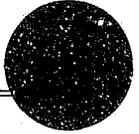


148382

**OVERSIGHT HEARING ON ORGANIZED
CRIME STRIKE FORCES**



**HEARING
BEFORE THE
SUBCOMMITTEE ON CRIMINAL JUSTICE
OF THE
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIRST CONGRESS**

FIRST SESSION

JUNE 20, 1989

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OVERSIGHT HEARING ON ORGANIZED CRIME STRIKE FORCES

TUESDAY, JUNE 20, 1989

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CRIMINAL JUSTICE,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The subcommittee met, pursuant to notice, at 2 p.m., in room 2226, Rayburn House Office Building, Hon. Charles E. Schumer (chairman of the subcommittee) presiding.

Present: Representatives Charles E. Schumer, George E. Sangmeister, George W. Gekas, Howard Coble, and Larkin I. Smith.

Also present: Amy Friend, assistant counsel; Wendy Lader, research assistant; Teresa Faunce, clerk; and Raymond V. Smietanka, minority counsel.

Mr. SCHUMER. The committee will come to order.

Mr. Smith and I will forgo opening statements temporarily because Senator Specter has a hearing on the other side and had asked that he be given the opportunity to make his statement as quickly as possible. In an effort to cooperate with the distinguished Senator, we will waive our statements and let the Senator open up. So, Senator, you're on.

STATEMENT OF HON. ARLEN SPECTER, A SENATOR IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. SPECTER. Thank you very much, Mr. Chairman.

I appreciate the opportunity to testify and your willingness to accommodate my schedule. I do have hearings on the Senate side due to begin at this precise time. But I believe that this is a very important subject, made even more important by Attorney General Thornburgh's announcement yesterday. It is my view that there should be an early, strong expression by the Congress in opposition to disbanding the strike forces. That is my view.

I am hopeful, optimistic, and expectant that most of the Members of the House and Senate share those views I express here today.

I was encouraged by the Attorney General's statements that there is some openness in his approach. I do not know, candidly, how flexible he is, but he said that he welcomed these hearings so that he would have an opportunity—I think as the morning press reports put it—to share his views with the Congress and to per-

suade the Members of the Congress that his proposal to disband the strike forces is the preferable one.

So considering it to be an open question, I believe that these hearings are most timely, and I commend you, Mr. Chairman, for scheduling them. There are going to be hearings on the Senate side but it is important that views be expressed at a very early time.

When the first news surfaced of Attorney General Thornburgh's consideration of abandoning the strike forces, a letter was sent by four Senators—Senator Thurmond, Senator Kennedy, Senator Nunn, and myself—to the Attorney General expressing our concern. Later, a meeting was held among the same four Senators and the Attorney General. Senator Biden also attended that meeting, at which we candidly expressed our concerns.

My sense is that on the Senate side there is strong concern and support on both sides of the aisle to retain the strike forces, although Senator Thurmond had urged deference to the executive branch. I think it significant and important to state Senator Thurmond's view, but I express at the same time my consideration that there will be strong support on both sides of the aisle in the Senate to retain the strike forces.

On the merits, I believe that there is a strong case to be made for retention of the strike forces because of the success of the strike forces against organized crime. In an era in which it is difficult for law enforcement to keep abreast of the criminal developments in this country, the efforts against organized crime have been successful, in large part because of the strike forces which have been in action around the country.

I have detailed knowledge of the operation of the strike force during my tenure as district attorney of Philadelphia from 1966 through 1974, and I have observed the strike forces since leaving the district attorney's office in 1974. I recall very well the initiation of the strike force concept early in the administration of Attorney General Robert Kennedy when perhaps the first strike force, or at least one of the initial strike forces, was dispatched to Reading, PA—then known as sin city. That strike force did a remarkable job in cleaning up that problem.

The strike forces attack organized crime with a unique form of vigor, I would suggest, because of their specialized role. They are very experienced, their jurisdiction can span several Federal districts, and they possess considerable expertise. I think that accounts for their success.

They also have longevity that often exceeds the tenure of an Attorney General and exceeds the tenure of a U.S. attorney. The Philadelphia head of the strike force, Joel Freedman, is illustrative of this kind of tenure and experience—he has been there for some 14 years. So he has been there longer than many very distinguished U.S. attorneys in the Eastern District of Pennsylvania. His tenure exceeds that of any Attorney General.

I said to Attorney General Thornburgh in the meeting which we had on the Senate side recently that if we had Attorneys General like Dick Thornburgh, who are very experienced in law enforcement and who consider organized crime a very high priority it would be one thing, but the reality is that Attorneys General turn over, and they have varying degrees of expertise in law enforce-

ment. They have varying degrees of intensity in law enforcement, especially as applied to organized crime.

I do not know the details nationwide but I do have the ability to testify, in effect, as a character witness, that the strike forces around the country have a reputation for excellence.

When we had the meeting with the Attorney General there were citation of statistics on both sides and I know that this committee will go into that subject in some detail, but it is my belief that strike force attorneys are generally more experienced than other Federal prosecutors.

I would make one final comment, if I may, and that is about the nature of strike forces as a general concept. We have in Philadelphia now, in the Eastern District, a special strike force on drugs. That strike force was authorized and appropriated a special grant of \$2 million in 1986 as we saw the problems of drugs escalating in the Philadelphia area.

It took us 2 years to get the strike force implemented because of the traditional disagreement, which we see from time to time between the legislative and executive branch. But we saw eye-to-eye when another issue came up on the confirmation of the Deputy Attorney General last year and we expedited that process through the Senate and we got the \$2 million for the strike force for Philadelphia. That strike force is in operation now and has achieved really remarkable results.

When you have a unique unit dedicated to one task—and that strike force is a combination of extra U.S. attorneys, extra FBI agents, DEA agents, agents from the Bureau of Alcohol, Tobacco and Firearms, and then it becomes coordinated with local police, State police, and the district attorney, it just leads to better results than you get when you have one program, however important, integrated into the overall operation of the U.S. attorney's office.

I know that when I was district attorney, I would try to create special units to work within the office on corruption or other special matters. It is possible to have that same kind of intensity within the U.S. attorney's office. That is possible if you have a tremendous amount of drive from the top and a tremendous amount of drive that goes all the way down.

But institutionally, our experience is that you simply can't maintain that. And institutionally, at the same time, we have found that you can achieve that through the strike forces against organized crime. That's why I wanted to appear here today and give you those views in brief form, because of my sense of the importance of having such an expression from the Congress.

Thank you very much.

Mr. SCHUMER. Senator, we thank you. We understand your time constraint. I've conferred with the members of the subcommittee—we'll forgo questioning. I'm sure you will be available on an informal basis or perhaps maybe even if we submit a few written questions for your response within a week or so if that would be OK with you.

Mr. SPECTER. I'd be glad to respond further, Mr. Chairman, and I thank you for hearing me.

OPENING STATEMENT OF CHAIRMAN SCHUMER

Mr. SCHUMER. Let's now begin the rest of the hearing. First, let me ask unanimous consent that these proceedings be permitted to be covered in whole or in part by electronic recording devices, without objection.

Now we will give our opening statements.

