

# **HOW POLITICAL MONEY LAUNDERING WORKS WITH REAL ESTATE**

**In NYC, Washington, DC and Silicon Valley, trillions of dollars of political bribes use real estate as the vehicle of many crimes**

**Your favorite Senator or high tech oligarch trades properties like poker chips.**



**Beth Ponsot**

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Les Wexner, the CEO of L Brands (owns Victoria's Secret) purchased the townhouse at 9 E 71st Street in 1989.

In 2011, it was transferred to Jeffrey Epstein's Virgin Islands-based Maple Inc. for \$0 [bloomberg.com/news/articles/](https://www.bloomberg.com/news/articles/) ...



2:54 PM - 8 Jul 2019

## The 1933 Herbert Straus Sex Mansion -- No. 9 East 71st Street



*Photo by Alice Lum*

When Therese Kuhn married Herbert Nathan Straus on July 15, 1907, she became part of one of New York's wealthiest merchant families. Herbert and his brother Percy were the sons of Isidor and Ida Straus of the R. H. Macy & Co. department store and the young men already had fortunes of their own. The following year Herbert purchased the first parcel of land in New Jersey which would grow into their sprawling 100-acre country estate, Middleton Farm.

Tragedy would strike in April four years later when Isidor and Ida Strauss set sail for New York upon the *H.M.S. Titanic*. As the ship slowly began to sink, the elderly Ida withdrew her foot from the lifeboat and turned to her husband. "Where you go I will go," she said.

Ida's maid took her seat in the lifeboat as the aged couple sat quietly on deck chairs holding hands.

As the years passed Herbert Straus and his wife spent happy days in Middleton Farm; but what they lacked was a substantial Manhattan residence. Herbert began thinking about building a showplace.

East 71<sup>st</sup> Street just off Central Park in 1928 was lined with grand mansions. But it was also a time when most wealthy New Yorkers were giving up huge private homes in favor of luxurious apartments in modern buildings without the cost and bother of maintaining the houses .

On February 3 of that year it was announced that a syndicate had purchased six houses along East 71<sup>st</sup> to be replaced by a \$5 million apartment building. Among them was the Edward H. Van Ingen mansion at No. 9. The Van Ingens had owned the house for decades.

When the ambitious apartment building plan fell through and the property became available once again, Herbert Straus snatched it up. He commissioned architect Horace Trumbauer of Philadelphia to design a 40-room French Renaissance palace. A few other millionaires were building new mansions simultaneously—Virginia Graham Fair Vanderbilt, William Goadby Loew and George F. Baker, for instance.

It was a carefree time when money flowed freely and every common Joe played the stock market. But those times were about to come crashing down.

The Straus home was meant to reflect taste, elegance and wealth. Europe was swept for antiques and fixtures. Entire 18<sup>th</sup>-century rooms were purchased to be shipped to New York and installed in the new mansion.

The 6-story French limestone mansion rose quickly but then, on October 29, 1929, the stock market crashed. The good times were over and the Great Depression changed the faces of Americans.

Herbert Straus pressed on, however, and construction workers were retained for three more years. Then in 1931 he gave in, ordering work on the mansion—now 90 percent completed—stopped. To date he had spent approximately \$600,000 on the project.



Herbert Straus would never see his dream home completed. Still living in the commodious apartment at 1144 Park Avenue he died in 1933 leaving an estate of just under \$12 million.

The house on East 71<sup>st</sup> Street sat empty for over a decade. *The New York Times* would later report that “His heirs...never saw fit to spend the additional money necessary to put the finishing touches on this lavishly appointed home.” But there was the issue of real estate taxes.



Beautiful carvings decorate the entrance -- photo by Alice Lum

On March 30, 1944 newspaper said “Mr. Straus and his estate had spent a sizable fortune in recent years in tax payments on the house. The taxes have amounted to as much as \$17,000 in some years.”

To get rid of what they undoubtedly considered a white elephant, the Straus family donated the house to the Roman Catholic Archdiocese of New York in 1944. Now the Church had a problem: what to do with a lavish, uncompleted mansion on an exclusive Upper East Side block.

There was no need for another school or convent facility in the neighborhood and the residential needs of church executives was fully taken care of. But at least now the Catholic Church-owned property tax-exempt; affording the Archdiocese time to think.



*photo by Alice Lum*

The solution was to convert the mansion into an extension of St. Clare's Hospital... what *The Times* would call a "sumptuous fifty-bed convalescent institution." Between \$250,000 and \$300,000 was spent on the renovation by architect Robert J. Reiley and the equipping of the new hospital. Thankfully, at least two of the 200-year old interiors from France were removed and reinstalled in the Metropolitan Museum of Art's period room collection.

The facility was opened on September 8, 1945. The ground floor now housed a Romanesque-style chapel hung with 16<sup>th</sup> century Genovese red velvet donated by staff member Dr. John Morrissey. The Louis XV reception room remained as did the dining room and library. Administrative offices were also on the first floor. In the basement were a modern kitchen and the nurses' dining room.

Gleaming white tiles now lined the walls of the upstairs rooms. Two elevators carried patients to the new roof terrace where they could look out at Central Park.



The sumptuous French interiors were replaced by white tile. Above is the laundry on October 8, 1943 prior to opening -- *photo NYPL Collection*

The patients rooms retained the dimensions of those of the former mansion--- some as long as 24 feet with ceilings from nine to twelve feet high. The Franciscan Sisters made floral draperies and pastel bedspreads for the rooms, which were furnished in Early American-style furniture donated by Mrs. John H. Rogan II of No. 145 Central Park South—a former patient of St. Clare’s.

