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# ***FOLLOW THE YELLOW BRICK ROAD: FROM HARVARD TO ENRON***

**PART ONE**

**by Linda Minor © 2002**

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When Dorothy set out to find her way back to Kansas from Oz, everyone she asked along the way told her, simply, "Follow the yellow brick road. These well-marked bricks will take you to the wizard, and the wizard has the power to get you back home."

Each of us has bricks that we can examine that, when pooled with those of everyone else, will enlarge our understanding of how we arrived where we are in 2002. All that is required is a cursory understanding about how money works in our capitalist system.

This article is intended as an example of how that can be done. Much of the understanding is simply adjusting our perception of what sometimes appears to be complicated, unrelated events in the financial world, keeping in mind some very basic premises. If I put cash into a corporation, it can be in two forms. I can get stock (equity) in that corporation, or I can get the right to be paid back in full at a later date (debt). These are very simplistic financial models available, though there are variations that occur that tend to make the options seem much more complex.

What we want to accomplish is an understanding of who was involved in the creation of Enron, to illuminate the yellow bricks on the path that led to that debacle. The best way to know where to start is to look at what's left of Enron with an understanding of how money works, knowing that it will show us where to start in our examination.

Who is left at Enron?

In the last few months, almost all the directors of Enron have resigned with one very notable exception--Herbert Simon "Pug" Winokur, Jr. A man in the shadows whose name may not have made an impression on most people who read headlines. Why is he still around, and where did he come from? This is a good place to start.

## ***Pug Winokur's family***

Pug was born in 1943 in Columbus, Ga. (where Fort Benning is located), while his father (married to Marjorie Lipman in 1942) was serving in the U.S. Army Air Force, attaining the rank of Major during his 1942-45 enlistment. He was awarded the Order of the Cloud and Banner (China), indicating his involvement in the China Burma India Theatre. The military decoration Major Winokur received was an honor presented from the Chinese government of Chiang Kai-shek, who fled to Taiwan when the Red Chinese took over China. There were more than 30 of these decorations, for example. awarded to the Flying Tigers of Clare Chennault. The American troops in the China-Burma-India Theatre were commanded by General Joseph Stilwell, who was the Deputy Allied Commander under Lord Mountbatten of Great Britain—the last viceroy of the British colonial empire in India, who was then assigned to Burma. There have been numerous books written about the involvement of these groups in opium smuggling. An overview of that information can be found at <http://www.drugtext.org/books/McCoy/book/29.htm> and at [http://www.ruby-sapphire.com/burmese\\_politics.htm](http://www.ruby-sapphire.com/burmese_politics.htm)

With this military background, according to information in *Who's Who*, Pug's father returned to his interrupted career in consumer finance--first at Federal Loan Co. and also to Rettews Money Loan beginning in 1958, and Executive Consumer Discount in 1967--all in Philadelphia. These work relationships ended in 1974, followed by his short association with George S. May International in Park Ridge, Illinois, the same city, coincidentally, where Hillary Rodham grew up. In 1975 Winokur, Sr. began a management consulting firm in Wayne, Pa.

The family was of the Jewish religion, and Pug's father was the treasurer of a pawnbrokers' association and belonged to B'Nai Brith as well as to an association involved with Jewish employment. B'Nai Brith, a Jewish fraternal organization, was the sponsor of the formation of the Anti-Defamation League, the seed money of which was put up by Burton Joseph, whose family was involved with the I.S. Joseph Company in Minnesota. (See [http://www.larouchepub.com/other/1995/2249\\_cartel\\_companies.html](http://www.larouchepub.com/other/1995/2249_cartel_companies.html)) Burton Joseph was very closely involved with Meshulam Riklis, whose background will be further explored below.

Pug has a sister named Lisbeth Cload married to Nigel Cload, a Mercedes car dealer in Allendale, N.J. Lisbeth is an attorney at McElroy, Deutsch & Mulvaney, LLP in Morristown, New Jersey after spending 11 years at Orbe, Nugent and Darcy. She was a 1969 graduate of Boston University, studied at the University of Lyons (France), and received her law degree from Pace University School of Law in 1986.

