

Bob Guccione Interview on Charlie Rose

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Bob Guccione, editor and publisher of Penthouse magazine, explains his reason for publishing The Unabomber Manifesto.

Charlie Rose: Stay with us. Bob Guccione, editor and publisher of Penthouse magazine has been both very successful and very controversial. He was born in Brooklyn, New York, in 1930. First he decided to pursue a painting career in Europe. Noticing the success of Playboy, Guccione decided to start his own magazine. In 1965, Penthouse was launched. It was an instant hit. Four years later, he brought it to the United States, and it was a bigger hit. Through the years, he has been involved with different business ventures, from magazines to multimedia products, from real estate to art collection, but Penthouse magazine has always been the backbone of his empire. It is in some trouble, some people say. We'll talk about that, but we'll talk about a lot of things that this man has experienced in a very interesting career. And I am pleased to have him here, having known him for a number of years. Welcome to the table.

Bob Guccione: Thank you, Charlie. Very nice to be here.

Charlie Rose: First, the Unabomber. Since that is the subject of, of great attention right now. It was not only The New York Times and not only The Washington Post, it was also Penthouse magazine.

Bob Guccione: Right.

Charlie Rose: Give me some sense of how that came to you, and, and, and the decisions that you made, and the letter and correspondence that developed.

Bob Guccione: Well, I read about the Unabomber story the day after – in The New York Times, the day after The Times received the first communication from him, in which he asked The Times to publish his manifesto. And I was surprised, having read it, as I say, the following day not to have seen a reply or heard of a reply from The Times or for that matter, The Washington Post. And I waited another day. Still nothing. So I immediately put out a press release saying that if no one else was going to do it, Penthouse will certainly publish this man's manifesto absolutely the way he wrote it, spelling errors, typos, everything in place because I truly believe that he meant what he said when he said, "If you publish this, I will stop the killings." And the reason why I believed it was because his profile was not the profile of a serial killer. It was the profile of, of a man so frustrated to get his personal, political manifesto before the public that he was willing to kill to do it.

Charlie Rose: Now, let me stop you there because there is now– I think conventional wisdom is that he would have killed again, even though there's no evidence that he did. There were– there was some evidence that he was preparing other bombs, I think.

Bob Guccione: Yes.

Charlie Rose: And that he probably wouldn't have stopped with–

Bob Guccione: He may have.

Charlie Rose: –the manifesto.

Bob Guccione: I don't think we'll ever know.

Charlie Rose: We won't know now, yeah.

Bob Guccione: However–

Charlie Rose: If, in fact, he is the Unabomber.

Bob Guccione: –if there was a chance that he would not kill again, then it's certainly worth–

Charlie Rose: Worth the risk.

Bob Guccione: –taking the chance–

Charlie Rose: Right.

Bob Guccione: –and whatever risk was involved. I, frankly, didn't see any risk–

Charlie Rose: No risk, right.

Bob Guccione: –to it. I thought it was–

Charlie Rose: Yeah. The only risk, I guess some people would say, is that you're just encouraging people. I mean, what if every kook that shows up you start publishing and, and meeting their demands, where will that lead to. It may be a slippery slope.

Bob Guccione: Well, you know, it's no– it's nothing new that we, as a government, or the media have negotiated with terrorists. We're always negotiating with terrorists. In fact, our government negotiates with terrorists on one corner of their mouth while the other side of their mouth tell the American public that they have nothing to do with terrorism and will certainly not deal with terrorists, whereas in fact they are dealing with them. So this is nothing new. And, and it wasn't likely that somebody else would come out of the woodwork and say, "Look, publish this, or if you don't publish it I'm going to kill." This guy had actually been killing people for 23 years or 17 years, and 23 people were killed or injured. I'm not sure of the figures now. But he's been– he was doing it for years. So when he said, "Unless I get this, I'm going to kill again," you can be sure he was going to. When he said that "If you publish me, I will not kill again," I had a, a sense that he was speaking the truth because he was so anxious to get this manifesto published, and after all, there's 35,000 words, and he had worked on it, no doubt, for years. It would be unlikely that seeing it published he would do something or act in such a way as to discredit his publication, discredit his personal philosophy once it was out there before the public. I didn't think that was likely. That's why I said that we'd be happy to do it. And incidentally, something that very few people know about – although I did mention it on one of the radio shows some time back – we got a phone call from a woman one night. It was around two in the morning. And the woman said she was the Unabomber's mother. Well, I've had a lot of strange phone calls because we set up a 1-800 line for the Unabomber to call us, and on two separate occasions in the past, I believe he did. But this time–

