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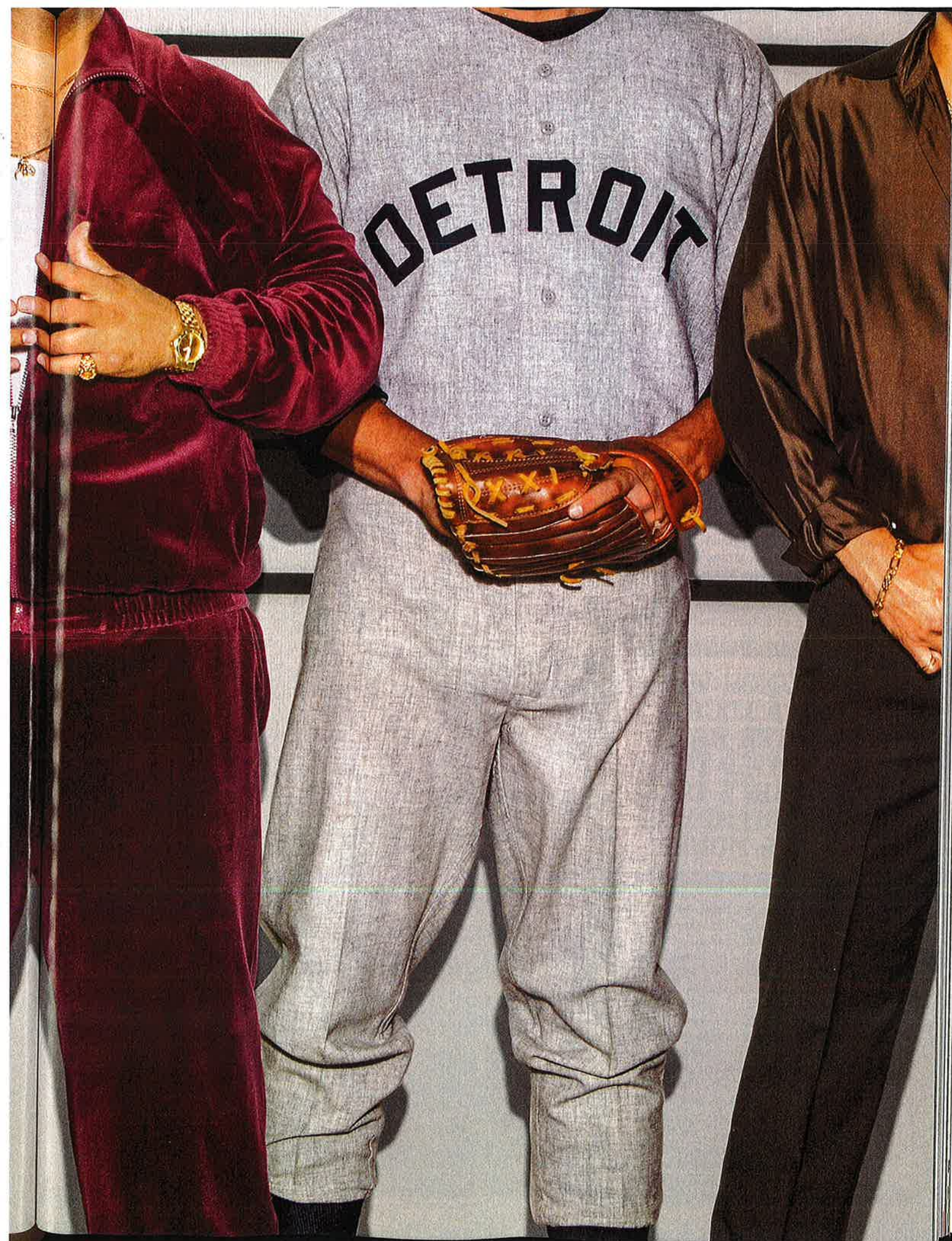
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# FULL COUNT

FORMER DETROIT TIGERS PITCHER DENNY MCLAIN IS A BASEBALL LEGEND AND AN EX-CON. BUT DID HE ALSO SWINDLE THE GAMBINO CRIME FAMILY OUT OF MILLIONS? AN INSIDE LOOK AT THE INVESTIGATION INTO MCLAIN'S MOVE FROM THE BIG LEAGUES TO A MUCH MORE DANGEROUS GAME

By **MATT BIRKBECK**

*Photography by Jared Ryder*



**D**enny McLain sits comfortably in a metal folding chair at a baseball card show in Columbus, Ohio, doing his thing, which is selling Denny McLain.