### **First and foremost--a Harvard Man**

Pug himself went to Harvard, where he received three degrees: A.B. '65 ('64), A.M. '65, and Ph.D. '67. His doctoral degree is in applied mathematics (decision and control theory). His first job out of Harvard was with the U.S. Army, assigned to the Department of Defense in Washington, D.C. That was at the end of Robert S. McNamara's seven years in that job. McNamara left the office in March 1968 to head the World Bank, with Clark Clifford filling out Lyndon Johnson's term at Defense.

Sixteen years prior to the JFK assassination, Clark Clifford had written the National Security Act of 1947 (creating the Central Intelligence Agency and Defense Department) for President Truman, and he had also advised Truman to recognize the State of Israel created in 1948, a move violently opposed by Secretary of State Marshall. Clifford's advice about Israel's recognition was allegedly influenced by Jewish contributions to Truman's fund-raising efforts which Clifford headed. Nineteen years after Kennedy's murder (1982) Clifford and his law partner would secure a banking license for BCCI to operate through First American Bancshares of Georgia; Clifford had been representing the foreign investors in BCCI since 1978 when he was also a big fund-raiser for Jimmy Carter.

It is not known whether any contact between Winokur and Clark Clifford--his boss in the Defense Department for only 10 months--continued after 1969, when both men left the government. But when Nixon took office that January, Pug and two other Defense Department analysts started a venture capital firm in Washington, D.C. called Inner City Fund with a black figurehead as president, ostensibly to promote minority entrepreneurship.

At this point we do not know who those other analysts were or where the money came from to invest in this project. It is interesting to note that in the spring of 1968 a report was issued by the Kerner Commission about the prediction for the inner cities, following the race riots in Watts in Los Angeles. Several years after that report, Winokur worked for the man who was in charge of getting the report written--Victor Palmieri. (See <http://www.interactivist.net/housing/war.html>) Also on that Commission was Charles B. Thornton of California (head of Litton Industries) and the CEO of North American Rockwell, John L. Atwood. Both these companies were represented on the Industry Advisory Council, which was started by Robert McNamara in 1962. It is extremely likely that ICF was funded by this organization, and that there is a thread throughout Pug's career that can be traced back to that group which epitomized the military-industrial complex which President Eisenhower warned of in 1961. (For background on the Industry Advisory Council, see <http://www.pir.org/usctrust.html>).

The IAC meetings--which Pug may have attended--were usually conducted by the Deputy Secretary of Defense--William Bundy--whose Yale and Harvard and family background was closely aligned with the opium-running Cabot, Lowell and Acheson families, as well as being molded by the Skull and Bones

society to which the Harriman and Bush families belonged.

(See <http://www.newsmakingnews.com/lmharvardpart1.htm> and <http://www.mishalov.com/Bundy.html>)

ICF, ostensibly a venture capital firm, did not finance any minority businesses but was, however, awarded numerous consulting contracts as a sole-source provider without competitive bidding. It reorganized into a consulting group in 1972 and began branching into engineering. We can only assume how it was financed based on the relationships Pug had developed at that stage of his career. ICF Pug left ICF in 1974, the same year that the Industry Advisory Council disbanded because its secret meetings were thereafter required to be open to the public. ICF would issue an initial public offering in 1988, at about the same time it became ICF-Kaiser through a merger with Kaiser Engineering, a spin-off of the company bought by Charles Hurwitz in 1988. At this point we do not know who may have made money from that IPO.

What we do know is that Kaiser Industries, the original parent, was started by Henry J. Kaiser, an automobile manufacturer in Detroit who had become one of the inner circle of the military-industrial complex in California. (See <http://www.kaiserair.com/about.html>).