First, I want to welcome everybody and thank everybody for coming to this hearing which should prove to really be an informative hearing on a major issue before us today.

Organized crime is a pernicious problem in America. Entrenched mafia mobs and, more recently, violent street gangs who peddle drugs to our children, threaten our society in every region of the country. While we are in the middle of a very real war against crime, many of us are asking ourselves, why dismantle our elite corps?

Yesterday, Attorney General Thornburgh confirmed his intention to strip the strike forces of their independence by announcing a formal plan to merge these units with the U.S. attorneys' offices. I am puzzled by the timing of the Attorney General's announcement. I believed that he would wait until both sides could publicly air their views before finalizing his plans. Unfortunately, he appears to have made his decision before public hearings can even begin.

We will listen carefully to Attorney General Thornburgh's arguments, and I hope he will listen carefully to the arguments raised today.

For the last 20 years, the organized crime strike forces have waged a relentless war against crime. The strike forces are credited with busting up the largest mafia families in New York and New England, the casino-related prosecutions in Las Vegas and Kansas City, and the convictions of hundreds involved in mob corruption in eastern seaboard ports. After all these victories, I think it's fair to ask, "What is broke that needs fixing?"

Since the Attorney General first announced his intentions in March, there has been an outpouring of opposition from former strike force chiefs, former U.S. attorneys, and law enforcement officials. This committee has grave concerns as well about the plan.

Before making major changes I think there has to be better evidence that the present structure has failed, that at least the same resources will be devoted to the problem, and that our Nation's battle against organized crime will be as strong as ever.

Thus far, the arguments seem to boil down to this: better coordination through merging versus the clear focus that the organized crime strike forces provide. I hope that these hearings will shed light on this question because, as I mentioned yesterday, this gentleman's mind is not really made up. We have an extremely distinguished group of witnesses today, and I look forward to addressing these issues with them.

I'd now like to call on the ranking minority—and I just want to comment: I'm new in this role and it has been a pleasure to work with George. I think we have followed the President's mandate to work on a bipartisan basis on just about everything we've done so far. We'll see if that continues.

Mr. GEKAS. It may end today.

Mr. SCHUMER. Right, exactly. George.

Mr. GEKAS. Not really.

I thank the Chair and I endorse his statement which implies—more than implies, actually asserts—that we intend to keep our collective and individual minds open on this question. In doing so, we must give deference to the work and the opinion and motivation of the Attorney General of the United States. I, for one, am going to be listening to the testimony and making my ultimate conclusions, not a predisposition to support the Attorney General, but with a clear mind leaning towards making certain that his views are well heard.

After all, we have an Attorney General whose motivation is clear. He wants to attack organized crime just as anybody in the Congress wants to fight organized crime. He has also had experience before his present post in that very same battle we are waging against organized crime, not only as a former Deputy Attorney General, but as an Acting Attorney General, as Governor of the Commonwealth of Pennsylvania, as initiator of many anticrime and organized crime concepts in the Commonwealth of Pennsylvania.

So we begin with the high official of the United States who is directly involved in this situation, taking an action that is still subject to the criticism of the Congress, subject to change by the Congress, and in reality; subject to complete overhaul, even in his concept of an overhaul.

So we are going to begin, as the chairman has stated, with an intent to learn various views and to hone in on the subject with as much information and background as we can develop.

I do want to point out, in my opening statement, that we have had reports and recommendations over the years from the GAO, from the Comptroller of the United States, from special committees, and others, who, from time to time, have recognized a need to modernize and to readapt some of the concepts, and who have actually recommended abolition of the strike forces, or blending in the strike forces with the U.S. attorney office, or some other mechanism for achieving the ultimate purpose, the one common denominator that we all share, a forceful move and attack against organized crime.

We're going to continue that attack and we're going to see in what mode that's going to be accomplished.

I yield back the balance of my time.

I thank the Chair.

Mr. SCHUMER. Thank you, Mr. Gekas.

The gentleman from Mississippi.

Mr. SMITH of Mississippi. I'd just like to commend the chairman for calling this hearing today. We've seen an awful lot of press about the Attorney General's decision to combine the strike forces with the U.S. attorneys' offices. I certainly think we have a very qualified Attorney General. I would like to support him in his efforts to streamline that office and to better combat organized crime.

I have not made up my mind totally; I'm still open to that decision. But in my past career in criminal justice and law enforce-

ment I've seen the many turf battles. The facts are that in some cases there are too many chiefs and not enough Indians within the strike forces and that the prosecutions have subsequently been done by the U.S. attorney's office.

Therefore, I look forward to the testimony today and in getting answers to questions we may have, so that we can support the Attorney General in his decision.

I certainly think that he ought to have the option to do that, then maybe in a year or two down the road we might like to go back and see how successful it's been. But I think he's on the right track.

Thank you, Mr. Chairman. I yield the balance of my time.

Mr. SCHUMER. Thank you, Mr. Smith.

Our next witness will be Assistant Attorney General Edward Dennis. He's head of the Criminal Division in the Department of Justice, and comes to us with an outstanding reputation in law enforcement.

Mr. Dennis, we thank you for coming today to explain the Department's proposal. With unanimous consent, we'll place your entire statement in the record. You may either read it or summarize it, proceed as you wish. You have as much time as you want and we appreciate your being here today.

**STATEMENT OF EDWARD S. G. DENNIS, ACTING DEPUTY
ATTORNEY GENERAL, DEPARTMENT OF JUSTICE**

Mr. DENNIS. Thank you very much, Mr. Chairman. I certainly appreciate this opportunity on behalf of the Department of Justice to make a presentation at this hearing, and certainly on behalf of the Attorney General I thank you for the opportunity to address this body.

I would like to note for the record that in the audience today is Andy Maloney, who is the U.S. attorney for the Eastern District of New York, and an outstanding member of the Department of Justice, and an individual who is very interested in this issue on a professional basis and one whose record, I think, has been outstanding in this field.

Mr. SCHUMER. I would say to you, with the hesitation of interrupting, that Mr. Maloney is the U.S. attorney for the Eastern District and has done, in my judgment, an outstanding job, and I'm delighted he came down here to, I suppose, observe at this point.

Thank you.

Mr. DENNIS. Mr. Chairman, first of all, I would like to make absolutely clear with regard to the Attorney General's position in this matter that I think his concern and his dedication to the fight against organized crime is second to none.

The Attorney General has had a wealth of experience in the criminal justice field. As a U.S. attorney I think that you would find unanimous claim for his work as U.S. attorney in Pittsburgh. He was one of the hardest charging U.S. attorneys in the country during his era. He really set the standard, I believe, for U.S. attorneys. And he did not hesitate to go after criminal activity and criminal offenders, wherever they might be—whether it was in or-

ganized crime or whether it was in political corruption, or whether it was fraud, or whether it was violent crime.

And, of course, the Attorney General comes to this post with the additional distinction of having served not only in the U.S. attorney's office but as Assistant Attorney General for the Criminal Division. So he has had that perspective of viewing the problems of law enforcement from the field as a U.S. attorney, with leadership responsibilities. I might add, he was an active U.S. attorney who tried many cases himself. He was a U.S. attorney who was in the courtroom. He was a U.S. attorney who faced the problems of putting together complex cases, high profile cases, and he was singularly very successful in that regard.