One of the most touching moments at St. Clare’s Extension came about when an 82-year old homeless man was brought here. The blind man repeatedly attempted to sit on the floor—in the elevator and in his assigned room, No. 203. A welfare worker explained to the nurses “He has lived a long time in Bowery flophouses. When there are no seats in flophouses, the men sit on the floor.”

Laurence Stroetz was bathed, given clean pajamas and a shave and little by little the nuns learned of his life. He had been born in Little Germany on the Lower East Side in 1877. His family owned a grocery store at No. 165 2<sup>nd</sup> Avenue. But by now his entire family was gone.

The old man's memory would come and go, but as time passed he told the nuns that when he was in his 20s he played violin professionally. For two years he had been with Victor Herbert in the Pittsburgh Symphony Orchestra, he had played in the old Academy of Music on 14<sup>th</sup> Street and he played at the Savoy and in the Lyceum Theatre when Billie Burke performed in "Mrs. Dot."

When Stroetz's eyesight began fading he began sleeping in the Bowery lodging houses. Around that time another Bowery resident named Charlie, pawned Stroetz's violin for him for spending money. The old blind man had not held a violin in the decades since.

One evening after dinner, around 8:00, the staff brought in an old violin that had belonged to a deceased nun. Laurence Stroetz felt the instrument, ran his fingers along the strings, then carefully tuned the violin and tightened the old bow.

While the nuns stood hushed in the white tiled room, the old blind man began playing. His first song, "Sidewalks of New York," was a bit shaky; but then he regained his self-assurance. He played Handel's "Largo," then "Humoresque" and "The Blue Danube.

A group of listeners gathered in the hallway outside Room 203, lured by the violin strains. Stroetz had rediscovered his touch and the music flowed from the old violin. Then, as if he understood how the piece would affect his audience, the old man finished his recital with Gounod's "Ave Maria."

The old ragged man bowed to the applause he heard. But his blindness prevented his seeing the tears that streamed down the cheeks of the assembled nuns.

The following week eye surgeons removed the cataracts that had prevented Laurence Stroetz from seeing. The Welfare Department placed him in a nursing home so he could stay out of the Bowery flophouses. And he received a new violin.





*photo by Alice Lum*

After 16 years in the Straus mansion, St. Clare's closed the doors on July 24, 1961. The building was purchased by the Birch Wathen School, a college preparatory day school for well-to-do boys and girls from kindergarten through grade 12.

The school would remain here for over two decades before moving uptown. In 1989 retail mogul Leslie H. Wexner, founder of The Limited purchased No. 9 East 71<sup>st</sup> Street for \$13.2 million. Wexner spent tens of millions of dollars in restoration, decoration and artwork to reconvert the 21,000 square foot mansion into a private home.

For the first time in half a century the magnificent French Renaissance mansion would be a home. Except Wexner never lived here. An advisor to the millionaire told *The New York Times* in 1996 that he spent no more than two months in the house.

Herbert Straus never had a chance to enjoy his glorious showplace. But after a long history of institutional use, it is unexpectedly a private family home today.

Posted by [Tom Miller](#) at 

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#### 7 comments:

1.

*Anonymous* [November 3, 2013 at 2:10 PM](#)

Wow! Another great story! Thanks Tom!

[Reply](#)

2.

*Anonymous* [August 17, 2014 at 11:48 AM](#)

My name is Corviniano Rodriguez Galvan. I am a retired ophthalmologist 80 years old. I worked as Resident at St. Clare's since May 1958 to 1959. My bosses were Dr. Gerolamo Bonaccolto and Dr. Ramón Castroviejo. I had the opportunity of assisting at the operating room to a great deal of important surgeons working in New York at that time. I got along very well with the nuns, the owners of the Hospital, nurses like Ann Burke and Leatrice Benke, Maria a wonderful portorican girl. William the cook, and so on. I will never forget the year I spent there.....

[Reply](#)

3.

*Anonymous* [November 23, 2014 at 7:48 AM](#)

Dr. Galvan. Thank you for your personal note in relation to the house.

[Reply](#)

4.

*Anonymous* [August 2, 2015 at 3:33 PM](#)

And I went to school there from 1st through 6th grades when it was Birch Wathen - though I wasn't really such a "well-to-do" kid! An intimidating building for a small child, far fancier than what one would expect for a school. Birch was on W. 93rd Street before it moved to this building - it's not clear to me why they moved, unless they had aspirations that were more suited to an east side address than one on the upper west side?

[Reply](#)

5.

*Anonymous* [November 3, 2016 at 12:34 PM](#)

Unfortunately it is now owned by Jeffrey Epstein, a convicted pedophile and trafficker in white slavery!

[Reply](#)

6.

*Anonymous* [February 13, 2019 at 2:21 PM](#)

That's the "advisor to the millionaire" noted in the story.

[Reply](#)



*Moishe Oyshe* [March 7, 2019 at 5:05 AM](#)

I was part of the BW move from the West Side to East 71st street. My best friend and I were accused of phoning in a bomb threat in the spring of 1963. The two of us were put on "social probation" by old lady Birch. We never did learn what that meant. The day we graduated in June, 1965 we learned the "perp" was the boyfriend of one of our classmates.

[Reply](#)