We also know that "Tex" Thornton had been Robert McNamara's boss at Ford Motor Co. in Detroit, and that both men had the same background as Pug Winokur; they and eight other people hired in 1945, who answered directly to Henry Ford II were from the U.S. Army Air Corps - Statistical Control. When Pug left Washington, D.C., he went directly to California, where an investment group Thornton headed -- incorporated as Electro Dynamics Corp. -- had purchased and merged into Litton Industries of Santa Clara and began developing equipment in the fields of automatic guidance, instrumentation, computers and controls, and precision electronic components. (See <http://www.littongcs.com/history/home.htm> and <http://www.l-3com.com/edi/>). Litton built a huge facility in Beverly Hills, and also acquired the former Music Corporation of America Building, later sold to Gary Winnick's Pacific Capital Group (Global Crossing). (See <http://www.cerrell.com/releases/189rel.html>) The importance of these details will become clearer later in this article.

## From the Inner City Fund to the "inner city"--Los Angeles

Henry Kaiser, who bought the Vail Ranch in 1964, began consolidating other land tracts to eventually put together over 80,000 acres, believing Los Angeles would grow south and San Diego would grow north, and because Camp Pendleton would cut the growth on the coast in half, the two would "come together at Temecula," the site for Rancho California, which became a land developing project controlled by Macco Realty. The Macco company was an entity involved in the Penn Central bankruptcy, the relevance of which will be made clear in Part Two. (For a brief history of Kaiser and this area in California, see <http://www.temelink.com/crallspace/chiniaeff.htm> and <http://www.kammeyer.com/firmhistory.htm> and <http://www.temecula.org/History.asp> and <http://www.worldcity.com/news/libertyship.html> and <http://detnews.com/history/pioneer/pioneer.htm> and [http://www.jailhurwitz.com/cronies/CAST\\_of\\_CRONIES/LEONE\\_William\\_C/McCULLOCH\\_OIL/HURWITZ\\_&McCulloch-LEONE.txt](http://www.jailhurwitz.com/cronies/CAST_of_CRONIES/LEONE_William_C/McCULLOCH_OIL/HURWITZ_&McCulloch-LEONE.txt)).

When Charles Hurwitz began acquiring a company called McCulloch Oil in 1978, the chairman of the company was Charles Wood, Jr.--the man who had designed and engineered the construction of Disneyland in 1955. McCulloch Oil had been founded by Robert McCulloch, a close business associate of Wood. In 1960 McCulloch and Wood began to develop Lake Havasu City near Scottsdale, Arizona around a man-made geyser and the London Bridge, which had been transported across the Atlantic and reassembled. After Disneyland, Wood had gone on to build Freedomland in the Bronx, New York and to work with Toddie Lee and Angus Wynne of the Great Southwest Corporation in building Six Flags in Texas. The Great Southwest Corp., in conjunction with Webb and Knapp had gone into great debt in the early 1960s pursuing these projects and tried to recover by selling the corporate stock to the Penn Central Railroad owned by the Pennsylvania Company, which, at the same time, bought Macco Realty and Arvida.

What is intriguing about this is that McCulloch Oil, the Great Southwest, Macco and Arvida were very rich in land. This fact was no doubt known by David Murdock, who in 1964 had moved to Los Angeles from Phoenix where he had been involved in home construction. Although he was allegedly bankrupt when he arrived in California, he founded a company that made tile to be used in construction and later became a land developer and then a corporate tycoon. We do not know at this point whether Murdock, whose

background before that time is extremely sketchy, may have been involved with the Bonanno family which had been involved in real estate development in Arizona. (See <http://www.murderinc.com/fam/bonn.html> and <http://www.newsmakingnews.com/torbitt.htm> and <http://www.sanfran.com/features/Troubleinthepresidio4.html>).

Pug Winokur went to work for Murdock in 1974, just before Charles Hurwitz began buying stock of McCulloch Oil (which owned up to 12,000 acres of land in Arizona). By this time these assets had been acquired by Kaiser related corporations. Winokur's future employer, Palmieri, of Kerner Commission fame, had already left Los Angeles in 1969 to work for the Great Southwest Corporation and its parent Pennsylvania Co.—the corporation which had ended up with thousands of acres of land in Texas and California belonging to these corporations that had such elusive connections to Charles Wood.