But he is also one who is aware of the problems of managing programs from the Department's point of view, not only in terms of being Attorney General for almost a year now, but as Assistant Attorney General for the Criminal Division, and with programmatic responsibility and realizing that there are certain realities that one confronts in attempting to achieve the goal of supporting and strengthening law enforcement out in the field.

So I wanted to put to rest immediately any question about the priorities of this Attorney General, that organized crime is among the highest priority in the Department. Of course, narcotics is right up there, and the two overlap in many instances. But I think that the controversy that has been stimulated by this proposal in some sense is evidence of the fact that the Attorney General, despite perhaps a misunderstanding—and I believe it is a misunderstanding—of what these proposals are designed to achieve, feels strongly enough about the correctness of this proposal—and I think I'm free certainly to reveal the fact that the Attorney General is strongly inclined to adopt the proposal which was announced yesterday, or something very close to it.

He feels strongly enough about this proposal that he is willing to take the heat and the controversy that this stimulates because he feels, and the Department feels, that it is in the overall best interest of law enforcement and in the best interest of the organized crime program.

If that were not the case, then this proposal would not be recommended.

The second thing I would like to make very clear is the fact that the proposal itself is not to abandon, abolish, diminish, deemphasize, or in any way have as a lower priority the organized crime program.

This proposal is one that we feel quite strongly has a number of very significant advantages to the organized crime program, and that it will go a long way to eliminate some of the weaknesses in running the program in the fashion that it has been run in the past.

The third thing I would like to emphasize is the fact that the strike forces under the proposal are not to be abolished. They are to be consolidated with the U.S. attorneys' offices but maintained as separate units within those offices. I would note that Senator Specter's remarks about the task force related to drugs and violent crime in Philadelphia, which he so rightly supports and praises the results of, is that type of strike force. It is within the U.S. attor-

ney's office; its resources are dedicated within the unit to deal with the specialized problems encountered in the neighborhood trafficking situation.

Similarly, the strike forces under the proposal would operate within the U.S. attorneys' offices, but we believe no less effectively in dealing with the organized crime problems within that particular district and that particular region.

One of the objectives we hoped to achieve in widely publicizing the proposal at this point in time was to make it clear that the strike forces were not being dismantled or abolished, the program was not being dismantled or abolished. And indeed, the Attorney General has stated that the strike force units within the U.S. attorneys' offices would have the same charter, would have the same mission, would have the same mandate, that they currently have.

Now, the proposal to consolidate these strike forces with the U.S. attorneys' offices would do a number of things. One, it would maintain the current level of resources being dedicated to the organized crime program. In other words, the proposal, when implemented, would guarantee that you would not have a reduction in the number of attorneys that would be dedicated to working as a specialty in the area of organized crime. We would certainly hope to be able to retain a good portion, if not all, of the attorneys that are currently working in the organized crime program in the strike forces within the U.S. attorneys' offices.

These attorneys would become assistant U.S. attorneys. They would move from under the direct jurisdiction of the Criminal Division to under the jurisdiction of the individual U.S. attorneys. But those resources could not be diminished or transferred without the consent of main Justice through the Criminal Division.

In addition, the strike force chiefs—those that would be designated as strike force chiefs for these units—would be designated again, only with the consultation and with the concurrence of the Criminal Division.

Our objective here is to retain the expertise that currently exists, but really to have that expertise directed under the leadership of the U.S. attorneys.

The focal point of the strike forces would continue to be a focal point against organized crime enterprises. It would be a focus against the leadership of organized crime groups within the U.S. attorneys' particular area. It would be a focus on the method in which these enterprises operate and an attempt to identify and seize, if possible, the asset base that supports the organized crime enterprise.

It would take a very close look at the problems of corruption within Government by organized crime groups. This is a particularly difficult area under the current arrangement because of the, I think, history and performance of U.S. attorneys' offices in the area of public corruption, and the clear recognition that there are certain areas in which organized crime is deeply involved in public corruption.

And where you have a U.S. attorney's office and a strike force working different aspects of the same network of relationships between organized crime groups and public officials, it is our view that investigation—and that effort—will be strengthened by the

fact that you will not have conflicting priorities; you will not have issues coming up over whose case it is, who will get the credit for it, who will handle the trial; is it an organized crime case, or is it a public corruption case.

And, again, of course, these units would be responsible for investigating the pattern of racketeering activity, by which the organized crime group sustains its efforts financially and otherwise.

I think that one of the big advantages we see in this arrangement is that the strike force units will carry with them the full clout of the U.S. attorney, and that can be quite considerable. I would note that in reading the statement of one of the witnesses that will appear after me, this factor was really misinterpreted to mean that somehow U.S. attorneys have some sort of political connection which might work both ways.

That's not what we're talking about here. The U.S. attorney is the chief law enforcement officer of his or her particular district. Oftentimes, it is only the U.S. attorney that can forge an appropriate alliance among competing law enforcement entities. And that doesn't just involve a U.S. attorney's office and an organized crime strike force. That can involve a State police organization, a local city police organization, local police departments, district attorneys' offices; and districts that are located close to the borders of other districts, it can involved more than one U.S. attorney's office and multiple State agencies.

We have seen certainly in cases arising in the New York area, and I guess most notably the cases in the Southern District of New York, where the U.S. attorneys in that area, using their clout, using their high visibility, using their ability to forge these alliances with regard to a massive effort against organized crime, can be quite effective.

Similarly, in Philadelphia, in my role as U.S. attorney, I was called upon in a similar effort where we—through the efforts of the organized crime strike force and the U.S. attorney's office, were able to make substantial headway in investigating the Nicky Scarfo organized crime group. But in that district alone, in terms of that effort, it involved the State attorney general's office for New Jersey; it involved the U.S. attorney's office for the District of New Jersey; it involved the organized crime strike force from New Jersey; it involved the organized crime strike force from Philadelphia; it involved the U.S. attorney's office from Philadelphia; it involved the FBI from New Jersey, which was separate from the field office in Philadelphia—had two field offices there that were somewhat at odds over who was going to take the lead.

We had 10 district attorneys' offices in my district alone, but we had at least one district attorney's office that had a substantial interest in bringing State murder charges that arose out of the evidence in those particular cases.

And you had the Philadelphia Police Department as well as the Pennsylvania State Police, who had over the years invested substantial resources in the investigation of organized crime groups in the Philadelphia and south Jersey areas.

It is no small feat, even in the best possible situation with such a consolidation as the one we propose, to bring about an effective working alliance in that kind of environment.

I believe we are splintered enough in law enforcement generally between State and Federal, and among different Federal agencies, that, where it is practical for us to join forces, organizationally, that that is the direction in which we should head. I think this proposal is one that really recognizes that reality.

It is not a proposal that is predicated on the failure of the strike forces. It would be unfair, certainly, to those who have made such a major contribution to this effort. But we do feel that because the strike forces have been under the Criminal Division and separate from the U.S. attorney's office does not mean that that is the best organizational arrangement. Indeed, it is not the best organizational arrangement.