To see McLain work his admirers is a thing of beauty. On this spring day in early May he's multitasking: signing baseballs, shaking hands and selling photos from his playing days in the major leagues. Not content with all that, he's also imploring fans to come back in August for a weeklong appearance of the U.S. Military All-Stars, a charity baseball team he sponsors that travels the country with a roster of veterans and active-duty military members. And if that's not enough, he's also hawking a plastic contraption that folds into a U and fastens to an aluminum bench, the kind of thing you'd find at a college or high school baseball game.

"Here, try it," he says while fastening it to a piece of hardwood. "See how it supports your back? I'm selling thousands of them."

McLain is in constant motion even at 70, his energy boosted in part by the 156 pounds he lost following bariatric surgery last year. He talks to everyone, from the guys next to him selling baseball jerseys to the fans seeking his autograph. One guy wearing a Baltimore Orioles cap asks McLain which Oriole was the toughest to strike out in his day.

"None of them," deadpans McLain

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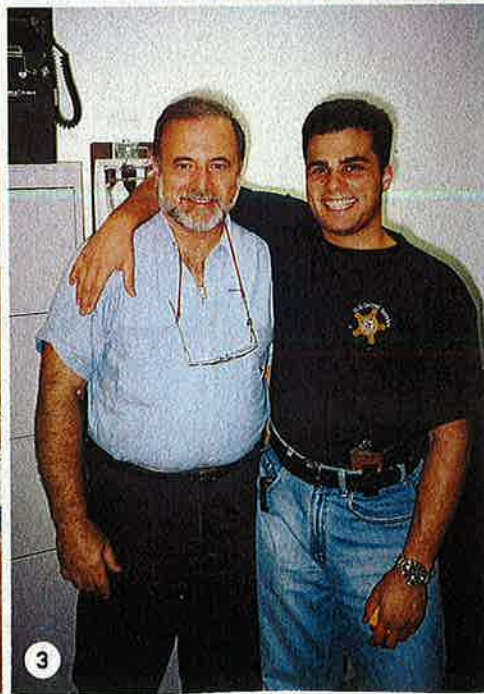
## ONE RUMOR WAS THAT A LOCAL MOBSTER HAD DISLOCATED TWO OF MCLAIN'S TOES IN AN ATTEMPT TO RECOVER MONEY.

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about a lineup that featured the great Boog Powell and Hall of Famers Brooks Robinson and Frank Robinson.

McLain then does what he always does. Not content with just signing a baseball, he posts the complete stats from his historic 1968 season, including "31-6" (his record), "CY" (Cy Young Award winner), "MVP" (most valuable player), "IP" (innings pitched), "K" (strikeouts), "ShO" (shutouts) and "CG" (complete games). It serves as McLain's reminder to his fans that he didn't just have a special year, he had one of the greatest years in Major League Baseball history.

McLain is in good spirits as fans stop by to pay homage. He talks easily about his career, particularly the dominant years from 1967 to 1969, and hustles his various





1. During McLain's historic 1968 season he won the Cy Young Award, MVP and a World Series championship. 2. Boxes of confiscated phone cards. 3. Deputy U.S. marshal Ercole Gaudio with Secret Service agent Nino Perrotta. 4. John Gotti Jr. outside his home in 1995. 5. Perrotta and agent Marty Walsh execute a search warrant on Gotti's Nic O Dan Communications in Queens, New York. 6. McLain on the cover of *Time* magazine in 1968. This copy is autographed with his name and stats.



projects. ("Think about it," he tells an elderly couple, "where else are you going to get the entertainment value that you'll find with the Military All-Stars?")

McLain is an open book. Ask him anything about his past, from that stellar 1968 season with the Detroit Tigers to his multiple brushes with the law. He'll even discuss his two separate prison terms in the 1980s and 1990s, both of which, he insists, were not the result of wrongdoing on his part. He relishes his role as a rogue.

But one topic doesn't elicit his standard cocksure responses. Mention his 1998 indictment for telecommunications fraud, and his mood instantly darkens.

"Are you fucking kidding me?" he says, his voice rising in anger.

The subject conjures names he thought were long forgotten—the U.S. Secret Service, the FBI, the Mafia and John Gotti Jr.

Continue that discussion and he becomes unhinged, appearing not to care if anyone in the arena, or even the city of Columbus, hears him spewing. His assistant, Adam Brook, throws his own curveball to calm McLain down, telling him he needs to sign a few baseballs for the event's organizers.