## Who pulled Murdock's strings?

Pug left Washington, D.C. in 1974 and moved to Los Angeles to work in a senior executive position with David Murdock's Pacific Holdings, at 10889 Wilshire Blvd. in Westwood, Los Angeles. Murdock's office was across the street from the Occidental Petroleum company and a few blocks south of UCLA. Murdock did not acquire Occidental, however, until almost 10 years later. When Michael Milken moved to California from Philadelphia in 1978 to open his west coast branch of Drexel Burnham Lambert, his office was only a few blocks east of Murdock's in Century City. Pug would remain with Murdock, who was then 51, until around 1980, the year Pug moved back to Philadelphia to work for Victor J. Palmieri.

In 1974 David Murdock was not known. He had not yet done anything that would make him famous or notorious. It was not until 1982 that his company, Pacific Holdings, announced it had purchase Cannon Mills on the East Coast, the profits of which he used, when he sold the company three years later, to acquire Occidental Petroleum--the oil company created by Armand Hammer, a man very close to the leaders in the Soviet Union. But Occidental, coincidentally, also owned an oil pipeline in the drug-producing country of Colombia. (See <http://www.salisburypost.com/2000february/020600d.htm> and [http://www.essential.org/monitor/hyper/issues/1991/09/mm0991\\_07.html](http://www.essential.org/monitor/hyper/issues/1991/09/mm0991_07.html) and <http://www.miami.com/mld/miamiherald/2002/03/16/news/world/americas/2869995.htm>).

David Murdock, who is often painted as a high-school dropout (<http://www.forbes.com/global/1999/1011/0220080a.html>), hired Pug Winokur, a man with a Harvard Ph.D. in statistical mathematics, the kind used, for example, in calculating gambling odds and setting values on derivative securities. Is it possible that Murdock was a front for what was really going on behind the scenes? Take Zapata, for example.

In 1974 Murdock operated David H. Murdock Development Company and Murdock Investment Co. By 1976 he controlled Pacific Holding which, according to SEC records, owned 29.2% of voting securities of International Mining Company (IMC) and the following year tendered an offer for the remaining shares, to be purchased with 20-year 9% subordinated debentures. At the time IMC owned 64.4% of Pato, a gold dredging company. SEC filings on Zapata in 1979 indicate that IMC of 200 Park Avenue in New York (coincidentally, the same address as the Federal Home Loan Bank of New York; also the current address of Mitsui Global Precious Metals), was the largest shareholder of Zapata with 10% of the common stock. By 1979 Pacific Holding owned all of IMC stock. Murdock became a director of Zapata in December 1979, while Winokur was a Murdock employee.

Although Zapata Offshore was a company of modest dimensions, under George H.W. Bush it had a network of subsidiaries which was suspiciously complex. Zapata Offshore filings with the SEC in Washington for the year 1960-1966 were "inadvertently" destroyed by a federal warehouse. During that time, a short profile of the Zapata Offshore corporate substructure researched by a Mr. Allan Mandel was submitted to Texas Senator Ralph Yarborough on October 13, 1964, which showed Zapata Offshore owned 50% of Seacat-Zapata Offshore Company, which operated the drilling rig NOLA III in the Persian Gulf. In addition, Mandel identified the following Zapata Offshore subsidiaries:

- A. Zapata de Mexico
- B. Zapata International Corporation

- C. Zapata Lining Corporation
- D. Zavala Oil Company
- E. Zapata Overseas Corporation
- F. Zapata owns 41 percent of Amata Gas Corporation.

Zapata Lining was the pipe lining concern; it was divested in 1964. Ownership of Amata Gas was shared with the American Research and Development Corporation of Boston. This Boston venture capital firm, closely tied to M.I.T., once had as its Technical Director our current Deputy Secretary of Commerce Samuel W. Bodman, who also worked for Fidelity Investments and the Cabot Corporation. Cabot Corp. was founded by Godfrey Lowell Cabot of the Massachusetts shipping family which made a great deal of money in the early 19<sup>th</sup> century in the opium trade in the Far East.