I can understand the sense of pride that strike force attorneys and those that have worked within the strike forces have in those organizations and the work of those organizations. My hat is off to those who have worked long and hard in this area. The only thing I can say is that work will continue, and it will continue with, I think, the high caliber of legal talent and dedicated lawyers and individuals that characterize both the strike forces and the U.S. attorneys' offices.

And as it may appear at this juncture, because we are at the edge of a decision which will change the shape of law enforcement in this area, that once the gun sounds, and once the decision is made, I'm confident that all components within the Department and outside, who have the best interest of law enforcement at heart, will join forces and will get behind this program, and that it will be successful.

We recognize that the record that has been established is one that we are going to have to work hard to make sure that we maintain. This is not a new program. What follows will certainly be measured against what's been done in the past. But we're prepared to meet that challenge and we think that we can demonstrate that the job can be done as well, if not better. And that, indeed, the flexibility of the program to deal with emerging threats from emerging organized crime groups is really only going to be accomplished when we do have this consolidated effort.

I would just make the observation, and again, I think that this is based less upon theory and more upon the practical features of the way in which the two organizations interact, that some of the limitations that we do see on dealing with emerging organized crime groups gets tied up in the definition of what is a strike force case and what is a U.S. attorney's case.

These cases are—although the approaches can be somewhat different—the cases themselves are essentially cases that should be handled by one office. There are many organized crime cases that are handled by U.S. attorneys' offices, even in districts where there are organized crime strike forces. And I think you will see that there are cases handled by organized crime strike forces that are not really centrally rooted in organized crime activity but are handled very well. I don't think the quality of the prosecutors is really the issue or the expertise to handle any particular type of case.

The question is, are we going to spend 30 percent of our time arguing over whose case it is, or are we going to go out and make the case?

I think that we opt for taking that 30 percent that may be absorbed in concerns over who really has the jurisdiction and applying 100 percent of our efforts to where the real problem is, and that is getting the evidence against organized crime figures and, hopefully, bringing about successful prosecutions.

Mr. Chairman, if you have any question, I'd be happy to try to answer them.

[The prepared statement of Mr. Dennis follows:]

STATEMENT

OF

EDWARD S. G. DENNIS
ACTING DEPUTY ATTORNEY GENERAL

Introduction

I am pleased to be able to speak to you today concerning the possible consolidation of the Strike Force Offices and the United States Attorneys' Offices. I am particularly pleased because this provides me with an opportunity to clarify exactly what the consolidation proposal is, and to allay some of the concerns that I have heard expressed both from Congress and from the public. Let me say initially that the Department is not contemplating abolishing the Strike Forces, rather, there is currently a proposal to consolidate the Strike Force Offices with the United States Attorneys' Offices to become Strike Force units within those offices.

The principal benefit that this consolidation is intended to generate is the affirmation that the United States Attorney is primary law enforcement figure in his or her district, the coordination of all the law enforcement efforts in that district, and the elimination of any turf battles in the field. The consolidation would permit the Strike Forces to capitalize on the local influence and personal ties that a United States Attorney forges in his or her district. Also, merging the offices will encourage a United States Attorney to dedicate his or her own resources to an organized crime matter in addition to the Strike

Force resources, because he or she will know that additional resources are needed, and will not be seen to be intruding on the mission of the Strike Force Office in the district. Finally, although there has been no specific study to measure the financial benefits of the proposed consolidation, the elimination of duplicative support services will clearly lead to a cost savings.

The consolidation of the Organized Crime Strike Forces with the United States Attorneys' Offices offers substantial advantages to the organized crime program and can be accomplished without disruption to pending investigations. A consolidation will allow for a unified approach to the war against organized crime, unencumbered by artificial jurisdictional boundaries that encourage rivalries rather than coordination of prosecutive missions that are closely related and interdependent. A consolidation will also give the Department's organized crime program flexibility to pursue emerging organized crime groups.

I believe that the consolidation should occur. I advance that recommendation not unmindful of many of the risks that some of you and some members of the public have raised in objection to the consolidation, but I believe that the certain aspects of the proposed consolidation, as detailed below, eliminate those risks.

History of The Debate

As you know, proposals to consolidate the Strike Forces are nothing new. The Organized Crime Strike Force program was created in 1967 by Attorney General Ramsey Clark. It was conceived as an

infusion of a team of experienced prosecutors in response to a discrete crime problem. The Strike Force program evolved into 14 permanent field offices employing approximately 130 attorneys. Merger of the Strike Forces into the United States Attorneys' Offices was recommended as early as 1970 by the Presidential Council on Executive Organization (the Ash Council). That recommendation was next repeated by the Attorney General's Advisory Committee of United States Attorneys in 1974. In addition, as the 1986 Presidential Commission on Organized Crime noted, an important component in the fight against organized crime is the use of the civil forfeiture provisions under RICO. U.S. Attorneys' Offices have developed considerable experience in the area of civil forfeitures, and would be able to coordinate better with Strike Force units than currently.

The most recent formal recommendation to consolidate was submitted to Attorney General Meese by the Attorney General's Advisory Committee in February, 1987. That report urged that the consolidation take place largely in order to permit the United States Attorney in each district to direct all the law enforcement efforts in his or her district. The 1987 report noted, further, that since the 1974 Report had been presented, consolidation of the Southern District of New York Strike Force office had achieved extraordinarily successful results without any diminution of the overall effort against organized crime.

Attorney General Meese reached no final conclusion concerning the issue of consolidation, but adopted some of the recommendations

of the 1987 Report. Specifically, the Attorney General affirmed that the United States Attorney must approve all significant Strike Force activities in advance and that the United States Attorney, rather than the Organized Crime and Racketeering Section Chief in the Criminal Division, was the rating official for the Strike Force Chief.

Finally, I note that although the recent GAO Report stops short of recommending that the merger occur, it comments that the mission of the Strike Forces has been frustrated at times by the very turf battles that the consolidation is intended to eliminate.

The Justice Department is considering the proposal to consolidate the offices because there is widely the belief that the earlier proposal was deferred, not rejected, and that the time has come to re-evaluate the management issues in the war on organized crime. Critical to this consideration is the fact that the United States Attorney already approves case initiations by the Strike Force in his or her district with the Organized Crime and Racketeering Section in Washington, so that the Strike Force program already has a track record demonstrating that the fear that parochial interests of United States Attorneys, which appears to be at the core of Congress's concerns over the consolidation, do not lead to a balkanization to the national war on organized crime.

The Proposed Consolidation

The essential features of the proposed consolidation are as follows:

a. Attorneys in the Strike Force Offices will be transferred to the United States Attorneys' Offices, and the current commitments to hire will be honored by the United States Attorneys' Offices, except as set out in paragraph (c). There will be no reduction in positions dedicated to the Organized Crime effort.

b. Each United States Attorney's Office in a district where a Strike Force exists will incorporate the Strike Force Unit within its office. These units will retain the name of "Strike Force" for the purpose of public recognition and to insure the continuity of their mission. The Council shall be advised of changes in attorney personnel assigned to each unit.

c. A strategic reserve of experienced prosecutors will be established in the OCRS by recruiting approximately 20 additional lawyers and 10 additional support staff from the existing Strike Forces and elsewhere to be brought to Washington. These lawyers will assist and conduct prosecutions where needed. In addition, these lawyers will be available to identify and to target emerging criminal organizations.

d. An Organized Crime Council will be established to oversee the national effort against organized crime.