But McLain doesn't take the bait. Instead, he slumps in a chair, his chin hitting his chest in despair. It's a sensitive place where he clearly doesn't want to go.

Denny McLain has a secret.

In 1993 the U.S. Senate Subcommittee on Investigations reached out to New York's Organized Crime Task Force for help issuing a subpoena in a racketeering case involving a boxing promoter in the Bronx. The OCTF, formed in 1970 as part of the New York attorney general's office, specialized in probing crimes near and dear to gangsters, including narcotics trafficking, gambling, loan-sharking, money laundering and racketeering.

From its headquarters in White Plains, the OCTF began a preliminary investigation into the boxing case and quickly



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deduced that the promoter was also the head of a gambling operation run by the Gambino crime family. Its interest piqued, the OCTF partnered with the Bronx district attorney's office. Among those assigned to the case was rookie investigator Pasquale "Nino" Perrotta.

The son of Italian immigrants who settled in Mount Vernon, New York, Perrotta always wanted to be a cop—in particular, a Mob buster. He was a kid when his father, Antonio, opened a small deli in the Bronx in 1976 and was soon visited by two men who explained he had to use their private sanitation service if he wanted his garbage picked up. Antonio refused. Soon after, the deli developed a rodent problem (aside from rats, Perrotta says, someone left a boa constrictor). A week later the windows were broken.

"My dad would take the garbage home and put it out himself. He didn't give in," says Perrotta. "That was my first taste of the Mafia and how it works."

Perrotta arrived just as the investigation of the boxing promoter began. He buried himself in the task, listening to countless hours of wiretaps from more than 50 recording devices that had been placed in the homes and businesses of wiseguys. The backlog of recordings



2

1. McLain at his Michigan home in 2006. 2. After his 1985 conviction for racketeering, extortion and cocaine possession, McLain was sentenced to 23 years. He served less than three years before the sentence was overturned for a procedural violation. 3. Gotti Jr. outside the federal court in White Plains, New York in 1999.



3

included material from a bug placed in the home of Greg DePalma, a Gambino family soldier who gained notoriety for his inclusion in a famous 1976 photograph of Frank Sinatra posing at the Westchester Premier Theater with several mobsters, including Paul Castellano and family namesake Carlo Gambino.

One call in which DePalma's son Craig was summoned to a meeting with John Gotti Jr. caught Perrotta's attention. The

younger Gotti had taken control of the Gambino family in 1992 at the behest of his notorious father, who was serving a life sentence in the federal penitentiary in Marion, Illinois for murder and racketeering. Junior, as he was known, was not considered the brightest bulb among rank-and-file gangsters, but since his well-respected father had tapped him to run the family in his absence, no one argued.

With Junior (continued on page 122)



## FULL COUNT

*Continued from page 72*

now linked to the investigation, the OCTF probe continued through 1995. What was originally an investigation into a boxing promoter quickly expanded into gambling, loan-sharking and extortion within the construction industry.

By early 1997 Perrotta had left the task force to join the U.S. Secret Service. It was a dream job, except for the fact that he wasn't doing much investigating. He remained in touch with his old partner, veteran case agent Ercole "Echo" Gaudio, chiefly to see how the investigation was going. Nowhere, replied Gaudio. The probe had stalled and the FBI was threatening to take over. The OCTF wanted Perrotta back in the fold and wanted him to help bring in the Secret Service, which aside from protecting the president, congressmen and other members of the federal government also investigates financial crimes.

"Nino is a very dedicated law enforcement officer," says Gaudio. "I've never seen anybody with energy like this guy. We called him Zoom. He has a hell of a personality, but he'll drive you crazy when you hang around with him, because he doesn't stop."

Itching to get back on the investigation, Perrotta referred the request to his bosses in New York, who agreed to review some of the evidence to see if there was a role for the Secret Service. Organized crime investigations were, on the federal level, typically the domain of the FBI, which had an ongoing Gambino task force in New York with a staff of 60 agents. The FBI was also territorial and didn't like other federal agencies, particularly the Secret Service, treading on its ground. Perrotta needed to prove this was a Secret Service case.

"If one card falters, you come back with another one, with another one," says a grunt voice on the recording. "You keep moving the credit in and out, in and out."

Bob Weaver, then head of the Secret Service's New York Electronic Crimes Task Force, was trying to make sense of the trove of transcripts from the wiretaps, a difficult task since gangsters often spoke in code. Of particular interest were discussions among several men about long-distance phone cards, including this 1996

conversation between Junior Gotti and his driver and lieutenant, Anthony Plomitalo. The gangsters were concerned about the need to have several brands of phone cards lined up to replace the ones that would eventually be shut down once the carrier realized it was never getting paid.

