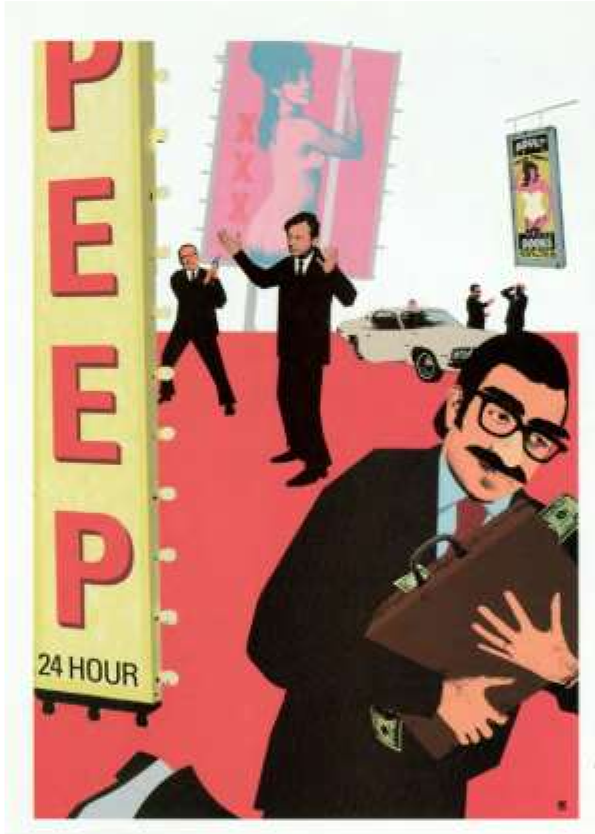
A REPORTER AT LARGE

# EMPIRE OF THE OBSCENE

*Reuben Sturman, the creator of the modern adult-entertainment industry, loved to flout the law. Then he went too far.*

**By Eric Schlosser**

March 3, 2003

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On a gray, snowy day in the fall of 1977, a young I.R.S. special agent named Richard N. Rosfelder, Jr., drove to the Sovereign News headquarters, a heavily fortified two-story brick warehouse in the heart of a Cleveland ghetto. Rosfelder planned to inform its owner, Reuben Sturman, that he was being investigated for tax evasion. A certified letter would have done the job, but Rosfelder wanted to meet Stur-man, who, at the time, was the world's biggest producer and distributor of hard-core pornography. Sturman, whose holdings were larger than those of the more flamboyant Hugh Hefner and Larry Flynt, was highly secretive about his business operations. The Cleveland *Plain Dealer* once speculated that he might be the wealthiest man in the state of Ohio, though for more than a decade the only photograph of him the newspaper possessed was a mug shot taken in 1964.

In front of the Sovereign News building, Rosfelder and his partner, Thomas N. Ciehanski, noticed a man clearing snow from the windshield of a Cadillac. It looked like Sturman, but they weren't sure. A tall, slender man in his early fifties, Sturman constantly changed his appearance, growing a beard or a mustache and then shaving it, wearing eyeglasses on some days and not on others. Rosfelder approached the man and asked where he could find Reuben Stur-man. The man told him to ring the buzzer at the warehouse door, and then drove off in the Cadillac, with a big wave and a smile, as a voice on the intercom informed Rosfelder that there was nobody by that name at this address.

Rosfelder's brief encounter with Stur-man was the first round of a legal purr suit that would unfold over the next fif- teen years, as the I.R.S. investigation expanded from Cleveland to Los Angeles, New York, Chicago, Toronto, London, Zurich, Hong Kong, Panama, and western Africa. Sturman liked to flout authority, and soon became the target of law-enforcement agencies worldwide. Sturman's supporters argued that he was a hardworking businessman and a brave defender of the First Amendment. His opponents said that he was an organized-crime figure, whose success stemmed in large part from a close working relationship with the Cosa Nostra. Rosfelder's view was straightforward: he thought Sturman was an arrogant, multimillion-dollar tax cheat.



The story of Reuben Sturman spans the history of the modern American sex industry, from the underground distribution of girlie magazines to the sale of adult videos at urban newsstands and suburban malls. In 1986, Attorney General

Edwin Meese III's Commission on Pornography identified Sturman as the most prominent figure in the business. Though his name remains largely unknown, his influence is inescapable.

The revenues from today's sex industry are difficult to estimate, but it is believed that Americans now spend between eight and ten billion dollars a year on "adult entertainment"—hard-core videos and DVDs, Internet porn, cable and satellite porn, peep shows, phone sex, live sex acts, sexual toys, and sex magazines. That's an amount roughly equivalent to Hollywood's domestic box-office receipts. Like Walt Disney, Sturman played a central role in the creation of an entirely new industry—one that manufactured profitable fantasies for adults rather than children.

Reuben Sturman's parents were Russian immigrants who ran a small neighborhood grocery shop on Cleveland's East Side. He aimed to do better. After three years in the Army Air Force, he attended Western Reserve University, briefly worked as a candy and tobacco wholesaler, got married, and then decided to start a business of his own. He'd met a man from Owensboro, Kentucky, who had access to remaindered comic books. Sturman obtained them at a low cost, two dozen to a package, and began offering them to local candy stores for a nickel each, half the usual price. He was a good salesman, funny and full of charm. The garage at Sturman's house served as his first warehouse. He sold comics from the trunk of his car, making deliveries at mom-and-pop stores throughout Cleveland.

The business soon had a name, the Premium Sales Company, and a narrow storefront warehouse. Sturman worked long hours, putting all his earnings back into the business, extending his sales route first to Buffalo, then to Pittsburgh, Detroit, Chicago, and Cincinnati. He eventually opened a wholesale warehouse in each city, supplying them not only with comic books but also with car magazines, movie magazines, and crossword-puzzle magazines. His wife, Esther, joined the company, as did his younger brother, Joseph.