That Council will be chaired by the Attorney General, and will consist of the Deputy Attorney General, the Assistant Attorney General, Criminal Division, a designee of the AGAC and the head of each concerned federal investigative agency. The Council will review policies, promote interagency coordination and will review priorities and evaluate the threat presented by emerging organized crime elements to establish national priorities. Within 60 days of the initiation of the consolidation, each United States Attorney in a district where a Strike Force exists shall submit to the Chairman of the Organized Crime Council a written strategic plan to identify and to address organized crime conditions in that district. From these plans, the Council shall formulate a national strategy for the investigation and prosecution of organized crime. The Council or its representatives will conduct field visits of each Strike Force Unit on a biennial basis and will report to the Attorney General with regard to the implementation of the national strategy developed by the Council.

e. The existing organized crime case management system will remain intact. The Strike Force Unit in each United States Attorney's Office will report case initiations and prosecution memoranda to the Organized Crime and Racketeering Section for approval and will report all other significant developments to the Organized Crime and

Racketeering Section and to the Executive Office for United States Attorneys. These reports will serve two functions: (i) to keep in place the same controls and standards in the opening of new cases to be handled by Strike Force Units, and (ii) to maintain a uniform record keeping system for organized crime cases consistent with that used in the past.

f. The United States Attorney would name the head of the Strike Force in his or her district, with the concurrence of the Assistant Attorney General, Criminal Division. Decisions as to the hiring or transfer of Strike Force attorneys within a District will be made by the United States Attorney with the concurrence of the Assistant Attorney General, Criminal Division.

g. Commencing in the calendar year following the consolidation, and annually thereafter, the QCRS will report to the Organized Crime Council on the status of each of the Strike Force Units consolidated into a United States Attorney's office.

Benefits of Consolidation

A primary benefit to consolidation is that the Department will be able to utilize its own resources more comprehensively against organized crime. This is particularly of importance in those offices where U.S. Attorneys are actively prosecuting traditional organized crime elements with their own resources. A United States Attorney will be able to ascertain more completely whether to

target certain activity in the district. For instance, the infiltration of a local union by organized crime elements could be the long-range focus of either a U.S. Attorney or a Strike Force office. Consolidation will encourage a U.S. Attorney to dedicate his or her own Strike Force unit as well as any Assistant U. S. Attorneys handling related cases. In this way, if the U.S. Attorney is able to direct the assets of the Strike Force offices, he or she will be able to coordinate the overall law enforcement effort in the district. This will avoid duplication of effort or, worse, mutual restraint in an area where aggressive prosecution is needed.

A second benefit to consolidating the Strike Forces with the United States Attorneys' Offices is that the personal relationships and local clout of the United States Attorney are often essential to forge effective alliances with local district attorneys, state Attorneys General, and state and local law enforcement agencies to combat organized crime.

In a newly issued report, the GAO identifies several impediments to efficient law enforcement that the merger is designed to eliminate. Specifically, the merger would curb "prosecutor shopping" by the investigative agencies and would eliminate turf battles that have been noted in the present system. Further, consolidation of the offices would centralize the accountability for prosecuting crime in a district and would encourage U.S. Attorneys to dedicate their resources strategically to combat organized crime.

The creation of an Organized Crime Council in Washington and the enhancement of the Organized Crime and Racketeering Section to provide a strategic reserve of experience prosecutors, when combined with Strike Forces responsive to local conditions, will provide increased flexibility to identify and to combat emerging organized crime groups.

Because RICO carries with it the potential for civil forfeitures, the Civil Divisions of each United States Attorney's Office, which have developed expertise in this field, will be able to coordinate with Strike Force lawyers, and civil forfeiture will likely be enhanced.

Individual attorneys assigned to the Strike Force Unit would likely remain in the Strike Force Unit, providing the continuity and experience that have been two of the traditional arguments in favor of Strike Force Offices. I believe that the creation of such units would be useful, moreover, to counteract the "burn-out" that attorneys may feel in U.S. Attorneys Offices, and would permit attorneys to transfer into a Strike Force unit or out of a Strike Force Unit without severing the professional ties that he or she has developed.

Because personnel changes in the units will necessarily be reported back to the Organized Crime Council, as detailed above, there will be an institutional check to determine if personnel changes are serving to dissipate the experience now preserved in the Strike Force Offices. It is my belief that the experience level will not diminish in the proposed consolidation.

Increasing the size of the Organized Crime and Racketeering Section in Washington will provide a cadre of experienced prosecutors to try cases wherever necessary. The main purpose of this strategic reserve of attorneys will be to guarantee that cases that should be investigated and prosecuted are investigated and prosecuted anywhere in the country. In addition, this group of prosecutors could be used at the direction of the Organized Crime Council to target emerging groups engaged in organized crime.

Another benefit to consolidation is the cost savings involved. This cost savings will result from economies of scale and from a termination of duplicative efforts. There will be no need, for instance, to have two libraries or two telephone systems, and the Department can expect that certain economies of scale will result from merging other administrative functions. In an era of scarce resources and budget cutting, this is a significant benefit.

Minimizing Any Risks From Consolidation

The greatest concern raised by some of the Congress and the public about the consolidation is the potential that, unless certain safeguards are established before the consolidation takes place, there will be a dissipation of the effort against the traditional elements of organized crime. The fear is that once U.S. Attorneys have the Strike Forces in their offices, they will feel immense pressure to dilute the Strike Force Unit with the other work of the office, or they will be unmindful of the needs of their neighboring districts, which had been served by the Strike Force Office in the past. The Department is well aware of those

concerns, and feels that the proposal eliminates the chance of those fears being realized.

First, it is important to note, as I stated above, that United States Attorneys already approve or disapprove case initiations by the Strike Forces along with the Organized Crime and Racketeering Section in Washington. That procedure will be maintained. Since U.S. Attorneys have shouldered this responsibility, there has been no perceptible change in the pattern of cases initiated. Specifically, there has been no dissipation of Organized Crime cases into the day-to-day work of the United States Attorneys' Offices, and the districts in which Strike Force Offices are not located have not been left without Strike Force resources. Therefore, I believe that the fear, stated by some, of a U.S. Attorney's local or political preoccupations eliminating services now provided by the Strike Forces will not be realized.

The proposal currently before the Department envisions the creation of an Organized Crime Council, which will receive and coordinate the various plans submitted by the U.S. Attorneys in order to formulate and to monitor the national strategy in the war on organized crime. The Attorney General is committed to ensuring that this oversight function is active and effective.

The Organized Crime Council will be chaired by the Attorney General, and will consist of the Deputy Attorney General, the Assistant Attorney General, Criminal Division, a representative of the Attorney General's Advisory Committee, and the heads of each of the investigative agencies. In addition to providing policy

guidance and national coordination in the war on organized crime the Council will monitor the programs instituted by each of the Strike Force units. Personnel changes within those units will be made by the United States Attorneys with the concurrence of the head of the Criminal Division and will be reported to the Council, so that any dissipation of Strike Force resources from the units would be evident to the Department and the Council. The Attorney General is clear that no dissipation will be allowed.