Charlie Rose: You believe he called.

Bob Guccione: I believe he did. Yes. And for good reason, too, because he was the only guy that came on the phone that didn't talk a lot of rubbish or go raging on about why he was doing what he was doing. This was a very quick call, I think to

make sure that he was really dealing with me. I think he wanted to hear my voice, and having heard it, he got off the phone very quickly. He said– I asked him. I said, "Would you identify yourself?" He said, "That's not necessary. You'll be receiving something from me in the next few days." And two days later, the manifesto arrived. So I believe that I was speaking to the guy. But then when this lady called and said she was his mother, she said, "He's gone off to rest. He's not at home. He's gone away to rest. And he told me to call you to say that you now have permission to publish the manifesto." This was virtually three or four days before the time limit for The Times and The Washington Post was up. And if you remember, at the time he said that if they don't do it, Penthouse can. If they don't do it in this period of time, Penthouse can. So here was a lady calling up, saying that we now have her son's permission. But I didn't accept that it was his mother because she did not give the identifying number that, that the FBI had and we have. But then when she– we said, "Where are you calling from?" she gave us– she said, "I'm calling from a public library in such and such a town in Montana." The first time the word "Montana" ever surfaced. So we– when we hung up, we got a hold of a, of an operator, and we asked for the telephone number of the public library in that particular little town in Montana, and we called them back immediately. And the person who answered said, "The library has just closed, and the lady who was on this phone has just left." So in fact she was identified. She was calling from that address. It was Montana–

Charlie Rose: Yeah.

Bob Guccione: –which now, you know, is very strange to find that the Unabomber comes from Montana, if indeed he does. So I, I took that as being–

Charlie Rose: You think it was his mother.

Bob Guccione: Now I think it was because of Montana, because she didn't say anything else to us other than that "My son told me to tell you that you now have permission to publish his work."

Charlie Rose: Yeah. The only thing that strikes me– gives me a reason not to believe it was the mother because I didn't know that she knew–

Bob Guccione: She also talked about his brother.

Charlie Rose: Yeah.

Bob Guccione: In fact, she said – and believe me, this is news – she said his brother taught him how to make the bomb in the first place.

Charlie Rose: And– but is that true about the man that's been arrested, that his brother taught him to make the bomb?

Bob Guccione: No.

Charlie Rose: I didn't think so. What did you do? Did you wri– exchange correspondence with him?

Bob Guccione: No.

Charlie Rose: All right. (Crosstalk)

Bob Guccione: I, didn't know where to get in touch with him.

Charlie Rose: Okay. There was no way that you could–

Bob Guccione: No (crosstalk)

Charlie Rose: In, in terms of the le– did you write a response in the magazine, though?

Bob Guccione: Yes, I did. And I also published a, a full page open letter to the Unabomber in The New York Times, which I, you know, hoped that he would see.

Charlie Rose: Did anything come of that?

Bob Guccione: Only that I got a phone call subsequently from his mother saying, "You can publish it now"–

Charlie Rose: Right.

Bob Guccione: –and that he did tell us in the letter that if The Post or The Times or some other typical national newspaper doesn't publish it or cause him to be published by a certain date, then we had his permission. But he said at the time, "But if you do– if it does fall to you to publish this work, I, I reserve the right to extract one penalty, and that is, I reserve the right to kill one more person." Then I answered him in the– because I had no other way of answering him. I answered him by taking out a full page–

Charlie Rose: Right.