When an employee at Premium Sales suggested that the company carry a few sex titles, Sturman gave his approval without much thought. The recent success of *Playboy* had inspired many imitations, cheaply published magazines featuring black-and-white photographs of topless women. Sturman learned that sex titles not only sold well but had much higher profit margins than remaindered comic books. While other wholesale distributors shunned lurid magazines and paperbacks, he tried to obtain as many as possible.

In 1964, F.B.I. agents raided Stur-man's Cleveland warehouse, seizing five hundred and ninety copies of a paperback called "Sex Life of a Cop," a book that doesn't contain a single dirty word. The F.B.I. also confiscated copies of Jack Kerouac's "The Subterraneans."

Sturman was indicted for distributing obscene materials, and the charges forced him to consider the larger issues surrounding pornography. Under a federal law dating to 1873, an obscenity offense was a felony and could result in a long prison sentence and large fines. The political climate was changing, but there were still strong limits on sexual expression. Hollywood films couldn't show any nudity, and married couples on television slept in separate beds. Lenny Bruce had just been convicted and given a four-month sentence for saying words like "ass," "balls," and "tits" during his New York City night-club act.

Sturman pleaded not guilty to the federal obscenity charge. Then he sued J. Edgar Hoover and the F.B.I. for violating his constitutional rights. Sturman argued that the First Amendment guaranteed Americans the right to buy sexually explicit material—and gave him the right to produce, distribute, and sell it. In 1967, the Supreme Court ruled that "Sex Life of a Cop" was not obscene. The suit against J. Edgar Hoover was dismissed by an appeals court, but Reuben

Sturman had made his point: he was not afraid of the F.B.I. or of the federal government.

Under state laws, Sturman eventually faced obscenity indictments in California, Michigan, Pennsylvania, Massachusetts, and Ohio. He hired good First Amendment attorneys, and won every case. He opened retail stores, first in Cleveland, then in other Midwestern cities and Canada, that offered a wide assortment of sex books and magazines, most of which were now published by his companies. The content grew more explicit with each victory in court. The magazines contained photographs of simulated intercourse. The paperbacks described orgies, bondage, homosexuality, and incest in graphic detail. The sex industry was booming.

On September 6, 1968, federal agents arrested Sturman's wife at their home, handcuffing her in front of their children. She was arraigned on eighteen counts of distributing obscenity through the mail. Stur-man's brother was also arrested that day, and arraigned on the same charges. Sturman was out of town when the charges were filed. The three each faced a possible sentence of ninety years in prison and a ninety-thousand-dollar fine. The arrests were front-page news in Cleveland. "I'm tired of pussyfooting around with smut," U.S. attorney Bernard J. Stuplinski said.

While the case dragged through the courts, Reuben Sturman's brother quit the business, and Sturman and his wife were divorced. As part of the settlement, she relinquished her stake in the company, which was now called Sovereign News. But Sturman had no intention of quitting. Now that he was the sole owner, he sought to disguise that fact. If the authorities couldn't prove that he owned the business, they couldn't arrest him or indict him for anything it sold. Sovereign News was split into hundreds of companies, incorporated in Delaware or

Nevada. The shares, officers, and board members of these new entities were listed in public documents—and Reuben Stur-man's name didn't appear anywhere.

Sturman pioneered new techniques of concealment, recruiting people in Canada who had no knowledge of the sex industry, many of them young Americans avoiding the draft, to serve as "nom-inees"—straw men listed on corporate records as a legal cover for the people who actually ran the companies. The names of these nominees appeared on public documents, on income-tax filings, on the rubber stamps used to sign company checks. The nominees in Canada were hard to find, and their financial stake in various companies was hard to measure, since the I.R.S. didn't have access to their tax returns. For example, an investigator trying to learn who ran Sovereign News would find that it was now an asset of the "Bahamian Company," whose shares were controlled by "Wilson and Company," based in Nevada. The president of the Bahamian Company, according to the records, was Morton Goss, the owner of a carpet store in Ontario.

Security cameras and heavy steel doors were added to the Sovereign News warehouse, where Sturman kept his office. Memos to Sturman were addressed to "R and D" or "To whom it may concern." His business letters often ended with "Best regards," and no signature. Sturman offered to pay the legal fees of employees who refused to cooperate with government investigations. He also formed his own company, National Polygraph, to give lie-detector tests and root out informers.

The obscenity charges stemming from Sturman's 1968 indictment were dismissed. Meanwhile, after seeing an old standup machine that showed film of a naked woman on a small screen, Sturman came up with the idea of putting 8-mm. projectors in a private booth with a lock on the door. Customers paid a quarter to see one or two minutes of a twelve-minute continuous film loop. Sturman's dark, cramped booths soon became the most lucrative sector of the porn industry.

An average-sized store earned at least two thousand dollars a week from its peep booths, and a large store could easily collect five times that amount. Sturman not only earned money from peeps in his own stores but also gave the machines to competitors, who paid him half of their receipts. The employees of Sturman's service companies fanned out across the United States on their daily or weekly rounds, visiting hundreds of adult bookstores, checking the coin meters on peep booths, collecting the money, handing store owners or managers their cut, and then heading out to the next stop.

Sturman used the profits from his peep booths to open more stores and warehouses in the United States, as well as to enter overseas markets. He backed partners in Germany, France, Switzerland, England, and the Netherlands, and began to finance hard-core film production in this country and abroad. By his own count, his companies released more than seven thousand sex films, an average of around one a day for twenty years.

