but did not say to whom," Marcellus said in court documents. He added that Carto's wife, Elisabeth, told him that Carto had set up a separate corporation called Vebit Inc. to control the money and loan it back to the Legion. The loans and debts would then make the Legion an unappealing target for lawsuits, according to Marcellus.

For years, Marcellus said, the institute, which has a mailing list of 30,000, had shifted its assets among various corporations to avoid losing property in an unfavorable lawsuit. But never had they considered that they would unleash the lawyers on one another.

In his court declaration, Carto lashed out at the accusations of "lying, cheating, falsifying, committing fraud, etc. These brazen smears prove that [the staff] is trying to obfuscate the one significant fact: that I founded and built the IHR using what help I could get and usually paying for it with the dollars of sincere and concerned Americans. And I did this in the teeth of the opposition of extremely powerful and entrenched forces, which had no wish to have me succeed."

Eventually, the senior staff members and their attorney persuaded two elderly directors of the board for the Legion to resign because of the allegations about Carto. Then the remaining third board member was enlisted to appoint a slate of new directors from the rebel camp.

That director, Thomas Kerr, eventually came to regret his decision.

"I was misled as to the facts," said Kerr, a retiree and part-time translator who added in an interview that he appointed new board members because he thought he had no other choice. "I think it's all about money. They believe Willis Carto has a tremendous amount of money that was left to the Legion in the will. They think he has it and they mean to get a hold of it."

In September, the new board voted to terminate all association with Carto. At present, the fractured relationship of Carto and his historians is being sorted out in Orange County Superior Court, where the three lawsuits stemming from the takeover are pending.

In one case, Judge Robert J. Polis has ruled that the new board has authority to run the institute, concluding that "Willis Carto was exercising substantial control over the Legion without any apparent legal authority."

Still awaiting judgment is the staff's civil damage claim for the fateful fall day when Carto returned to the headquarters after the senior editors engineered his termination.

While the editors were away, Carto notified their attorney that he was seizing control. Meanwhile, according to the remaining staff members, Carto and his wife and three men set about disconnecting the office telephones, disabling the computers and changing the locks.

"It was hard to keep from laughing," said Hulsey, the staff attorney who raced to the office after receiving the faxed declaration of war. "It was like something out of Woody Allen's banana republic. Who would control the headquarters? The staff arrives, forces the door and then fistfights start breaking out all over."

Eventually, police arrived and Carto was arrested along with some staff members. Charges were never filed against any of them.

Hulsey's last memory of the melee is an indelible image of Carto with one foot wedged in the door. Nearby, a staff editor was waving a gun to break up a wrestling match on the floor. Meanwhile, other institute historians were struggling mightily to shove Carto out the door.

The founder's screams filled the room: "You're killing me!"