Bob Guccione: –in The New York Times–

Charlie Rose: Right.

Bob Guccione: –saying, "That is, that isn't fair. That wasn't part of the deal, and if we publish you, we'll publish you in good faith, as we said we would all along, but the idea of you killing somebody else is unacceptable." If, if this is a threat, then you won't be published, not by me or by anybody. And–

Charlie Rose: It turns out that–

Bob Guccione: And – excuse me – he said, "The reason why I'm extracting that penalty is because I don't want The Times and The Washington Post to look at each other and say, 'Hey, let's– Penthouse– we'll let Penthouse do it.' " He wanted to be published by these two major, serious newspapers, and he said so. And he said, "Although–" He said, "I understand that Penthouse is a sex magazine." He says, "I don't read it, but I– it does carry some important stories from time to time. But Penthouse is– represents entertainment, and we have a thing about entertainment." He says, "We discount entertainment. It's the opiate of the masses." "So," he says, "that doesn't score any points for you, the fact that you publish Penthouse. Although, since you are willing–" and he gave me a special exclusive, which I published in the magazine which he said, "Nobody else has. You may publish this because of your willingness to publish my manifesto." So he was very decent about it.

Charlie Rose: Speaking– it looks like now that his big mistake was publishing the manifesto.

Bob Guccione: Yes. Exactly.

Charlie Rose: That's what led to–

Bob Guccione: And we, we thought so all along.

Charlie Rose: –his arrest.

Bob Guccione: And I said so publicly. When people said to me, "Well, how dare you agree to publish this maniac's manifesto when you're likely to cause all other kinds of people to come out of the woodwork and demand publication for their works, as well?" And I said, "Look, (unintelligible) how you're ever going to catch this guy is by exposing him. One of the reasons I offered him an open column in the magazine." Incidentally, I said, "If you will agree not to kill an extra person if we publish you, I will then give you, for— an open-ended column in Penthouse, which every month you can write, you can answer your critics, you can talk about whatever you want, and it'll be your page.

Charlie Rose: You know people listening to you say this are going to say, "Guccione was doing this all for just press. He just wanted to create attention for the magazine."

Bob Guccione: Well, it was— obviously it was a good news story for us to have. It was a good thing for us to be attached to. But at the same time, I knew that if we drew this guy out, if he was in fact writing a column for us, he would ultimately have to expose himself.

Charlie Rose: He'd make a mistake.

Bob Guccione: Yeah. And I think—

Charlie Rose: Right.

Bob Guccione: —that's— you're right. That's where the mistake was.

Charlie Rose: What's happened to the magazine? What's happened to Guccione? What's happened to the flagship?

Bob Guccione: Well, I'll explain that in a flash. Last year, for the very first time in 31 years, Penthouse lost money.

Charlie Rose: Lost money.

Bob Guccione: Lost money.

Charlie Rose: They say about \$9 million.

Bob Guccione: The reason why it lost— it lost \$9 million. Exactly right. The reason why it lost \$9 million is because our paper costs were put up 60 percent last year— everybody's paper costs went up 60 percent. Sixty percent to us meant \$9 million, so it— the \$9 million that we lost were \$9 million extra dollars that we had to spend on paper, and if you bear in mind that a magazine is 98.9 percent paper and 1.1. percent ink and production, then you realize how important the 60 percent hit is.

Charlie Rose: And here is what your critics say, as you know.

Bob Guccione: And we, and we, as a result of this, to downsize the company, you know, to make the company exist with this, you know— labor along under this huge increase in cost — and there was also a 34 percent increase in postal rates — but to make all of this happen, we, among other things, fired 31 people. Now, The Reader's Digest, for precisely the same reasons — the increased paper cost, increased postal rates — fired 1,000 people. The press called that downsizing. I fire 31 people and The New York Post calls it a blood bath.