Federal agents rang the buzzer at Sturman's Cleveland warehouse on March 19, 1975. They were denied entry, even after holding a search warrant up to the security camera, so they battered the steel door open with sledgehammers. As nearly two dozen agents searched the warehouse, photographing evidence and confiscating binders full of detailed company accounts, they were followed by Sturman's lawyers, who were busy photographing them.

Within days of the raid, Sturman changed the structure of his corporate holdings again. The information in the binders left the government with a comprehensive picture of a group of companies that no longer existed. Sturman transferred his holdings to countries with airtight corporate-secrecy laws— Liechtenstein, Panama, and Liberia. Monrovia eventually became the official headquarters of Reuben Sturman's worldwide pornography empire.

New obscenity indictments now seemed more like a nuisance than a real threat. Sturman had gained considerable control over the market. In addition to manufacturing and selling his own products, he was the largest distributor of independently made pornography. The names of his companies befitted a porn king: Sovereign News, Noble News, Majestic News.

Sturman bought a Tudor mansion in the exclusive Cleveland suburb of Shaker Heights, and filled it with antiques and fine art, including a collection of Dutch masters. He bought Cadillacs, Mercedes-Benzes, and Rolls-Royces. He dressed like a conservative Wall Street banker and gave money to Jewish charities, the Cleveland Orchestra, and the Cleveland Ballet. He was active and fit, leading a daily exercise class at the downtown Y.M.C.A., where a brass plaque honored his contributions. He was usually accompanied by James (Diz) Long— a former prizefighter and football player as well as an inspector for the Cuyahoga County Board of Elections—who served as his bodyguard, assistant, and chauffeur. A sophisticated security system had been installed at Sturman's home; at his office, he kept a gun in a desk drawer.

Every year, Sturman threw a lavish Christmas party in the ballroom of a Cleveland hotel, attended by hundreds of porn magnates from all over the world, and then a New Year's Eve party in Las Vegas, where he was well known in the casinos as a high roller at craps. He made frequent trips to Chicago, Los Angeles, Hong Kong, Zurich, London, and Amsterdam to manage his business interests. He loved to disarm his opponents. When demonstrators picketed his stores, Sturman sent them coffee and doughnuts. When federal agents staked out his house one night during a party, he walked over and invited them to come inside. Sturman had every right to feel invincible. No one in the sex industry could seriously compete with him. The government couldn't get a jury to convict him, and public demand for his products increased every year. At Sturman's peak, his companies were bringing in perhaps a million dollars a day.

Richard Rosfelder was transferred to Cleveland's I.R.S. Intelligence Division in 1975. He was hardly a typical I.R.S. agent. In college, he'd spent a lot of time partying, unsure of what he wanted to do. Now he was twenty-seven, drove a silver Corvette T-top, and thought that carrying a badge and a gun in pursuit of white-collar criminals was cool. Not long after arriving at the Intelligence Division, Rosfelder became curious about Reuben Sturman. I.R.S. offices across the country were calling with questions about him, and the I.R.S. in Cleveland knew remarkably little. The Civil Division had audited a number of Sturman's companies, but had been unable to locate their officers or directors. I.R.S. agents who visited the Sovereign News warehouse were turned away at the door.

Rosfelder knew that Sturman's organization was doing well. One of its young employees lived in his apartment building and owned a pair of black Cadillacs. An exposé of Sturman's empire in *Cleveland* magazine described his use of Canadian nominees to avoid obscenity charges, beneath the header "How to Confuse the Feds." Rosfelder realized that the same tactics could be used to evade taxes.

Rosfelder had less than four years' experience as a criminal investigator for the I.R.S.; Sturman owned a multinational conglomerate with hundreds of companies, each filing a separate tax return. When Rosfelder asked his supervisor for permission to begin a criminal investigation, the supervisor replied, "You're out of your mind." His colleagues found the proposal unrealistic and wildly overambitious. But it also made a lot of sense. The peep booths generated enormous amounts of cash, and the revenues were difficult to track. Rosfelder had a feeling that the temptation to skim was too strong for Sturman to resist.

In 1976, Rosfelder approached Cleveland's Organized Crime Strike Force, a branch of the Justice Department, which was handling Sturman's latest obscenity case. Although federal law-enforcement bureaucracies usually guard their turf fiercely, the lead prosecutor in the case instructed an F.B.I. agent named George Grotz to help Rosfelder. Grotz handed him two three-ring binders that had been removed from Sturman's office in the 1975 raid. One binder listed the corporations that Sturman owned, the names of their stockholders, officers, and directors, their places of incorporation, and their statutory agents. The other contained details of their bank accounts, bank-signature stamps, and tax-identification numbers. And then Grotz told Rosfelder an interesting story: a few years earlier, Sturman had been arrested after trying to open two accounts at the Zurich headquarters of the Swiss Credit Bank using the name Paul Bekker and a fake Dutch passport. The arresting officer, Detective Alfred Graf, suggested that Sturman might be a drug dealer. "I'm here to hide my money in Switzerland," Sturman replied, "because I don't like to pay the tax."

"It's the same for me," Detective Graf reassured Sturman. "I also don't like to pay the tax." Graf let him go—Switzerland didn't regard tax evasion as a particularly heinous crime. In fact, its bank-secrecy laws specifically guarded the privacy of depositors from foreign tax collectors. But Graf did alert the F.B.I., which let the information languish in its files. Sturman's arrest in Zurich provided Rosfelder with one of the hardest things to demonstrate in a tax case: proof of criminal intent.

Rosfelder chose Thomas Ciehanski as the revenue agent, the numbers man, on the case. Full of high hopes and enthusiasm, they set out to confront Sturman that snowy morning in the fall of 1977, and returned to the office embarrassed at how easily they'd been duped.

