

## ONCE AGAIN LEONA FACES CLOSED BARS

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Leona Helmsley's much-heralded comeback is facing a major obstacle as state investigators widen their probe of the hotel queen.

Helmsley's hopes of regaining control of her three midtown hotels were dashed last week when the state Liquor Authority refused to approve her application for liquor licenses for the properties.

"We have an ongoing investigation into the entire operation," said Anthony Casale, the authority chairman.

That came as two more former Helmsley employes told investigators that Helmsley made key management decisions during and after her imprisonment on tax evasion charges.

It is illegal for a convicted felon to be involved in any business that holds a liquor license. Helmsley is seeking to regain the licenses that were taken away following her conviction.

Ralph Gagner, the former general manager of the Helmsley Carlton House Hotel, told the authority last week that Helmsley even ran the hotels while serving time in a Danbury, Conn., prison on tax fraud charges.

"It was a standing joke," Gagner told the Daily News. "Everyone wondered how she was able to get away with it."

Bernd Wohlschlaeger, former general manager of the New York Helmsley Hotel, said in an interview that she talked to him often, ordering him to fire people and take other actions.

Helmsley spokesman Howard Rubenstein denied that she had done anything wrong and blamed the probe on false accusations by "disgruntled" former employes. "Mrs. Helmsley has complied with the laws and regulations governing hotels and liquor licenses," he said.

Helmsley has been trying to exert her control over a real estate empire valued at \$1.7 billion since her husband, Harry, died in January. He willed it entirely to her.

But the state investigation has put up a major roadblock to her taking control of the crown jewels in the empire the New York Helmsley, the Park Lane Helmsley Hotel and the Helmsley Carlton House.

If the Liquor Authority refuses to return the licenses to Helmsley, she might be forced to give up the properties, legal experts said. An alternative would be to stop serving drinks, but that would hurt business.

"Hotels can't run without a liquor license," said Leonard Fogelman, an attorney who practices extensively before the Liquor Authority. "For the economic well-being of the hotels, she would probably have to put them up for sale."

Five former Helmsley employes have told the Daily News that they personally received orders from Leona while she was in prison or after she was released.

Gagner said that he worked at Helmsley hotels for 17 years. He said she called him two or three times while she was in prison to discuss a multi-million-dollar renovation project at the Carlton.

Helmsley instructed him on design and budgeting, he said. Other Helmsley employes also talked to her by phone and even visited her in prison to discuss business, he said.

"No one else in that whole corporation is making decisions but her," Gagner said.