Charlie Rose: Well, I'm not— what's interesting to most people is that at one time, you know, you were in Fortune and Forbes magazines, 400 richest people, and you had

this great art collection, which you still have although you— evidently have used it as collateral to get some loans, et cetera, et cetera. They say about the magazine, because this magazine was there. We all talked about it. We read it. And during— after Vietnam, it became a magazine that talked a lot about and had a lot of writers writing about Vietnam and the Vietnam experience, and, and a number of people contributed that, including Tim O'Brien and a lot of other people. Having said that, circulation went down. Yes?

Bob Guccione: Yes.

Charlie Rose: From a high of four point—

Bob Guccione: Circulation of—

Charlie Rose: —nine in—

Bob Guccione: —all magazines, all newspapers, and book sales all decreased at the same time, and in generally the same proportions.

Charlie Rose: Revenues went down.

Bob Guccione: Yes.

Charlie Rose: You know, because you— your advertising revenues were down because you were lowering the rates.

Bob Guccione: Right. Well, everything went down. And the reason for that was, firstly, let me explain it from our particular point of view—

Charlie Rose: Yeah.

Bob Guccione: —Penthouse itself. When Penthouse was selling four and a half million copies, it was at its height. Today it sells maybe a million five, a million six—

Charlie Rose: What was that? Seventy-eight, seventy-nine, something like that?

Bob Guccione: Yes. Yes. Around '79, '80. Now, the difference between then and today is not that the product we sell, not the kind of adult entertainment we sell, that's not going out of style or going out of favor with anybody. What does go out of—

Charlie Rose: Sex continues to sell.

Bob Guccione: Exactly. What does go out of style is the means of delivery. Now, in those days, when we were selling four and a half million copies, if you wanted the kind of entertainment we had, you could only get it from a magazine like Penthouse or Playboy—

Charlie Rose: You couldn't get it on television.

Bob Guccione: —or 250 other magazines. You couldn't get it on television.

Charlie Rose: And you couldn't get it on video cassettes, for the most part.

Bob Guccione: You couldn't— videos didn't exist. And now, all of a sudden, in that period of time, the video has come into its own. Everybody who has a VCR — that's virtually everyone in the United States — has to feed it, so they go out and get videos. There's cable television where we once had four or five stations. We now have 150 stations. And computers, CD-ROMs, all of this, this kind of fragmentation of the media business arose almost at once. So what happened is that— as I say, it's not— it's our means of delivery through the magazine where a lot of the air has been let out. But not as far as our actual customers are concerned because if you add up the number of

people who buy our CD-ROMs, people who buy our videos, or people who log on to our Web site or people who buy the 19 foreign editions of Penthouse around the world – if you add those up, our market is a lot bigger today than it was then, and our yearly turnover is a lot bigger. In those days, we sold the magazine for \$3.50, \$4. Now it sells for 6 and 7 dollars apiece.

Charlie Rose: But the point is, as you know– there was a big article about you in The Wall Street Journal–

Bob Guccione: Right.

Charlie Rose: –primarily in the right hand column, a long, long story detailing the problems of your company. My question is twofold. One, when we look at you, who had this extraordinary success, do you worry, do you lose sleep that it's all slipping away?

Bob Guccione: No, not really, because it's, it's not–

Charlie Rose: Including the art collection, including all that you have spent a lifetime building up because of these business reverses?

Bob Guccione: Not really, Charlie, because when this original report was done, it was done by New York– Crain's New York–

Charlie Rose: Crain's Business, yeah, right.