"You never get jammed up," says Junior on tape. "But if it happens we have several cards, you come right to their stores and you bring the other cards in. Pump them right in. Tell them having a problem with the other card, 'Here, take this card.'"

Weaver suddenly understood: The Mob was selling international calling cards to immigrants, busting out the cards and replacing them with new ones.

The scam was simple. The Mafia widely distributed cheap phone cards in neighborhoods throughout New York and other big cities with large immigrant populations. The cards, which sold in valuations of \$5 to \$20, promised buyers blocks of minutes to make international calls at the lowest rates available. Some cards worked, if only for a brief time, while others only returned busy signals. Customers would demand refunds, but the distributors would simply pull the cards out of circulation and flood the streets with replacements. The companies supplying the minutes, including AT&T and MCI, would get stuck with unpaid invoices while the Mob got rich.

Weaver determined that the operation was indeed a violation of 18 U.S. Code Section 1029, which refers to "fraud and related activity with access devices"—in this case, phone cards. It was the perfect crime for the Secret Service to investigate.

Perrotta and Weaver were assigned to the case along with Gaudio, who was cross-designated and sworn in as a deputy U.S. marshal. Vincent Heintz, a Bronx assistant district attorney known for his aggressive style and strict moral code, was sworn in as a special assistant U.S. attorney and given charge of the investigation.

The small team moved quickly throughout most of 1997 and executed search warrants across the country, accumulating evidence that, along with additional wiretaps, included financial records and tens of thousands of phone cards with names such as Smile & Dial, UTC, MVP and Liberty Tel, which was distributed through Junior Gotti's company Nic O Dan Communications.

By the fall, the Secret Service team had connected nearly all the major Mob families to phone cards, but it hadn't answered one major question—who was selling them the minutes?

Perrotta started over. He reread the wiretap transcripts, scouring for clues, until he came upon the name of one firm, Tel-Central Communications, that had been mentioned often by several of Junior Gotti's associates. According to bank records, Tel-Central Communications was based in Brighton, Michigan, and its president was a Dennis McLain who had a lengthy rap sheet and had recently

been sent to prison for stealing \$3 million from the pension fund of a meatpacking plant he had owned.

"All I knew he was some guy who was in prison for ripping off a meatpacking pension fund," says Perrotta. "I had no idea who he was, and I didn't know how he got hooked up with all these Mob guys."

Think of 1968 and you could point to any number of historical events, from the riots at the Democratic National Convention in Chicago to the protests over the increasing U.S. presence in Vietnam, to the assassinations of Martin Luther King Jr. and Robert F. Kennedy. It was against that turbulent backdrop that Denny McLain made baseball history.

Born on Chicago's South Side, McLain was a pitching phenom at Mount Carmel High School, where he led the team to three city baseball championships. The son of an unloving mother and a World War II veteran father who died at the age of 36 from a heart attack, McLain was recruited by the University of Notre Dame to play college ball in 1962; instead he opted for a \$17,000 contract to turn pro for his hometown Chicago White Sox. Within a year the Sox had soured on their young right-hander, who could throw a fastball past anyone but couldn't master any other pitch. He was placed on waivers, and the Detroit Tigers snapped him up for \$8,000. McLain made his major league debut in September 1963 against the Chicago White Sox.

Two years later he won 16 games as a member of the Tigers' starting rotation and quickly established himself as one of the game's most feared pitchers. During the 1968 season, McLain was virtually unstoppable, throwing fastballs almost exclusively and cranking out wins every fourth day while anchoring a rotation that included the great left-hander Mickey Lolich. He was named the American League MVP and won the first of his two Cy Young Awards.

"Clearly, without a doubt he was extraordinary," says Ed Randall, a baseball historian and host of the weekly *Ed Randall's Talking Baseball* on WFAN radio in New York. "That year, 1968, could have been the road to a Hall of Fame career. No one, especially in today's game with specialty pitchers and starters throwing fewer games and innings, will ever match his records for wins, innings and starts."

Despite his success, McLain made few friends on the Tigers. His cockiness and arrogance, the same qualities that would get him into trouble later in life, rubbed several players the wrong way, including the legendary Al "Mr. Tiger" Kaline.

Not helping matters was his innate ability to get into trouble. One rumor making the rounds in the clubhouse was that a local mobster had dislocated two of McLain's toes in an attempt to recover money for a friend who'd won a large bet on a horse but was never paid by McLain, who backed the bookmaking operation.