The Zapata Offshore filings with the SEC between 1955 and 1959 are cryptic, and the SEC files on Zapata Offshore between 1960 and 1966, when Bush had exclusive control of the company, were destroyed by the SEC either in 1981, when Bush had just become vice president, or somewhat later, in October, 1983, according to various SEC officials. Bush did resign as chairman and CEO of Zapata Offshore in February 1966, when he put his assets into a blind trust controlled by W.S. Farish III, our current Ambassador to the Court of St. James in London.

## David Murdock and Zapata 1979

### 1979 Zapata Corporation SEC filing

William H. Flynn, Chairman of the Board of Directors

Chairman and CEO of Zapata from March 1969 to date. Pres. of Zapata from Feb. 1966 to March 1969 and from Oct. 1974 to date.

J.B. Harrison, President and CEO, Director

President of Zapata Corp. from Jan. 1970 to Sept. 30, 1974. V-P and Gen. Mgr. of International Exploration and Production for Atlantic Richfield Oil Co., NY, an oil and gas producing company from Sept. 1968 to Jan. 1970. President of the Company from Aug. 1972 to date.

W. Dow Hamm, Director

Independent petroleum consultant since December 1967. For the 25 years prior to that date, Mr. Hamm was employed by Atlantic Richfield Co. in various executive positions related to natural resources exploration, during the last three years of which he served as a Director, member of the Exec. Com. and Exec. VP for International Exploration and Production.

A.G. Gueymard, Director

Senior VP and head of the Petroleum and Minerals Dept. of First City National Bank of Houston for more than the past five years prior to his retirement in April 1973. Since that time, he has served as an advisory director of First City National Bank of Houston, and is an independent financial consultant.

Remuneration:

P.E. Baria VP, Gen. Mgr for Europe and Africa

D.S. Hare VP

[Zapata guaranteed payment for various companies. Here are a few references to those guaranties.]

March 29, 1979--Port Clyde Foods, Inc., wholly owned subsidiary, acquisition of sardine and herring processing.

May 22, 1979--Ocean Maid Foods Division of Granby, line of credit from The Toronto-Dominion Bank up to \$5 million (\$2MM increase), proceeds for working capital.

May 22, 1979--Ocean Maid line of credit from Bank of Nova Scotia up to \$100,000 for plant payroll.

June 1, 1979--Zapata Off-shore, wholly-owned subsidiary, credit agreement with Manufacturers Hanover Trust, loans up to \$16,700,000 for construction of two self-contained platform oil-drilling rigs.

Item 13. Security Ownership of Certain Beneficial Owners and Management. {page 19}

The following persons are known by Zapata to be the beneficial owners, as of December 2, 1979, of more than five percent of any class of Zapata's equity securities.

International Mining Corp. 10% of common--869,004 shares  
200 Park Ave., NY

John F. Maher 5.9% common--527,964 shares  
2131 San Felipe, Houston

Irving Zwecker 17.9% \$6 preferred--12,000 shares  
3800 Oaks Country Club Dr.,  
Pompano Beach, Fla.

Saul Zwecker 14.9% \$6 preferred--10,000 shares  
11 Olympic Street  
Rockland, Maine

Hugh Smith Haynie 7.9% \$6 preferred--5,286 shares  
Springfields, Apache Road  
Louisville, Kentucky

Grossi Brothers 29.3% \$2 preference--12,000 shares  
208 S. LaSalle St.  
Suite 604  
Chicago, Ill.

International Mining Corp. (IMC) filed Schedule 13D with SEC, indicating that IMC also owns Zapata debt securities presently convertible into 4,598 shares of Zapata common stock, not included in the table. IMC is wholly-owned subsidiary of Pacific Holding Corporation, which is in turn a wholly-owned subsidiary of Murdock Investment Corp., all the stock of which is owned by David H. Murdock, 10889 Wilshire Boulevard, L.A., CA. Murdock will reportedly make all investment and voting decisions with respect to the shares held by IMC, and thus is deemed the beneficial owner of such shares.