Bob Guccione: –Business News or whatever it's called. And when they first did the story, they did it by looking at the Q10 form, the 10Q form that we published, like every SEC regulated company. And they extrapolated the information in that 10Q form across the board, across our whole company, which, which was not the proper thing to do because when we started trading bonds, we started selling bonds, we divided our company, General Media, into two parts. One part had all of the publishing interests, like Penthouse and all the other magazines, every one of which is profitable and successful. The other side had no income-producing product at all. It just contained the, the land that I own, all of the different properties, other businesses that I own, and, and my art collection, which is worth over \$70 million. So all of my assets are in one company, totally privately owned, never have to report anything to anybody. And the other company, which is, as I say, SEC regulated, is a kind of mini public company because it trades bonds. When it published the 10Q form, it didn't show the assets because the assets were not reportable in those circumstances. So the, the news writers, the business writers that looked at our 10Q form saw that the company lost money – and as I say, the first time in 31 years – and we lost less than the actual increases, you know, the, the paper increase and the postal increase, so we had a negative net worth because there were no assets. So the first guy reports that we had a \$70 million negative net worth. By the time he gets to the, to The New York Post, we had \$100 million negative net worth, none of which was true. Our assets more than, than paid for liabilities.

Charlie Rose: But aren't you in trouble if you have to take out the kinds of loans you do and have to use your extraordinary art collection as collateral. Doesn't that say that you've got huge–

Bob Guccione: Charlie, we've made a lot of investments—

Charlie Rose: —debts that you've got to take care of.

Bob Guccione: We— well, we have the, the bond debt. We have to pay interest on the bonds.

Charlie Rose: Somebody wrote six— 17 1/2 percent or something.

Bob Guccione: We have other, other loans, and you know, we're, we're a company that's always expanding and that's always into new fields. We're into the Internet in a big way. We're into electronic media. We have a very successful animation unit in Moscow. We do animated films, some of which have won Emmys. We do stuff for

****Hbo:]]** Is Faye Dunaway going to star in this?

Bob Guccione: Yes. On one hand, and on the other hand, that is the life of Catherine the Great, you know, history's most infamous nymphomaniac. And on the other hand, in Moscow, we are presently animating the Bible. That's our next big undertaking. We've done a dozen Shakespearian plays that have been animated and sold them all over the world. We've done grand opera, animated grand opera — I think half a dozen grand operas. And now we're doing the Bible. So—

Charlie Rose: Why—

Bob Guccione: —all unusual stuff.

Charlie Rose: —\$145 million lost—

Bob Guccione: In Atlantic City.

Charlie Rose: —in Atlantic City. Yeah.

Bob Guccione: Why. Do you want to hear the story?

Charlie Rose: Now, couldn't you stop that bleeding at some point?

Bob Guccione: Not really. I mean, I could have if I were a quitter, if I gave up and walked away from it.

Charlie Rose: You always thought you could—

Bob Guccione: But I—

Charlie Rose: —turn it around.

Bob Guccione: I'm not a quitter. You know, I, I'll fight till the bitter end. I'll be opening in Atlantic City. I still own my land. I didn't give that up.

Charlie Rose: You sold some to Trump, didn't you?

Bob Guccione: I sold one piece. I still have two major sites. I have the last major site on the boardwalk, and I have another site— a four-acre site right in the center of town, right on the corridor as you enter Atlantic City. They will be developed.

Charlie Rose: Why—

Bob Guccione: But they're now going to be developed with other people's money. I tried to develop it with— develop them with my own but it was so rich—

Charlie Rose: So no part of you said, "I wish I'd never heard—"

Bob Guccione: No.

Charlie Rose: —of Atlantic City—"

Bob Guccione: I don't, I don't—

Charlie Rose: —even though I was—"

Bob Guccione: I don't talk like that. I mean, to myself. Sometimes I say something about Atlantic City on television, and it enrages me to think that I should have been there. I was the second person to buy land in Atlantic City.

Charlie Rose: All right.

Bob Guccione: I beat everybody except Resorts.

Charlie Rose: A couple of— you certainly saw it early. A couple of last questions. One is what do you think's the biggest misconception about you when you read about BOB GUCCIONE?