McLain admitted to hurting his toes but told several stories explaining the incident, from stubbing them on the floor to chasing wayward raccoons near his home.

The tale remained in-house until 1970, when *Sports Illustrated* broke the story. McLain would eventually admit to investing in the bookmaking operation but nothing else. It marked the beginning of the end of his baseball career. Baseball commissioner Bowie Kuhn suspended McLain for half the 1970 season. He was later traded to the Washington Senators, where he lasted a year, followed by stops in Oakland, minor league Birmingham and finally Atlanta. By the spring of 1973 his great right arm was dead and his career was over.

He was only 29.

With a wife, Sharon, daughter of Cleveland Indians great Lou Boudreau, and four children to feed, McLain would embark on a number of business ventures, some dubious, none a success. He filed for bankruptcy twice during the 1970s. By the early 1980s he was back to bookmaking, this time in Tampa, and working for a mortgage company that was under investigation for, among other things, tampering with borrowers' documents. Following a raid in 1984, McLain and the mortgage company principals were indicted and later convicted of extortion, racketeering and cocaine possession. Despite his professions of innocence, McLain was sentenced in 1985 to 23 years in prison. He spent two and a half years behind bars before an appeals court, citing technical irregularities with the prosecution's case, threw out the verdict.

McLain took advantage of that break and cleaned up his act. Realizing he could make a living being Denny McLain, he played the keyboard at a Detroit bar where former boxing great Leon Spinks served as bartender and began working baseball card shows. He later landed a radio job hosting *The Denny McLain Show* in Detroit. By the early 1990s the show was a hit and McLain was making \$400,000 a year. More important, he had been forgiven by Detroit sports fans.

But as quickly as life got good again, it went terribly bad. On March 20, 1992, McLain's 26-year-old daughter Kristin was killed in a car accident. McLain and his family were devastated.

"Before his daughter died he was on a good path," says Eli Zaret, a Detroit sportscaster who has known McLain for years and co-wrote his 2007 book, *I Told You I Wasn't Perfect*. "He was on top of the world."

Just a year after his daughter's death, the still grieving McLain inexplicably became a partner in a near-bankrupt meat-processing plant in Chesaning, Michigan, northwest of Detroit. The company, Peet Packing, had been around for 107 years and despite its financial problems retained 200 employees and a pension fund flush with \$12 million in cash.

"I figured if I could win 31 games, I could do anything, and I thought I could save the company," says McLain. "But it was the dumbest thing I ever did."

Federal prosecutors later charged that McLain and a partner stole \$3 million from that pension fund to repay debts and to use for personal expenses. In December 1996 he

was convicted of conspiracy, money laundering, theft and mail fraud. He was sentenced to eight years in prison.

As he had during his trial in 1985, McLain professed his innocence, saying he "never took a dime." His only crime, he claimed, was not paying attention to what his business partner, the real crook, was doing. He was also the target, he says, of a vicious Detroit press, particularly its sportswriters, who flayed him mercilessly.

"Every one of them just piled on," says McLain, who saves his deadliest venom for Mitch Albom, the best-selling author and longtime sports columnist with the *Detroit Free Press* whose scathing columns vilified McLain.

"Mitch Albom is a motherfucking cunt!" he screams, startling a couple of young boys checking out baseball jerseys at a nearby booth.

Ten months after the Peet Packing trial ended, McLain received a call from U.S. Secret Service agent Nino Perrotta.

In November 1997, agents from the U.S. Secret Service, the FBI, the New York Organized Crime Task Force and various federal prosecutors milled around with nervous anticipation. McLain had been transferred from the McKean federal prison in northwestern Pennsylvania to a holding cell at the Westchester County jail, just north of New York City. Now he was en route to the U.S. attorney's office in White Plains.

Agent Perrotta stood among the officials. Just a month earlier, Perrotta had reached McLain by phone at McKean. After introducing himself, he explained his investigation into the New York Mafia and the millions it was reaping selling international phone cards. Perrotta explained that McLain's small firm, Tel-Central Communications, had been identified in wiretaps as a major supplier of minutes for the Mob's phone cards, including those owned by John Gotti Jr.

Perrotta then told McLain that if he cooperated he'd be released from prison and sent home. He also offered McLain the opportunity to enter the Witness Protection Program.

"I said, 'You need to tell me about Gotti Jr.'s involvement in phone cards and lay out the entire scheme,'" says Perrotta. "He said, 'Absolutely, but you have to get me out of here.'"