When Sturman's obscenity case was tried, in 1978, Rosfelder and Ciehanski sat in the back of the Cleveland courtroom every day, trying to get a sense of the man they were after. During a break, Sturman introduced himself, and asked who they were and what they were doing there. Rosfelder didn't feel like telling him. "We're just a couple of guys watching the trial," he said. Sturman learned their identities from an associate and, passing them in a hallway the next day, cheerfully said, "You guys look like a couple of dogs waiting for a scrap of meat."

The federal courtroom had high ceilings, wood panelling, and elegant murals on the walls. On the days that porn films were shown, the courtroom was packed. Sturman's attorney, the distinguished-looking Herald Price Fahringer, worried about this case. The material at issue was seriously hard-core. "Cake Orgy," Fahringer later admitted, was "one of the most disgusting, nauseating films you'll ever see. You'll never eat a marshmallow pie again as long as you live."

The trial lasted for a month. After a few days of deliberation, the jury found Sturman and his associates not guilty on all counts. In a highly unusual move, the jurors sent a two-and-a-half-page note to the judge, William K. Thomas, criticizing federal efforts to enforce the obscenity laws. Thomas read the note aloud to the courtroom and promised to send it to Warren Burger, Chief Justice of the United States Supreme Court. Sturman was delighted, of course, calling the decision "a victory for average persons, who are interested only in reading what they want to read and seeing what they want to see." Special Agent Grotz vowed that the F.B.I.'s investigation of Sovereign News would continue anyway.

A month after Sturman won the obscenity case, Rosfelder and Cie- hanski joined Cleveland's Organized Crime Strike Force, and continued to investigate Sturman. A grand jury was impanelled to issue subpoenas and to help obtain evidence. Rosfelder decided to bring Sturman to the Strike Force offices for a handwriting sample—one of the few things that he could legally compel Sturman to do. Sturman arrived wearing a cowboy hat and smoking a big cigar. He'd already faced countless F.B.I. agents, U.S. marshals, vice-squad detectives, and prosecutors. He made Ros-felder feel like a minor irritant, and behaved as though the whole meeting were a joke. Although forensic experts had assured Rosfelder that a person can never fully disguise his handwriting, Sturman gripped the pen in his fist and scrawled illegibly. When he was asked to write clearly, he drew big block letters. Stur-man left the office grinning; the handwriting samples he gave were useless.

The Cleveland grand jury issued subpoenas to Reuben Sturman's associates; to Marjorie Rollins, who had been his secretary since the mid-sixties; and to his ex-wife. None of them would provide incriminating evidence.

Next, Rosfelder decided to hunt for the "mother lode"—the Swiss bank accounts. Beginning in April, 1979, he and Ciehanski spent six months examining the bank records of Sturman's companies on microfilm in the basement of the Capital National Bank in downtown Cleveland, going through tens of thousands of cancelled checks and deposit slips, hoping to find evidence of offshore accounts.

Although Rosfelder was having no luck, his instincts were right. Anywhere from twenty-five to fifty per cent of the peep receipts—many millions of dollars—had been sent directly to Sturman. His employees called it the "cream," which they skimmed from adult bookstores on a regular basis, placing the money in safe-deposit boxes or delivering it by hand to Sturman's Cleveland office. Cash was smuggled to Europe in briefcases and suitcases. It was routinely converted into small cashier's checks to avoid federal disclosure laws, and sent overseas. Sturman maintained scores of accounts at the most prestigious banks in Zurich under an assortment of assumed names. At the Union Bank of Switzerland, he was known as Paul Schuster or as Roy C. English. At the Swiss Bank Corporation, he was Robert Butler or Robert Stern.

On his 1979 United States Individual Income Tax Return (Form 1040), Stur-man declared a total taxable income, after expenses, of $1,237. In the space allotted for overseas bank accounts, he listed none.

A typical I.R.S. criminal investigation lasts about eighteen months. As Rosfelder's inquiry entered its third year, his superiors at the I.R.S. grew impatient. He was under increasing pressure to corroborate the Swiss detective's anecdote with hard evidence that Stur-man was breaking the law—or close the investigation. Friends and co-workers began to tease him. They could understand why Sturman worked so hard: he was earning a fortune. But they wondered why Rosfelder spent his days in a bank basement, staring at microfilm, for an annual salary that was a fraction of what Sturman would spend on a Christmas party.

One day, in the summer of 1980, Rosfelder was taking a break from the microfilm when Ciehanski walked into his office, placed a photocopy of a can-celled check for two hundred thousand dollars on his desk, and said, "Bingo." It was drawn from the Merchants and Shipowners Bank, chartered on the Caribbean island of St. Vincent. Ros-felder and Ciehanski returned to the basement of the Capital National Bank and, later that afternoon, found three more deposits from offshore accounts.

The Merchants and Shipowners Bank, Rosfelder discovered, didn't have any offices or branches or safe-deposit boxes. The bank existed only on paper, with funds in a New York City account. Money had been transferred to it through the Union Bank of Switzerland. The paper trail led Rosfelder to one of Stur-man's attorneys, who revealed how he'd helped Sturman open Swiss bank accounts, form dummy corporations, transfer assets overseas, and launder money. Now that Rosfelder knew the locations of these accounts, he needed to see what they contained, and to prove that they belonged to Reuben Sturman.

In order to examine the contents of a Swiss account, a criminal investigator had to demonstrate that the tax evader was linked to the "upper echelon of an organized criminal group." With help from the Strike Force, Rosfelder prepared a secret dossier on Stur-man's alleged ties to the Cosa Nostra. If the Swiss found the allegations convincing, Ros-felder would gain crucial evidence necessary to indict Sturman for tax fraud. If Swiss authorities read the dossier and still denied access to the accounts, Rosfelder's investigation was most likely over.