Bob Guccione: It's hard for me to say because there are so many different views of me, I suppose, that the public takes.

Charlie Rose: What's the—

Bob Guccione: It's difficult to say which is the most.

Charlie Rose: What's the biggest mistake you've made?

Bob Guccione: Biggest mistake I made, I think, was when I stopped painting to go into the publishing business.

Charlie Rose: Why can't you—

Bob Guccione: I was a very serious and very devoted painter.

Charlie Rose: I know you were. Then why did you do it?

Bob Guccione: Well, I originally saw Penthouse as a way to create an income stream for me so that I continue— I could continue on as a painter. I had come to England. I was in England at this time because I simply ran out of money, and I ran out of the ability to earn money when I was living in France. I moved to England. I took a job and at the sa— eventually, I ran a newspaper. I was hired by a newspaper and moved myself up and became managing director and editor-in-chief. And I got a chance— I got a feeling for publishing, and I would look at the newsstands, and I would see Playboy, and I never saw an English equivalent. And I used to ask them, I used to say, "How does this magazine do?" I was not a Playboy reader in those days, nor could I have been even interested in it. They said, "No, it's doing very well. It's doing very well." So I put in the back of my mind, "Well, if this— if I'm ever going to do anything that this is the sort of thing that I should do. I should create the English equivalent because if it's selling so well in England, the English equivalent — that is to say, a magazine with the same format—

Charlie Rose: Yeah.

Bob Guccione: —but edited for the British public — would have to do equally well at least. Well, it did. It did much better. And—

Charlie Rose: And you were off and running.

Bob Guccione: It did so well.

Charlie Rose: Yeah. I remember the lucky break you got, which was that the post office impounded it or something.

Bob Guccione: Yeah.

Charlie Rose: And all of a sudden there was a controversy and therefore everybody had to have it. Why can't you—

Bob Guccione: But I found – excuse me – to finish answering the question – that I created so much responsibility for myself because the magazine was successful in the beginning that I simply didn't have the time to paint. I couldn't do both. I had a tiger–

Charlie Rose: The magazine was–

Bob Guccione: –by the tail.

Charlie Rose: –having a tiger by the tail. It was going so fast and making so much money, and off and running. I know you don't–

Bob Guccione: I never had any intentions of bringing it into the United States. I was not going to come into the, into the U.S. I wanted that to– my, my plan was to have eventually somebody else run the magazine so I could just live off the income.

Charlie Rose: Do you and Hefner ever talk to each other?

Bob Guccione: We met once.

Charlie Rose: Once.

Bob Guccione: Once, many years ago.

Charlie Rose: In your life you've met him once.

Bob Guccione: Once, yeah.

Charlie Rose: No correspondence, no telephone calls, nothing.

Bob Guccione: No.

Charlie Rose: Why can't you, after all that you have been through, as tough as you are, the experiences you've had, heal a breach with your son?

Bob Guccione: Well, you don't know that I can't. And it's a subject that I prefer not to discuss.

Charlie Rose: Not to talk to. It's family.

Bob Guccione: It's family business. I really don't talk about the family on television or in any public forum.

Charlie Rose: But do you hope that it will heal?

Bob Guccione: I hope that things work out for all of us. You know, I, I'm very family oriented. I've always been all my life.

Charlie Rose: Family's always worked in the business.

Bob Guccione: I mean, one of the things that I– one of the things that, that I've been so pleased about with respect to my whole life is the fact that I could be as helpful as I've been in the past to lots of members of my family that are not as fortunate. So that's been a, an area of huge satisfaction for me, and I still, today, take care of a lot of people, and I'm very pleased that I can do it. I mean, it gives me great pleasure. I, I, I really not only enjoy doing it, I enjoy having the ability to do it.

Charlie Rose: Yeah. Send my best to Kathy.

Bob Guccione: I sure will.

Charlie Rose: Thanks, Bob. Great to have you here.

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