**Directors and percentage of Zapata stock owned** (I did not list less than 2%):

David H. Murdock -- 869,004 shares of common; 4,598 conversions for 873,602 total -- 10%

Officers and directors  
as a group (22 persons) -- total 12.8% common

Item 14. Directors and Exec. officers.

**F. Arnold Daum**, director since May 1979, senior partner of Cahill Gordon & Reindel (since 1943); also director of Apco Argentina, Inc., Devon Group, Inc., General Signal Corp., Northwest Energy Company, Tenneco Offshore Co., and Westates-Italo, Inc.

A.G. Gueymard, director since 1973, independent financial consultant in Houston for more than five years; advisory director to First City National Bank of Houston; director of Camco, Inc. and Midhurst Corp.

Sam Israel, Jr., director since 1967; Exec. VP, director and chairman of Exec. Com. of ACLI International Inc. for more than five years; also director of New Orleans Public Service, Inc.

Ronald C. Lassiter, director since 1974; Pres. and CEO of Zapata since 1978.

George A. Lorenz, director since June 1979; retired as general manager of marketing department of Shell Oil Company in 1969 after 34 years service with Shell and subsidiaries.

B. John Mackin, director since 1966; chairman and CEO of Zapata since March 1979; also director of Tenneco. [Does not mention here his previous connection to Baker & Botts law firm]

**David H. Murdock, director since December 1979**; more than last five years **sole proprietor of David H. Murdock Development Co.**; owns all of the stock of **Murdock Investment Corp**; engaged in commercial real estate development and financial investments.

[Other items noted which may be significant]:

Zapata Granby Corp, a subsidiary of Zapata, had a loan outstanding to Rogert P. Taylor, formerly the senior VP of Mining of Zapata and President of Zapata Granby. This was an interest-free loan made to enable Mr. Taylor to purchase a home. Largest aggregate amount of the loan was \$44,000 (Canadian). On November 30, 1979 the loan was transferred to Noranda Mines Limited in connection with the sale by Zapata of its Canadian mining assets.

During the fiscal year ended Sept. 30, 1979, Zapata had certain amounts of indebtedness owed to First City National Bank of Houston, largest of which was \$19,949,576. Director Gueymard is an advisory director of First City.

Since Oct. 1, 1978 Baker & Botts has been paid \$611,040 for legal services rendered to Zapata. B. John Mackin, chairman and CEO of Zapata was until March 1979 a senior partner of Baker & Botts. During same period Cahill Gordon & Reindel (NY) also provided legal services. Daum is a senior partner of Cahill. Zapata has not yet received a bill for such services.

(See an interesting reference to Zapata Offshore at <http://www.jimmycarterlibrary.org/diary/1977/d072277t.pdf> and <http://houston.bizjournals.com/houston/stories/1999/04/26/story2.html> )

## Zapata and United Fruit--the "Octopus"?

Reports in the business section of the Houston Chronicle shed some insight on what was happening with Zapata, even though Bush has alleged that he sold his 6% interest in the company in 1966. According to a Houston Chronicle article by Albert T. Collins on January 20, 1969 (the date Richard Nixon was inaugurated), Zapata Norness, Inc. (formerly Zapata Off-Shore) had been seeking to acquire United Fruit Co. stock by offering to exchange one share of convertible stock for every share of United Fruit stock tendered to it. A competing offer to purchase stock had been made by AMK Corp., which was recommended by officers of the fruit company. The following week, after Zapata had already received almost 31,000 shares, AMK Corp.'s chairman, E.M. Black, and Zapata Norness reached an agreement whereby AMK would pay Zapata \$3.8 million to withdraw from competition for United Fruit. AMK would buy all United Fruit stock which Zapata had purchased, in cash up to \$3 million and would execute a promissory note for any amount in excess of the \$3 million, payable at 6-7/8% interest in 10 equal annual installments.