Opponents of pornography had long argued that the sex industry was controlled by the Cosa Nostra. "Combining old-fashioned muscle with sizeable payoffs to cops and politicians," *Reader's Digest* asserted in 1973, "Mafia dons from coast to coast make sure that no dirty magazine, hard-core film or peep show machine enters their city without the payment of tribute to the local crime 'family' "The F.B.I. endorsed that view, claiming in a 1978 report that pornography had become the third-largest source of income for the Cosa Nostra, exceeded only by gambling and narcotics. Other law-enforcement experts, however, later questioned the degree of Mob involvement. In 1986, President Ronald Reagan's Commission on Organized Crime listed eighteen principal sources of income for the Cosa Nostra, and pornography was not among them.

Organized-crime figures had undoubtedly been involved in the porn trade since its earliest days, operating retail stores, bankrolling hard-core film production, and extorting money from independent businessmen as often as possible. The producers of "Deep Throat"—Anthony Peraino and his two sons Joseph and Louis—had close ties to the Colombo family. Michael (Mickey) Zaffarano, Joseph Bonanno's former bodyguard, operated the national chain of Pussycat Theatres. Robert DiBernardo, a captain in the Gam-bino family, owned Star Distributors, the largest porn wholesaler in New York City. He was also a co-owner of the Show World Center on Forty-second Street, the city's most renowned sex emporium. DiBernardo wielded considerable influence among Mob figures in the porn trade. He was extremely handsome and polite, always impeccably dressed, and widely feared.

The evidence in the public record linking Sturman to the Cosa Nostra is inconclusive and largely anecdotal. In 1978, the F.B.I. claimed that Stur-man had achieved "almost a total takeover [of the porn business] with the assistance of Robert DiBernardo," relying upon threats and intimidation. One of Sturman's business partners in Boston was Joseph Pal-ladino, who had close ties to Raymond Patriarca's crime family. But Homer Young, a legendary F.B.I. agent who had led obscenity investigations for decades, argued that Sturman consistently fought to keep organized crime out of the industry. In 1979, Sturman testified against Cosa Nostra members in a California trial. He said that two men had approached him in front of the Cleveland Y.M.C.A., threatened him with "serious trouble," and demanded payments of twenty thousand dollars a month, which he refused to make. Sturman's testimony helped to destroy the crime family of Los Angeles don Dominic Brooklier. An F.B.I. informer, however, subsequently claimed that Sturman could safely ignore the threats of L.A. mobsters because he was paying hundreds of thousands of dollars to more powerful New York mobsters for protection.

From all appearances, DiBernardo and Sturman were on amicable terms. Every year, DiBernardo attended the Sovereign News Christmas party in Cleveland. The exact nature of their business relationship remains unknown. William P. Kelly, a retired F.B.I. agent who investigated obscenity cases and got to know DiBernardo well, doesn't believe that Sturman served as a front man for the Cosa Nostra. Did Sturman ever make payments to the Gambino crime family? Kelly says he wouldn't be surprised either way.

In the early nineteen-eighties, Swiss authorities granted Rosfelder access to Sturman's accounts—but Reuben Sturman's name didn't appear on any of them, or on any of the signature cards authorizing withdrawals. Rosfelder was certain that these were the right accounts, but he needed a sample of Stur-man's handwriting to prove it. Sturman was brought to the Strike Force offices two more times, but on each occasion he scrawled illegibly for hours. Ros-felder derived some pleasure from the second visit, however. Instead of asking Sturman to copy sentences from the standard handwriting test, he told him to write the names Roy C. English, Robert Butler, Robert Stern, and other pseudonyms over and over. When Stur-man realized that his Swiss bank accounts had been discovered, his mood soured considerably.

During this period, Sturman continued to run his businesses and enjoy his wealth. He courted and then married Naomi Delgado, a beautiful young singer who had released an album of Spanish hip-hop. They later had a daughter. As pressure from the I.R.S. investigation mounted, Sturman told friends that he was planning to retire and spend more time in Van Nuys, California, where he had a house.

Sturman decided to sell his companies to their top managers, but he faced an unusual dilemma: how do you sell something that, technically, you don't own? The problem was resolved, as always, with a clever legal stratagem. When Sturman transferred ownership to the managers, they hired him to serve as a "consultant." Sturman appeared to be handing power to a younger generation and fading into the background. Rosfelder thought that these consulting agreements were just another method of deploying nominees.

Sturman knew that the I.R.S. might now have the evidence it needed for a successful prosecution, but he was by no means ready to concede defeat. He began collecting important documents from his files, which hadn't been stored at his office since the F.B.I. raids in 1975. These records were kept in his lawyer's office, in the garage at his accountant's mother's house, and in his housekeeper's basement amid paint cans and old clothes. Files that might contain information useful to the government were separated from the rest. "I'll probably regret this," Sturman joked to his secretary, Marjorie Rollins, as he started shredding documents. A second round of shredding lasted for three weeks. An entirely new set of business records was created, backdated, and shipped to Sturman's various companies across the United States.

Rosfelder travelled to London, Zur-ich, New York, and Los Angeles, collecting evidence and assembling witnesses to testify before a grand jury. He got peep-show repairmen, store managers, and company accountants to testify. One by one, Sturman's trusted aides began to cooperate with the government, as loyalty gave way to the fear of long prison terms. A number of these people had been employed by Sturman for decades.

On June 28,1985, Attorney General Edwin Meese III announced that a Cleveland grand jury had indicted Reuben Sturman on one count of conspiring to defraud the government, one count of obstructing justice, five counts of income-tax evasion, five counts of filing false returns, and four counts of currency reporting and foreign-bank-account violations. The government accused Sturman of failing to pay more than three million dollars in personal income tax between 1978 and 1982, of funnelling more than seven million dollars through foreign bank accounts, and of destroying and concealing evidence that had been subpoenaed. He faced a maximum of seventy-five years in prison and large fines.

