



UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to
File No.

Houston, Texas
October 19, 1967

Re: FRANK BARKMAN WATERS,
also known as
Frank B. Waters

On April 18, 1961, a review of the military service record of FRANK BARKMAN WATERS at the Military Personnel Records Center, St. Louis, Missouri, disclosed that he enlisted in the United States Army Air Corps on March 17, 1941, and was honorably discharged on August 4, 1941, due to flying deficiency. He re-enlisted on November 21, 1941, and was honorably discharged on May 15, 1942, as an Aviation Cadet to accept a commission. He was appointed Second Lieutenant, May 16, 1942, and was honorably released from active duty on November 3, 1945, by reason of demobilization. His physical description was shown as follows:

Name	FRANK BARKMAN WATERS
Date of Birth	3/15/18
Place of Birth	Electra, Texas
Height	5'7"
Weight	198 lbs.
Race	White
Hair	Brown
Eyes	Blue
Education	3 years college; Hardin - Simmons University, Abilene, Texas

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Marital Status	Married Wife - ELOISE R. WATERS Houston, Texas
Residence	2213 Del Monte Houston, Texas

On March 27, 1959, an individual employed by WATERS, upon interview, advised as follows:

WATERS, while in the United States Air Force, met and married his present wife, formerly Mrs. ELOISE CANTER, nee Eloise Roberts, who was very wealthy, in her own right.

WATERS is well-known in Las Vegas, Nevada, and has the reputation among the gambling element as being a very big loser. WATERS retains on his pay roll, at a salary of \$1,000.00 a month, a public relations man, one JOE LUCIA, who is a well-known gambler in the Houston, Texas, area.

On May 13, 1958, WATERS received a letter from PHILIP FRANK KASTEL, well-known hoodlum of New Orleans, Louisiana, and operator of the Beverly Country Club in that city. In this letter KASTEL attempted to persuade WATERS to purchase the Beverly Country Club. On January 4, 1959, WATERS is said to have made a \$25,000.00 loan to KASTEL for six months at five per cent interest.

According to this source, gamblers constantly call WATERS on the private line in his office. Two of the individuals who call frequently are LEO ROSENBERG and one "JOE" from Las Vegas, Nevada. PHILIP FRANK KASTEL has called on various occasions. MARION R. ASKIN, Comptroller of the Frank Waters Oil Company, is reported to have given instructions that when a call is received from KASTEL, KASTEL's name is never to be mentioned and that he is to be advised that there is a long distance call from New Orlenas and he will take the call on the private telephone.

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Information was received on August 19, 1959, from a reliable source, that PHILIP FRANK KASTEL was planning to re-open the Beverly Country Club two weeks before Thanksgiving and that there would be gambling at the Club when it re-opened. The sale of the Beverly Country Club in July 1959 was reported to have been a paper transaction with no change in the management. The officers of the new corporation, Progressive Properties, Inc., were given as MARION R. ASKIN, Comptroller of WATERS and THEODORE H. RIGGS, legal counsel for WATERS.

It was further reported by this source that KASTEL's partner in the operation of the club was FRANK WATERS and that no one else had an interest in this club.

On March 29, 1960, this same source reported that the Beverly Country Club in New Orleans was re-opened on December 26, 1959, and that the gambling casino of the club was ready to commence operation.

Information was received that gambling commenced at the Beverly Country Club on January 11, 1960.

PHILIP FRANK KASTEL was formerly an associate of well-known racketeer, FRANK COSTELLO, and has been publicly identified by COSTELLO as his partner and New Orleans associate. KASTEL was also associated with COSTELLO and reported La Cosa Nostra member CARLOS MARCELLO in the operation of the Beverly Country Club in Jefferson Parish, Louisiana, during the 1940's.

On October 6, 1961, FRANK BARKMAN WATERS was interviewed by representatives of the FBI, Houston, Texas, at which time he advised as follows:

WATERS stated he first met AL SMILEY 10 or 11 years previous, in Los Angeles, California. SMILEY possessed, at that time, a .12500 interest in an oil well located approximately 60 miles south of Odessa, Texas.

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JOE LUCIA also possessed an interest in this same well. SMILEY, during September, 1961, utilized a suite maintained by WATERS at the Sun Valley Motel, Houston, Texas.

On September 20, 1961, Captain W. W. STEPHENSON, Houston, Texas, Police Department, advised he had arrested AARON SMEHOFF, also known as Al Smiley, on September 18, 1961, at the Sun Valley Motel, Houston, Texas. One PETER EDWIN GEBHARD was arrested with SMEHOFF. Captain STEPHENSON advised these two individuals were arrested for bookmaking - investigation, both were released on September 19, 1961, and both were told to leave the City of Houston immediately.

On September 18, 1964, the Federal Grand Jury, Houston, Texas, indicted JOSEPH P. LUCIA and 11 other individuals for violation of the Internal Revenue Code in connection with bookmaking activities. LUCIA entered a plea of "guilty" to two counts of this indictment, and on February 1, 1965, he was sentenced to a term of six months imprisonment and given a \$10,000.00 fine.

On February 21, 1963, Lt. W. T. HIGGINS, in charge of the Vice Squad, Houston Police Department, advised he had been informed FRANK ERICKSON, a well-known gambler and bookmaker from New York City, was registered at the Shamrock Hilton Hotel, Houston, Texas. HIGGINS advised that later on that day, he and another officer had personally called on FRANK ERICKSON, at the latter's suite at the Shamrock Hilton Hotel. HIGGINS advised ERICKSON explained to him he was in Houston, Texas, strictly for social reasons and that he was in Houston to visit his good friend, FRANK WATERS, whom he had known for a long time. ERICKSON stated he and WATERS intended to play golf during his stay in Houston and that he planned to return to New York City on February 24, 1963.

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On February 27, 1963, ROXIE SIMMONS, Security Officer, Shamrock Hilton Hotel, advised FRANK ERICKSON checked into the hotel on February 18, 1963, and departed on February 24, 1963. Reservations for ERICKSON at the Shamrock Hilton Hotel were made by the Auditor of the Frank Waters Oil Company, Houston, Texas.