Eli M. Black, who became the CEO of United Fruit as a result of AMK's acquisition, in 1975 "fell" to his death from his office on the 44th floor of New York's Pan Am building. A week later it was disclosed he had paid \$1.25 million into a Swiss bank account on behalf of the president of Honduras in exchange for a \$1-a-box banana export tax reduced to 25 cents. Two weeks later the government of Honduras fell, and the company's stock hit its lowest level of the century. Black's son, Leon Black, who as of 1996 was head of Apollo Advisors, used to head Drexel Burnham Lambert's mergers and acquisitions department. He once declared his purpose in life was to create the robber barons of the future, according to *Mother Jones*.

After Eli Black's death in 1975, Carl Lindner took over United Brands and appointed Max Fisher as chairman. Fisher amassed his fortune as a bagman for the "Purple Gang" that smuggled Sam Bronfman's booze from Canada into the speakeasies of the Midwest. Fisher made his "legitimate" fortune in the oil retail business in Michigan, through Keystone Oil, Aurora Oil, and Marathon Oil and then became one of the first Jewish businessmen who was a major donor and fund-raiser for the Republican Party. In 1984 Cincinnati financier, Carl H. Lindner, who owned 65% of the company, installed himself as chairman, put his son Keith in charge of Chiquita and moved the headquarters to Cincinnati, where he nursed the company back to financial health.

A somewhat different account of those years is evident in an article written by Monica Perin for the Houston Business Journal (see <http://houston.bizjournals.com/houston/stories/1999/04/26/story2.html> ), which is quoted below. It contains no reference to David Murdock, the biggest shareholder, nor does it mention anything about the attempt to buy United Fruit.

Bush had resigned as chairman of Zapata Offshore to run his congressional campaign. When he won, he sold his 6 percent stake in Zapata for \$1.1 million. Within 18 months, the stock of

Zapata, under new management, doubled in value.

During the 1960s and 1970s, Zapata, under chairman and CEO William Flynn, expanded its business to include subsidiaries in dredging, construction, coal mining, copper mining and fishing.

But by the late 1970s, saddled with weak operations, high debt and low return on investment, the company again began undergoing changes in management and direction. Led by John Mackin, who succeeded William Flynn, the company began selling off some of those businesses and trying to refocus on offshore oil and gas exploration and production.

In 1982 chief operating officer Ronald Lassiter assumed the role of CEO -- just in time to preside over a decade of red ink brought on by the collapse of oil prices.

By 1986 Zapata was one of the bad loans that shook the foundations of San Francisco-based Bank of America, with a debt of more than \$500 million and a fiscal year loss of \$250 million.

The company announced several restructurings during those years and managed to stave off bankruptcy more than once. By the late 1980s, Zapata's oil service operations were consistently chalking up major losses.

In 1990 the oil drilling company proposed selling its entire fleet of offshore drilling rigs to focus solely on fishing. The company had not had a profitable quarter in more than five years.

Still struggling with debt by 1993, Zapata signed a deal with Norex America to raise more than \$100 million through a loan and stock sale. But financier Malcolm Glazer, owner of the Tampa Bay Buccaneers NFL franchise and then-owner of 40 percent of Zapata, didn't want his holdings diluted and filed a lawsuit to block the deal.

A month-long standoff and a fierce proxy fight delayed the company's annual meeting. But when the dust settled, Glazer and his son, Avram, were members of Zapata's board. A year later, Malcolm Glazer became chairman of Zapata, replacing Ronald Lassiter, and in 1995 Avram Glazer was named CEO and president of Zapata.

What really did happen at Zapata Offshore after George Bush went to Congress in 1967? Who owned Pacific Holding when David Murdock took it over? And what was Pug Winokur's role in transforming David Murdock's operations from a company that made tiles to one that was involved in secret control of a most suspicious corporation.

Unfortunately, these are only questions at this time. The answers are yet to be discovered. Perhaps you have some of those answers, or can help us find them. We need more help in following this thread that leads to Enron.

Part Two of this series explores Pug Winokur's next employer, and his connections in California and in Philadelphia.

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**FOLLOW THE YELLOW BRICK ROAD: From Harvard to Enron**

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