It was a watershed moment, not just for Perrotta but for the entire U.S. Secret Service. The penalties for telecommunications fraud not only called for lengthy prison terms but required each offender to pay financial restitution. That restitution included treble damages, a statute that required the court to triple the amount of damages determined by a jury. By Perrotta's math, that exceeded a whopping \$100 million.

The young agent, his heart racing, knew that McLain could do something no one else, not even the FBI, could—bring the Mob to its knees. And not just the Gambinos. Other Mafia families, including the Bonannos, Colombos, Genoveses and Luccheses, had all been in business with McLain, buying his minutes and circulating their own fraudulent phone cards.

So when McLain was finally escorted into the federal prosecutor's office in the northern New York City suburb, Perrotta darted



"We can do extensive blood work, take X-rays, check your prostate...or I could sell you some great weed for 50 bucks."



over and introduced himself to the hulking six-foot-one, 280-plus-pound man, who raised his shackled hands and bellowed, "Hi, Nino, I'm Denny!"

For the next several weeks McLain told his story in between frequent jokes, requests for Kentucky Fried Chicken and offers to sign his name on baseballs, paper napkins or anything else the law enforcement officials could muster. By the end he had admitted to stealing \$6 million from his carrier, MCI.

Prosecutors, evidence in hand, wanted him to admit to stealing more than \$30 million.

"We were going down in an elevator after the first session. Denny was all happy and said, 'How'd I do?'" recalls Perrotta. "I said, 'Not good, Denny. We know it was a lot more, and the U.S. attorney isn't going to settle for anything less.'"

The investigators had wiretap transcripts of Junior Gotti discussing his phone card operation and others in which Gotti's lieutenants spoke about McLain by name. Perrotta says McLain admitted to meeting with several mobsters, but he never implicated Gotti and vehemently denied ever meeting him.

It was a shrewd strategy. The former pitching legend was trying to paint the corners of the plate, admitting only what he believed was enough to send him home to Michigan but never giving prosecutors what they wanted, which was a full confession. Frustrated, investigators sent McLain back to prison.

"Each day he would come up with some cockamamie story about why something happened," says Perrotta. "One day he wants to tell us everything, then he backs off, and we didn't know why."

Even without McLain's testimony, prosecutors believed the evidence in the phone card case was among the strongest in a 60-count indictment handed down in January 1998 against Junior Gotti and many of his lieutenants. Denny McLain was also indicted. The phone card charges were so potentially damaging to the Mob, they caught the attention of Junior's infamous father, who was filmed at the Marion federal penitentiary in Illinois expressing deep disgust over his son's "stupidity" during a visit from his brother Peter and daughter Victoria.

"I read this indictment, and I'm ashamed of it," said the senior Gotti.

Most disconcerting, said Gotti, were the forfeiture acts associated with the phone card charges. Gotti knew that if his son was found guilty, he would not only spend years in prison but, more important, be on the hook for tens of millions in restitution. Likewise, a successful conviction would rattle members of other Mob families, given that they would be subject to similar charges and restitution.

"[Junior] left himself wide open," said Gotti Sr.

And so had Denny McLain, though his refusal to tell his whole story still nagged Perrotta and other members of the Secret Service team. What was he hiding?

Deregulation of the telephone industry in the mid-1990s led MCI, AT&T and several other large carriers to seek alternative sources of revenue. The solution was to sell millions of international long-distance minutes to resellers. Those resellers in turn slapped the minutes onto prepaid phone cards. On the back of each card were identification numbers that the reseller activated via servers, or switches, when the card was sold to a retail store.

It was a new industry and a lucrative one, with the carriers reaping profit margins of 50 percent and more. Some of the resellers were legitimate companies, while others were opportunists, charlatans and criminals who joined the business thanks to the carriers' generous credit terms. Enter Denny McLain, a famous former athlete with an entrepreneurial spirit and a name recognizable enough that he was able to strike a deal with MCI in 1994 that gave him millions of dollars in credit to buy long-distance minutes.

Although McLain had minutes to sell via his MVP cards, he had no distribution. But the Mafia did—lock, stock and every street-corner bodega. While it's unclear how McLain initially made contact with the wiseguys in New York, the Secret Service cultivated two confidential sources who laid out McLain's entire phone card operation.