Rosfelder thought that Sturman had probably failed to report at least ten times the amount of income specified in the indictment. It was important, however, to seek only charges that could easily be proved. If jurors doubted one accusation, they might begin to doubt the others.

Sturman was arrested in Los Angeles and held on a three-million-dollar cash bond, which he paid with little difficulty. A team of attorneys led by J. Michael Murray immediately attacked the indictment. During the next few years, hundreds of motions were filed contesting the legality of the government's investigation. Thomas Cie-hanski left the I.R.S., frustrated by the delays and sure that Sturman would never go on trial. Sturman's attorneys argued that he had no links to the Cosa Nostra that could possibly justify violating the privacy of his accounts. "I am not now and never have been a member of organized crime," Sturman swore in an affidavit. "Nor have I ever taken part in any of the activities of organized crime." One person who might have vouched for him, Robert DiBernardo, was unavailable to testify. He had made the mistake of telling jokes about John Gotti, and, in May, 1986, was shot twice in the back of the head by a friend, while waiting for a cup of coffee in Sammy (the Bull) Gravano's Coney Island office. His body was never recovered. According to one federal agent, it was put through a tree shredder.

As the motions and appeals made their way through Swiss and American courts, Sturman was again indicted on federal obscenity charges, this time in Las Vegas. In October, 1987, he was charged under the Racketeer Influenced and Corrupt Organizations Act (RICO), which the Reagan Administration had broadened to include obscenity violations. He faced a possible fifty-five-year prison sentence, the forfeiture of assets, and a two-million-dollar fine. The material at issue in the case was as hard-core as anything on the market: videotapes depicting torture, urination and defecation during sexual activity, and men and women having sex with animals.

The tax-evasion trial began in September, 1989, more than four years after the original indictment. "This is not a pornography or an obscenity case," the head prosecutor said in his opening remarks. "This is a tax case." J. Michael Murray argued that his client's behavior had to be viewed in light of the government's unrelenting efforts to destroy an innocent man's livelihood. "These acts of concealment," he said, "were done as a matter of self-defense and preservation." Stur-man wasn't a criminal; he was an ambitious businessman caught in the midst of a cultural war.

Sturman knew that his prospects in the trial weren't good, but he seemed to be in high spirits. He often arrived at the courthouse in Groucho Marx disguise—false eyebrows and big eyeglasses and a plastic nose—to hide his face from photographers. Day after day, his wife, Naomi Delgado, appeared in the courtroom wearing low-cut blouses and short skirts. As Marjorie Rollins, now Sturman's former secretary, prepared to testify, Sturman said from the defendant's box, "Marjorie, you just forgot everything you ever said." Judge George W. White admonished him, and Sturman promised that it was only a joke, not a threat; he'd be much more careful in the future. Rollins told the court that she had selected names from her favorite novels to list as the officers of Sturman's companies. A. Robert Dostal, one of Sturman's accountants and a graduate of Harvard Business School, revealed his method of finding nominees. "My approach," he said, "was to take the white pages of the telephone book and just flip it open." After choosing a name, Dostal would add it to corporate records, tax returns, and bank accounts, without ever notifying the person in the phone book that he or she had legally become a top executive in Reuben Sturman's porn empire.

On November 17, 1989, Sturman was found guilty of every charge, from tax evasion to conspiracy to defraud the government. It had been twenty-five years since the government's first attempt to convict Sturman of a felony. Judge White sentenced him to ten years in prison and imposed $2.5 million in fines, but allowed Sturman to remain free, pending appeal, on a million-dollar cash bond.

The Las Vegas obscenity trial ended with a deadlocked jury in October, 1991, and the judge was forced to declare a mistrial. "The government had no case against me from Day One," Sturman told reporters from behind a surgical mask. But when the prosecutors vowed to seek a new trial, Sturman agreed to cut a deal, pleading guilty to one RICO violation and seven obscenity offenses. In return, the government allowed his tax and obscenity sentences to be served concurrently. Sturman asked to be sent to the minimum-security federal prison near. Boron, California, in the Mojave Desert, a few hours from his family in Los Angeles. His request was granted.

On June 10, 1992, Judge Lloyd D. George sentenced Sturman to four years in prison and fined him a million dollars. Rosfelder sat in the Las Vegas courtroom watching as Sturman was handcuffed and led away by U.S. marshals.

In the fall of 1992, the I.R.S. was hav-ing some difficulty collecting the back taxes that Sturman owed. But, for the first time, Sturman seemed remorseful. After spending nearly six months in prison, he wrote to Judge White apologizing for his actions and pleading for a reduction of his sentence, so that he wouldn't miss his daughter's childhood. "I thought I could outwit the U.S. government," Sturman wrote on December 1, 1992. "This was stupid on my part." His request was denied, and a week later, on the night of December 7th, he jogged across the prison's softball field, hopped over a low fence, and climbed into the back seat of a car that was waiting with the door open. The driver was Douglas Friedman, the brother of Sturman's new secretary, Stephanie Friedman. As they were driving, Sturman spotted an In-N-Out hamburger stand along the highway and told Friedman to stop. The prison food had been lousy. As they waited in the drive-through line, a sheriff pulled up right behind them in a squad car. Friedman began to panic, but Sturman told him to relax: if the sheriff had any idea who they were, they would already have been arrested. Sturman got his hamburger, and they drove off.

When Sturman wasn't present for the 9 P.M. bed check, prison authorities began to search for him in the Mojave Desert. At midnight, they alerted U.S. marshals in Los Angeles, who warned customs officials at the nation's airports and border crossings that Sturman might try to flee the country.