Finally, the Organized Crime and Racketeering Section would be augmented by a cadre of approximately 20 experienced prosecutors to try cases wherever necessary. In this way, qualified prosecutors would be available whenever personnel shortages in any district might threaten to leave an organized crime case unstaffed. Moreover, this strategic reserve of prosecutors will be available to identify and to target emerging groups involved in organized crime.

One other concern voiced by some in Congress comes from the assumption that Strike Force attorneys tend to remain as career prosecutors longer than the average Assistant United States Attorney. The proposal being considered will tend to nurture the experience of Strike Force attorneys by establishing in each of the United States Attorney's Office a Strike Force unit to carry on the mission of the Strike Force Office. Personnel changes will be made by the United States Attorney with the concurrence of the Assistant Attorney General, Criminal Division. There is simply no reason to anticipate that attrition from those units would be any greater

than the attrition experienced from the Strike Force Offices in the last few years. In fact, placing the Strike Force Units within the U.S. Attorneys' Offices, which would make the Strike Force attorneys' salaries equal to Assistant U.S. Attorneys' salaries, would tend to eliminate the differential now experienced in which a Strike Force attorney can be lured to a U.S. Attorney's Office by a higher salary for comparable work.

Those who oppose the consolidation note that the Strike Forces have the confidence of the investigating agencies. While the Strike Forces have the confidence of the FBI, so do the U.S. Attorneys' Offices that will be establishing Strike Force units. I do not anticipate any disturbance in the relationship between the FBI and the Strike Force units.

The risks identified above can be minimized by insuring that the Strike Force program will operate under its traditional charter, and the dissipation of Strike Force resources will be avoided by maintaining the review system identified above. Further, the establishment of the Organized Crime Council and the enhancement of the Organized Crime and Racketeering Section will ensure the high visibility of the organized crime program within the Department and will guarantee that the war on organized crime will remain a high priority of the Department and the Attorney General.

The Department is committed to ensure that any proposal concerning the Strike Forces is not thought to be a proposal to abolish the Strike Forces, but instead is recognized as a proposal to consolidate the Strike Forces with the United States Attorneys' Offices in order to create Strike Force Units within the United States Attorneys' Offices. This consolidation would enhance the ability of a United States Attorney to deploy Strike Force resources in a coordinated effort against organized crime in his or her district. It does not signal any reduction in the Department's commitment to combat organized crime.

Mr. SCHUMER. Mr. Dennis, with your indulgence, we've just been informed that we need a quorum for a vote, down in the full Judiciary Committee. We're sitting with their permission. They were supposed to finish long before 2.

Mr. DENNIS. I understand.

Mr. SCHUMER. So what I will do is, with your permission, and our subcommittee's permission, call a 7-minute adjournment so that we can go down and vote. We'll resume at 3:15.

The committee is recessed to go down and vote in the main Judiciary room.

[Recess.]

Mr. SCHUMER. The committee will come to order.

Mr. Dennis, for those of us who are very concerned about this issue but who are not inside the bowels of the Justice Department, these arguments tend to be abstract on both sides.

Could you give us some specific examples—and mindful of what you had said, that the strike forces have done a good job but there is still fighting over turf and everything else—something that we on this side of the table are quite familiar with—could you give us some specific examples of how the division between the task forces and the U.S. attorneys has created the kinds of turf problems?

Mr. DENNIS. Of course, I've had my own experience with this as a U.S. attorney. I guess the most striking example of how such a problem can arise, we had a case involving an extortion of a major developer in Philadelphia made by a member of the Nicky Scarfo organized crime family. This member purported to have in his pocket a city councilman who held the key to that project in terms of its approval or its disapproval by the city council.

So the developer came to the U.S. attorney's office and asked for assistance with regard to this matter, and we began an investigation. At the same time, it did, quite legitimately, involve organized crime, and it also involved public corruption.

Now, my working relationship with the strike force chief is a good one and I think we were able to resolve any potential conflicts, but it was one of those situations that required immediate action because, one, the legislation that had to be acted on had to be acted on within a period of 2 or 3 weeks or else the grant was going to expire that the developer needed as sort of a cornerstone of the financing for the project. And delays in terms of jurisdictional issues between the strike force and the U.S. attorney's office could well have been disastrous in that particular case.

As it turned out, I took a personal role in that case, and in part I took it in order to eliminate the possibility of conflicts that might arise between assistant U.S. attorneys and strike force attorneys.

These conflicts are natural—and I don't fault anyone because you have aggressive attorneys, aggressive organizations. They want to do a good job, they have equity in these cases, they put a substantial amount of time, and they feel they can do the best job. But when they're operating basically at odds organizationally, the results, too often, I think, risk possible mishandling of cases; and that really shouldn't be.

It also exhibits the need for the U.S. attorney's leadership. In that particular case, because of the unique twists and turns involved in it, I had to work closely with the Mayor's office, and with

the president of city council, because the legislation did not go through. Our undercover case was successful but not 100 percent, so I had to go to bat with regard to that. And then later on, I had to go to bat supporting the strike force against attacks by the district attorney's office trying to shove them off of a part of the case that they were working on.

So it just made it very clear to me that U.S. attorney leadership in this area is critical, and I felt that if the strike force were within the U.S. attorney's office, I could certainly provide that support in a much better way than I could sort of at arm's length. So that would be one example.

Other examples often probably don't come to light and you have to recognize, you don't know of cases that might not have been made, because of the fact that there were these kinds of impediments.

On occasion, there are cases that are in their infancy where the FBI or the other investigative agencies really lack the kind of prosecution support while an issue of whose case is it gets resolved through the chain of command in Washington; and really, that shouldn't be. It's difficult enough if you have a legitimate jurisdictional dispute between or among U.S. attorneys without complicating it, multiplying that by two or three.

As I mentioned in that one case that we were talking about, rather than having two U.S. attorneys offices, you had two U.S. attorneys' offices and two strike forces. And the strike forces themselves were somewhat not in agreement necessarily as to the jurisdiction between those two offices, and then you had the two U.S. attorneys' offices themselves.

Finally, the Criminal Division made the decision on behalf of the Attorney General that, as the U.S. attorney from Philadelphia, I should have the lead role in basically making the judgments and decisions about how this whole matter should be handled. But it was a matter of months before that was resolved.

So that would be the kind of issue that does come up periodically in terms of the jurisdiction.

Mr. SCHUMER. But to be succinct, I suppose, what you're saying is, the major issue is turf, and how to resolve those turf disputes; is that—

Mr. DENNIS. I don't use the word "turf." I mean, there are real cases here, there are people that—

Mr. SCHUMER. There's real legislation here and our committees fight each other like cats and dogs for it.

Mr. DENNIS. Here you have a developer with three-quarters of a billion dollars worth of project at stake. He has his own financing, and those that are supporting his finance. He doesn't want to see dissension in the ranks. He doesn't want to see the Justice Department divided. He wants to deal with one person that he has confidence has the juice to be able to make this thing happen.