The first source was his son-in-law, Mark Lauzon, whom Perrotta summoned from Michigan to White Plains in December 1997. In his statement to the Secret Service, Lauzon told investigators he joined

McLain in the spring of 1995 to help run Tel-Central's office. Soon after, he traveled with McLain on business trips to the New York area, where they met with several men, including Elias Maalouf and Michael Zambouros, both of whom had long-standing ties to organized crime. The two had been distributing McLain's MVP card along with their own Smile & Dial and UTC cards. During their meetings, said Lauzon, checks as large as \$100,000 were passed from Maalouf to McLain.

On another trip to New York, Lauzon claimed, he and McLain met with several other men, including Junior's driver Anthony Plomitallo, who was representing the Gotti family's Liberty Tel phone card. Junior had heard about the lucrative phone card business and wanted in, but Plomitallo wanted McLain to sell the Liberty Tel card minutes for below cost, offering, for example, calls to Jamaica for 39 cents a minute when McLain got them from MCI for 60 cents. Gotti's plan was simple: Flood the streets with the cheaper cards and drive out the competition. McLain readily agreed.

Lauzon then relayed how Plomitallo had threatened him and McLain, explaining in no uncertain terms that he expected Gotti's card to be a success.

"[Plomitallo] said his people—my understanding, organized crime—would be angry and Denny could get hurt," Lauzon told the Secret Service. "The statement to me was very intimidating, and I felt my life as well as family, including Denny, could be endangered...because of who Anthony claimed to be associated with."

On October 24, 1998, the Secret Service secretly flew its second source to New York's LaGuardia Airport and transported her to a local Marriott hotel. Paula Hughes, McLain's account manager at Tel-Central, signed documents agreeing to become confidential informant number 99-233. Over the following hours, Hughes walked investigators through the inner workings of McLain's phone scam.

According to Hughes's statement, McLain set up his operation using two computer servers, or switches, in Detroit and one in Jefferson City, Missouri, to facilitate the call volume from his customers. From his laptop, McLain set the rates and activated the cards sold by his Mafia partners.

But unbeknownst to his partners, McLain manipulated the previously negotiated international long-distance rates, raising them during nights and weekends, when calling was heaviest. Customers had no idea they were burning minutes faster and being cheated out of time, which forced them to buy more phone cards, increasing McLain's profits.

Hughes claimed she pleaded with McLain to stop toying with the Mob's cards, but to no avail. Even his deal with Gotti's Liberty Tel card was subject to McLain's machinations, she said. While agreeing to sell Gotti Jr. international minutes at below-market rates, McLain secretly hiked them with a couple of keystrokes on his computer.

According to Hughes, not only was McLain bilking his customers and cheating MCI, which continued to extend him credit, he was also stealing from the Mob.

Hughes also described meetings she attended in New York with McLain and several "Mafia types," including Zambouros, who she said passed along leather bags filled with cash. Tel-Central's revenue, she said, was deposited into McLain's personal bank account. Hughes claimed that McLain, a licensed pilot, would routinely load his plane with garbage bags filled with cash and fly to the Cayman Islands, where the money would be deposited in offshore accounts safely hidden from investigators and the Mafia.

Fortunately for McLain, he never had to account for his money or his dealings with the Mob.

By January 1999 the U.S. Secret Service case against Junior Gotti, McLain and others was believed to be so airtight, then U.S. attorney Mary Jo White (now head of the U.S. Securities and Exchange Commission) petitioned the court to split Gotti's case into two trials, one for the phone card investigation and another for charges that resulted from the FBI probe, ranging from racketeering to extortion.

But something was amiss.

Behind the scenes, prosecutors had begun to quietly negotiate a plea agreement with Junior Gotti's attorneys. The initial deal on the table included a guilty plea to phone card fraud and the onerous financial hit that came with the charges. Junior refused.

After several more weeks of discussion, Junior agreed in April 1999 to plead guilty to several counts, including racketeering and extortion, as well as to pay a \$1 million fine and give up several properties. Lesser Mob members also received prison terms.

The Secret Service's phone card investigation was dropped.

Vincent Heintz, the Bronx assistant district attorney who headed the Secret Service investigation, was so furious with the decision that he leaked word of the pending deal to the New York *Daily News*. Heintz was subsequently removed from the investigation but not before he relayed his deep concerns about Mark Pomerantz, who was appointed head of the U.S. attorney's criminal division in New York in 1997, after the phone card

never sat down and explained to us why they cut a deal. It had a lot of people scratching their heads."

Yet another festering issue was the strained relationship between the Secret Service and the FBI. The dueling agency turf war had become such a distraction that prosecutors spent much of their time resolving complaints, mostly from the FBI. The FBI's New York bureau had spent years infiltrating New York's Mafia and did not take kindly to the Secret Service intrusion.