The following day, Rosfelder was having lunch with a couple of reporters at a Cleveland restaurant when his beeper went off. He had finally closed his file on Sturman and was working on some new criminal cases. He excused himself from the table, called his office, and was told that Reuben Sturman had escaped from prison. Rosfelder hung up the phone and said to himself; "This guy is amazing."

Sturman's war with the U.S. government hadn't ended with his indictment or even with his imprisonment. After being convicted of tax evasion, he had terminated the consulting agreements with his former managers, so that the I.R.S. couldn't get any of the money. He had instructed the managers to pay him in cash or—if they felt uncomfortable with that arrangement—to assign the consulting deals to offshore corporations. To hide personal expenditures from the I.R.S., Sturman had made all of his purchases with a Visa card issued by a Swiss bank, using funds from a Panamanian company. When the I.R.S. seized the contents of his Cleveland home and later seized his house in Van Nuys, Sturman surreptitiously bought them back at government auctions, for a pittance, through foreign corporations.

While Sturman was at Boron, he was still earning at least a hundred and fifty thousand dollars a month. Stephanie Friedman handled the financial arrangements, depositing funds at banks in Switzerland, Luxembourg, the Netherlands, Aruba, and the Cayman Islands. Some of Sturman's associates, however, no longer wanted to fight the government. They now thought that tax cases posed the greatest threat to their businesses. Even those who wanted to keep paying their old boss were scared, caught between the demands of Reuben Sturman and those of the I.R.S. When a number of his old managers stopped paying him, Sturman felt outraged and betrayed. These were people he'd made rich. Now they were stealing from him, acting like real owners instead of employees. First he made emotional appeals to them; then he made threats. When the owner of an adult bookstore in Phoenix paid Sturman only half of what was allegedly owed, he hired a gang to destroy the store's peep booths with sledgehammers and baseball bats. Full pay-ment promptly resumed. The same gang was contracted to knock out the peep machines at adult bookstores in Chicago. The plan went horribly wrong. The thugs used crude, radio-controlled explosive devices; two of the bombs inadvertently went off, setting fire to the gang's rented Chevrolet and killing one of the bombers.

Sturman realized that if federal investigators linked him to the extortion attempt, he might face a life sentence without parole. Moreover, his efforts to get out of prison early had been unsuccessful. He had paid more than half a million dollars in a bid to bribe Judge White, hoping to buy a sentence reduction. The payments had been made to Sanford Atkin, a Cleveland attorney who claimed to be a close friend of White's. Instead of bribing the judge— who had no knowledge of the scheme—Atkin had kept all the money, investing in certificates of deposit, paying clients whom he'd bilked, making loans to friends, buying real estate and a car wash in Cleveland. Once it became clear to Sturman that he'd been conned, a backup plan went into effect. He didn't want to die in prison, and had already instructed Stephanie Friedman to open a Los Angeles bank account for a new company, Escape, Inc.

Rosfelder had worried for years that Sturman might go on the run rather than serve time in prison. But, again and again, Sturman had proved him wrong. During the four years between his indictment and his tax-evasion trial, Sturman left the United States twenty-one times, but faithfully returned from every trip. Thomas Cie-hanski thought Sturman had gone to Spain, where extradition might be difficult to arrange. Rosfelder pictured Stur-man on a beach, halfway across the world, sipping a cold drink and smoking a cigar. Given his wealth and connections, he could have gone anywhere.

The government has never revealed exactly how it found Sturman. On February 9, 1993, at 7:30 A.M., three U.S. marshals entered a small apartment in Anaheim, California, with a pass key. "Hey, Rube!" one of them yelled, startling Sturman, who was alone and asleep in bed. On a nearby dresser, there was a loaded gun in an open briefcase. Sturman raised his hands and surrendered. He had chosen to hide out a few miles from Disneyland.

Sturman thought that Stephanie Friedman had turned him in. She and her brother were at the Cleveland offices of the Organized Crime Strike Force on the morning he was captured. But, according to Rosfelder, who had subpoenaed them, the Friedmans had been prepared to lie about Sturman's whereabouts. It was only after hearing the news of his arrest that they changed their minds and started to talk. Stephanie Friedman told Rosfelder about Sturman's ongoing efforts to avoid paying the I.R.S., his attempts to bribe Judge White, his role in the Chicago bombing, his escape plans. And, while Rosfelder was reeling from those revelations, she told him that Sturman and his wife had tampered with the jury during the tax-evasion trial. The suggestive outfits that Naomi Delgado had worn to court were part of an attempt to seduce a juror.

For days in that Cleveland courtroom, Delgado had smiled and winked at one of the male jurors, an auto mechanic in his early twenties. The juror had no idea that she was the defendant's wife. During a recess, someone handed the juror a note with the address of a restaurant, an appointed time, and a lipstick kiss. He met Delgado for dinner, but when she began to discuss the case, and suggested that Sturman was innocent, he became uneasy. After the meal, she gave him a ride in a Mercedes driven by Sturman's bodyguard. She flirted with him in the back seat and kissed him on the cheek; he quickly got out of the car at his parents' house, where he still lived. He refused to meet Delgado again, dodged her subsequent phone calls, and voted to convict Sturman on all counts.

Although the jury-tampering scheme sounded wild, far-fetched, and unlikely to succeed, hearing about it made Rosfelder feel slightly ill. More than three years had passed since the tax trial, and the young juror had never said a word to the authorities about his dinner and his conversations with Sturman's wife. The plan was so crazy, Rosfelder thought, that it could have worked.

Stephanie and Douglas Friedman cooperated fully with the government. In return for their testimony, no charges were filed against them. They were later given new identities and relocated through the Justice Department's Witness Protection Program.