If there had been any indication or any—if he had gotten the smell that somehow I was not completely in control of that situation, he may have packed up his bags and folded the project; he may not have consented to be involved with the undercover, with all the risks, to his credibility and what have you.

These are the real life issues that I see.

Mr. SCHUMER. Last year—this is not the first time this issue has come up. Last year, Attorney General Meese proposed a plan to give the U.S. attorneys more supervision over the strike forces. That was sort of the compromise that he had meted out.

My understanding is that the U.S. attorneys were directed to submit annual plans for addressing organized crime as well as the annual performance ratings of the strike force.

Can you describe Attorney General Meese's plan, and what has become of it? Has it had time to work?

What have the reports shown?

Our indication is that not all the U.S. attorneys have yet submitted such plans.

Mr. DENNIS. That compromise, or that plan, the Meese plan, was put into effect. It really has not run its course for the first full year.

Let me make it clear that Attorney General Thornburgh is very confident, and so am I, that this is the time in which a full consolidation should be implemented, that halfway measures will not do—the issue should be resolved and we should get on with the business of making cases.

We do not believe that halfway measures are going to be effective. And I think that the strong signal which the Attorney General sent with regard to his willingness and, I think, his real interest in really considering a full consolidation, probably had much to do with interrupting the full implementation of the Meese proposal as anything else.

So the direction in which we are headed is a full consolidation and that's the issue we sort of see is on the table.

Mr. SCHUMER. The bottom line is that the Department of Justice feels that the Meese plan wouldn't solve the problem?

Mr. DENNIS. That's correct.

Mr. SCHUMER. The next question is, you had mentioned that the strike forces will be incorporated under the U.S. attorneys in their respective jurisdictions.

In a year from now, if this plan were implemented, what is to prevent those attorneys who will be transferred to the U.S. attorney's offices from being assigned to deal with some other major issue that comes up. Let's say the Criminal Division itself is under some pressure to produce results in bank robberies?

Mr. DENNIS. I understand.

The same commitment that we exercise, and judgment we exercise, in terms of not taking organized crime resources and putting them in the Fraud Section because we have a S&L crisis, or because we may have a gearing up, or may need to gear up, with regard to issues related to housing and urban development, is the same mechanisms that we will use to make sure that the resources being applied to organized crime cases are not dissipated because of the crisis of the moment.

I think we are all in agreement that it will take a steady hand. This is an investment. You have to—to give you an example, the case that I mentioned involving the developer, I think we were successful in that case not only because of the effect of undercover work but we were able to take advantage of 10 years of vigorous investigation by the organized crime strike force and the investiga-

tive agencies that I worked with, specialized units, to provide an evidentiary base.

At the time they were developing the evidence, they didn't know that it was necessarily going to be that important in that kind of case.

So I think within the U.S. attorney's office, we'd have the same mission, the same mandate; that is, that these resources will be separate in the sense that they cannot be easily transferred into another area. That will be insured through the oversight of the Organized Crime Council, of which the Attorney General is the head, and the Deputy Attorney General will probably be the operational head on that. The Criminal Division will be staffed to that. And we have the Organized Crime and Racketeering Section, which will continue to play a key role.

Case initiations will have to be approved by the Section, which means that we will hopefully maintain the same standards of what is an organized crime case. And any question about personnel changes will also be with consultation with the Criminal Division and the Organized Crime Section.

So we feel that, one, with the track record that we are developing and U.S. attorneys having specialized units within their offices to deal with specific problems—like in the savings and loan area, like in the area of drugs, or neighborhood drug trafficking programs, as Senator Specter mentioned, and in the area of defense procurement and public corruption—that we can continue to make sure that the efforts of U.S. attorneys' offices are coordinated nationwide and that the resources that are dedicated to that area continue to be applied consistently.

I think all of us realize that this is not 1968. This is 1989, and that this is a new day for U.S. attorneys as well—that this is a responsibility, one of a number that we have placed on U.S. attorneys, and we think they can continue to do the type of job in this area that they have done in other areas.

Mr. SCHUMER. But it will be easier to remove people from the organized crime units under the Attorney General's reorganization than it would be presently under the—

Mr. DENNIS. I don't think it will be easier, no. A U.S. attorney will not be able to make the same personnel changes with regard to these strike force units that he or she would be able to make with regard to, let's say, moving an attorney from a Fraud Section into a Drug Section, or a Drug Section into a Public Corruption Section, no.

This program will be more tightly monitored than any other program that I'm aware of where you have a specialized or a single mission-type unit within a U.S. attorney's office, and the Attorney General basically has committed his office—I mean his office personally, not just sort of an amorphous main Justice presence—to make that a reality.

Mr. SCHUMER. I have a few more questions but I will come back and defer to my colleagues.

Mr. Gekas.

Mr. GEKAS. I thank the Chair.

In looking over some of these reports which span a number of years, I believe that the one by the Attorney General's Advisory

Committee refers to the same issues you've been discussing. They recommend that these assistant U.S. attorney positions should be transferred but dedicated to the organized crime concept even though they're directly under the aegis of the U.S. attorney. So, in effect, their mission remains the same but they just report differently?

Mr. DENNIS. That's correct. They would become assistant U.S. attorneys but their mission would remain the same. The Attorney General, in the very earliest stages that this was being considered, made it clear that in terms of any proposal that he might favorably consider, the strike forces and the strike force attorneys that would be in that unit would have the same mission, same charter. Those are almost his words.

Mr. GEKAS. Help me determine how the separation now exists physically.

Does the chair of the strike force have separate offices within the Federal building that the U.S. attorney has his office in, say, in certain areas?

Mr. DENNIS. It depends upon the city. In Philadelphia, the strike force is in a separate building in fact. In some cities, they are in the same Federal building but in a different suite of offices. The strike forces are really field offices of the Criminal Division. They are hired by the Criminal Division. The chain of command is within the Criminal Division. The U.S. attorney is the chief law enforcement officer of the district, so on a theoretical basis, the U.S. attorney plays a role, but I think the reality is that the strike forces feel themselves—and I think the Criminal Division has insisted that they really have their allegiance to the Criminal Division, and that they take their orders from the Criminal Division, and not really the U.S. attorneys.

Mr. GEKAS. You mean straight out of Washington?

Mr. DENNIS. Straight out of Washington, right.

Mr. GEKAS. So does each strike force chief have a personnel person, one to—

Mr. DENNIS. No, that's handled out of Washington, as well. We have as part of our administrative resources in Washington, those personnel matters are all handled out of my administrative offices in the main Justice building.

Mr. GEKAS. So that if this consolidation takes place, we'd actually be moving some people into the same office structure and bringing them together physically as well as how they appear on an administrative chart?

Mr. DENNIS. That's right. Eventually, as I would see it, you would have one office. You would not have separate offices. Now, in the cities where there are separate offices and administrative structures, those might remain in place for some period of time until it made sense to actually collocate, depending upon space availability and that sort of thing.

But the strike forces are in essence prosecutorial offices—they parallel the U.S. attorneys' offices except they're usually much smaller and they have the same administrative needs—they are lawyers, they are prosecutors. So there's not really a wide disparity between what the strike forces do and what the U.S. attorneys' offices do.