The FBI was also embarrassed that it was the Secret Service and not the bureau that had uncovered the phone card scam, especially since the FBI had the first crack at McLain. In April 1997, months before he ever spoke to Perrotta, McLain was flown

to New York after voluntarily agreeing to discuss his phone card business with the bureau in hopes that his cooperation would help get him out of his prison sentence for pension fraud. According to the FBI investigative report detailing the encounter, McLain relayed how several mobsters wanted to take his company Tel-Central public. It was a typical Mob con—artificially pump up the company stock from an initial price of \$5 a share to \$20 and then dump the overvalued stock on clueless investors, thus earning huge profits for McLain and his partners. But since the deal never materialized, the FBI lost interest and sent McLain packing back to prison.

Six months later, FBI officials were stunned to learn the details of the Secret Service case, and

their already frosty relationship with the agency went ice-cold.

"There was a lot of competitiveness and strained relations between the agencies," says Andrew C. McCarthy, who headed the U.S. attorney's White Plains office and had negotiated Junior Gotti's plea until those discussions were taken over and finalized by Pomerantz. "I had to do a lot of refereeing."

Most disconcerting to the Secret Service was its inability to seize McLain's money. A special asset-forfeiture team had tracked his accounts in the Cayman Islands, and the Secret Service was ready to seize them once McLain was convicted of phone card fraud.

"The money was not lost on us. We knew where it was," says Weaver. "But we couldn't go in unless he was convicted."

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probe had begun, and who had personally taken part in the Gotti plea negotiations.

Pomerantz's appointment and participation raised red flags within the Secret Service, given he had ties to Junior Gotti's uncle Gene, who was sentenced in 1989 to 50 years in a drug-trafficking case. Pomerantz's law firm represented Gene Gotti in that case, and Pomerantz personally represented Gene in his 1991 appeal, which was denied. Pomerantz declined to comment for this story.

"There was a shift from Vince Heintz to others and Pomerantz," says Bob Weaver, who retired from the Secret Service in 2004. "That upset a lot of people who thought Pomerantz should have recused himself in the case since he defended Gene Gotti. They

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In July 1999 all charges against McLain were dropped and his money in the Caymans remained untouched.

"He had all that money tucked away in the Caymans, and he didn't want to admit to us he stole more than \$6 million, because he didn't want to tip off the Mob," says Perrotta. "That was his secret."

Since his release from prison in 2003, Denny McLain has spent the past decade doing the things he's always done, whether it be attending baseball card shows, starting a new business or getting flagged by law enforcement—in September 2011 he was detained at the Canadian border on a fugitive warrant issued in Louisiana involving nonpayment in a business deal. McLain was released, and no charges were filed.

After cooling off and catching his breath near the end of the Columbus baseball card show, McLain glides over the details of the U.S. Secret Service investigation into his phone cards, which in his words was "a lot of nothing."

He claims he was the victim in the case, victimized by everyone from MCI for extending him and others millions in credit to inflate its own value, to the Secret Service and federal prosecutors drooling at the chance to put John Gotti Jr. and the New York Mafia out of business.

"Like I told you before, it was all bullshit. I never knew John Gotti Jr., I didn't steal any money, and I never should have been charged," he says.

But his apparent anger over the phone card case hasn't stopped him from maintaining contact with the agent who first called him at the McKean federal prison.

McLain has kind words for Perrotta, who remained with the Secret Service until 2003 and now works for another federal agency. Before he resigned, Perrotta was rewarded for his work on the phone card fraud case with a plush assignment in Rome.

"I liked him a lot," says McLain. "He's a good guy."

In 2007, years removed from the phone card investigation, Perrotta says he received a call out of the blue from McLain. He wanted to say hello and to let Perrotta know about his new book, which includes McLain's version of the Gotti and Secret Service cases. Since then the two men have remained in constant communication, with McLain calling or e-mailing Perrotta to tell him about some new business he's starting or a new gizmo he's promoting.

McLain sends Perrotta electronic Christmas cards and just last April sent a breathless e-mail extolling the potential of his stadium back brace, trying to convince Perrotta to invest \$5,000. Perrotta declined.

"He can say he's friends with Nino Perrotta, but that's his narcissism, that craziness that comes with being Denny McLain," says Perrotta. "I've stayed close with him but only with the hope that I'd have the chance again to lock him up. In my mind I'd love to put a pair of cuffs on him right now and walk him out."



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