The Friedmans led investigators to a storage unit in Van Nuys, where Stur-man's latest financial records were hidden, and Rosfelder soon found himself immersed once again in the minutiae of offshore corporations and Swiss bank accounts. One of the documents that Stephanie Friedman provided was an eight-page list, in Sturman's handwriting, of the people who were still sending him money. The list included some of the most prominent names in the porn industry. Within weeks of Sturman's capture, the I.R.S. raised the amount of the back taxes that he owed to more than twenty-nine million dollars, making him perhaps the largest individual tax evader in American history. Rosfelder went down the list, contacting Sturman's associates, informing them that their checks should now be made out to the Internal Revenue Service.

On June 17, 1994, Sturman was given a nineteen-year prison sentence for the Chicago extortion attempt. The judge refused to impose a large fine, as demanded by the government. Sturman told the court that he was now penniless. "All I've got is my prison commissary account," he said, "and I defy anyone to prove otherwise."

Rosfelder retired from the I.R.S. in 1995 and became a private investigator, specializing in white-collar crime. He acknowledges that Sturman may have hidden millions of dollars that the I.R.S. never found but prefers not to dwell on the possibility. “That would make my investigation seem like it didn’t really get to the heart of the matter,” Ros-felder said. “And I don’t want that to be the case.”

Reuben Sturman spent a year at a maximum-security prison in Lompoc, California, before being transferred to F.C.I. Manchester, a medium-security prison in Kentucky. He and Naomi Delgado had divorced, and few of his old friends from the sex industry bothered to visit him. The Clinton Administration had largely abandoned efforts to enforce the nation’s obscenity laws, and pornography had become widely available, mainstream entertainment. The sort of films that Sturman had repeatedly been indicted for selling were now being distributed by some of America’s largest cable, satellite, and hotel companies, which were earning several hundred million dollars a year from adult entertainment. Sturman increasingly seemed like a relic from a shady era that most industry figures wanted to forget.

When I visited F.C.I. Manchester in 1996, the place looked more like a corporate headquarters than like a penitentiary, with cheery postmodern architecture, atriums, skylights, and white walls. Sturman arrived promptly for our meeting, crossing the prison grounds briskly, wearing khaki work clothes and new sneakers. Now seventy-one, his hair and his beard were gray, though his eyebrows were dark brown.

We talked for hours about how he’d formed various companies, fought numerous obscenity battles, built his empire, and then lost it. He spoke bitterly about the U.S. government and its tactics dating back to “Sex Life of a Cop.” “They were scum,” he said of the federal agents. Fifteen years after the I.R.S. gained access to his Swiss accounts, Sturman still felt indignant about the entire episode, as though he had been cheated out of something that was rightfully his.

“Rosfelder’s a horrible man,” he said. He leaned across the conference table in the small room where we met. “Rosfelder lied to the federal government. He lied to the Swiss government. He lied to everybody” The information about the Cosa Nostra that Rosfelder submitted to the Swiss was “nonsense.” Sturman said that he had never paid the Gambino family “any money in any way, shape, or form.” Rosfelder had made the whole thing up “out of whole cloth.”

I brought up Robert DiBernardo. “He was one of my customers,” Stur-man said. “Not one of the bigger ones at all. I knew DiBernardo as a business acquaintance, not as a friend. He seemed to be a nice fellow. I didn’t know he was in organized crime for the first ten years we did business. His two partners were Jewish. His first wife was Jewish. His second wife was Jewish. His kids went to Hebrew school. I thought DiBernardo was Jewish. I really thought he was Jewish—until I had my eyes opened. But that had nothing to do with me, anyway. Gotti’s people shot him, and he disappeared from the face of the earth.” Sturman claimed that his own life had been threatened many times by hoodlums, and that he always told them the same thing: “Do whatever you have to. But get out of my sight.”

Sturman’s mood sank as the conversation turned to more recent events. When I asked for some explanation of the extortion attempts, his answer was brief and matter-of-fact: “Those people owed me money. They refused to pay me. And so we went into one of their stores and we broke up the store, to send them a message. Sure enough, they started paying me again.” He laughed. “I thought it was very nice of them.”

I asked Sturman why he didn’t leave the country after his escape. “I thought being in a big city was the easiest way to get lost,” he replied. “And I would’ve been free and clear if I’d just kept my mouth shut and not gone to see my family . . . I just couldn’t see myself leaving for Europe or Asia . . . I figured if I stayed in L.A., and stayed away from everybody I knew there, I’d be fine. But I couldn’t stay away from my wife and child.”

At one point, Sturman had offered to give the government twelve million dollars. But the government didn't seem interested. "Oh, they hate my guts. I'm a public enemy," he said. Aside from this money, apparently owed to him by various associates, Sturman swore that he was broke. He spent most of his time in prison reading fiction. Few of the other inmates had any idea who he was or how he came to be there.

When our time was up, I walked with Sturman and a prison official into a large courtyard, with footpaths and a well-tended lawn. Sturman shook my hand and said to the prison official, "Show this young fellow to the door," as though the official were his personal assistant. Without waiting for a response, Sturman turned and walked away.

On October 27, 1997, Reuben Stur-man died at a prison hospital in Lexington, Kentucky. A spokeswoman said the cause of death was "heart and kidney failure." Although the Washington *Post* ran a brief obituary, neither the New York *Times* nor any of the major television networks reported Sturman's death. The most heartfelt epitaph was offered by the Chattanooga *Free Press.* "The smut lord is dead," the paper noted on its editorial page. "But the evil he and his court-coddled colleagues have done—the degradation of our nation's culture and the corruption of our youth—lives on." After a traditional Jewish funeral, attended by a handful of family members, Reuben Sturman was buried in a small town south of San Francisco. ♦

*Published in the print edition of the March 10, 2003, issue. As part of an effort to make The New Yorker's archive more accessible to readers, this story was digitized by an automated process and may contain transcription errors.*

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