Mr. GEKAS. What about support staffs—stenographers and computer specialists and all of that? Will they be transferred physically also?

Mr. DENNIS. That's correct. As a budget matter, the support personnel, the equipment, would be transferred onto the U.S. attorneys budgets, Executive office for U.S. attorneys, in a proportionate way, so that—

Mr. GEKAS. Would you be lopping off any?

Mr. DENNIS. No, the resources would be at least maintained to the extent they are now. We wouldn't be lopping off any—it's unlikely we'd be lopping off any computers. One of the things you should be aware of, there is currently a project which may be implemented this fall, to provide office automation for the Criminal Division and the U.S. attorneys and the Tax Division. They will all be on the same system. So that whatever the needs of the Criminal Division and the strike forces in that regard, there shouldn't be any problem of compatibility with regard to computers and that sort of thing. But those computers would go with the attorneys, the secretaries, the paralegals, librarian. If there were not a need for two libraries, you might be able to realize some efficiencies there.

With regard to the administrative within the U.S. attorney's office, that would be picked up in terms of processing new hires and promotions, and things like that. So that would be folded in.

There have been some preliminary figures worked up, or at least some discussions about how the budget allocations would be divided.

Mr. GEKAS. There wouldn't be much saving of moneys, really. I don't see any major budget savings that we can accomplish while we're doing the consolidation of the war against organized crime; which is all right. But I just wanted to make sure that in what we're considering here, if indeed there's going to be some conjoining of resources—as you outlined in your opening statement—budget savings should be accomplished where they can be.

Mr. DENNIS. Absolutely. The budget savings was not the driving force behind the proposal or consideration of it. Common sense would tell me that there should be efficiencies that should be realized, whether in a fund in terms of the rental space, not having to actually have two separate offices; and then perhaps some efficiencies of scale.

But certainly the prospect of the consolidation didn't send the Justice Management Division out to go buy new equipment because of the savings on this. Those savings that would be realized would probably be over time. It wouldn't be an immediate thing, and it would probably not be an enormous savings by any means.

Mr. GEKAS. Just one other question for my own edification.

Before the approval, the target date for the change is contemplated now to be October 1, I suppose?

Mr. DENNIS. I believe that's the Attorney General's target date, yes.

Mr. GEKAS. What happens in situations, for instance, where the strike force team requests a court-approved wire tap? Would the U.S. attorney be notified that that's occurring, or not right now?

Mr. DENNIS. Yes, the U.S. attorney would be notified of that right now. So those do go through the U.S. attorney.

Mr. GEKAS. Would he have veto power over that?

Mr. DENNIS. Yes, he could veto, but I don't think I've run into situation where a U.S. attorney has exercised that veto. But he could interject a veto. Let's say it would conflict with another case or something like that.

Mr. GEKAS. It seems to me that one of the dangers in a present split would be that in a very delicate wire tap situation, the U.S. attorney may feel that that compromises his activities in another sector—or in that same subject matter, et cetera.

Mr. DENNIS. That's right.

Mr. GEKAS. So one benefit of the consolidation, which the Attorney General proposes, is that in some of these very sensitive and dangerous situations, the fewer people involved in the final decision-making structure, the better. And that seems to me to be a real benefit.

Mr. DENNIS. Yes, I think that's true. The U.S. attorneys, I think, are used to having to deal with the fact that you may be getting information from different quarters that comes together with regard to a particular case. And that by having the normal channels being utilized, where the strike force would be a part of the office and operating regularly within the framework of the office's procedures and regiment, just means that that gets constant attention rather than on a crisis basis when, let's say, a strike force chief recognizes that he or she's running head-on into another case that's being worked in the U.S. attorney's office. There may be hesitancy for some reason or another, and again, I don't think we can afford that.

Mr. GEKAS. I thank the Chair. I have no further questions at the moment.

Mr. SCHUMER. Mr. Sangmeister.

Mr. SANGMEISTER. Thank you, Mr. Chairman.

I'm sorry I came in a little late to the hearing and hope that this is not redundant, but I'm trying to get straight in my own mind exactly what the strike force is as far as whether it's autonomous or not.

As I understood what you said, it is created under the existing Criminal Division of the particular district U.S. attorney's office?

Mr. DENNIS. No, it currently is under the Criminal Division in Washington. So it is basically a field office of the Criminal Division in Washington. It is not within the Criminal Division or reports to the Criminal Division of the U.S. attorney in a particular district.

Mr. SANGMEISTER. So if the U.S. district attorney is unhappy, for whatever reason it may be, about the prosecution or investigation that's going on by the strike force, there's no way through the Washington office or anything else that he can cut that off; is that right?

Mr. DENNIS. He can do that, but what happens is that, if there's a disagreement that might—if it can't be resolved between the strike force chief and U.S. attorney—it would come to the Criminal Division in Washington to be resolved, and might, depending upon the case, go all the way up to the Attorney General. So there is a mechanism for resolving disputes.

Mr. SANGMEISTER. And you're further telling us that you don't think that if this merger takes place, that there's going to be any

changes in the actual operation of the way the strike force has been going? Everything is going to be just as harmonious, and there's going to be as much emphasis in this area as there has been in the past, except it will be under the local district attorney?

Mr. DENNIS. I think that it will be more harmonious than it has been in the past, and I think it will be more effective in the sense that—not in the sense of the capabilities of the attorneys involved, but I feel that the environment, in terms of working within the framework of one office that has really a related mission, having the support of the U.S. attorney, who is the chief law enforcement officer of the district with fairly substantial responsibilities for coordinating with State and local law enforcement agencies and the Federal agencies involved—with having that kind of clout that you will have a strike force that's going to be more effective, going to have more support where it really needs it.

See, it doesn't need the support in Washington. Where it needs the support is in the local district. It needs it with the FBI. It needs it with the Postal Service. It needs it with the police departments. It needs it with the State attorney general. And the U.S. attorney can provide that kind of support, that kind of clout.

Mr. SANGMEISTER. It would seem to me, and I might be wrong, but you would think the U.S. attorney's office would be glad to have this out from underneath them from this standpoint: Surely they're appointed, they are not elected. But there's always a lot of pressure that's put on them—and I don't say that from a partisan basis at all; I don't care whose administration is in there—but, you know, Mo has been a good contributor to the party over the years and, really, you think you ought to be doing to him what you are. It would be nice, I would think, if the U.S. district attorney would be completely absolved from that and wouldn't have to be concerned, in particular, in organized crime type of prosecutions.

Mr. DENNIS. On occasion you do run into issues of where a U.S. attorney should recuse himself or herself. If that situation comes up, as it might come up with a strike force attorney as well, a recusal would be used and the case would then fall under the responsibility of either the first assistant or perhaps the strike force chief.

I think that over the years, the U.S. attorneys' offices have proven themselves to be as professional as any component in the Department, and truly dedicated to the interest of law enforcement. They have not been undermined by political influence. Quite to the contrary, they have shown themselves to be obstinately independent insofar as pursuing the legitimate law enforcement function.

I think that even those that perhaps don't agree with this proposed consolidation agree with that point, that the U.S. attorneys have been very professional in that regard.

We insist upon it. That's one of the things I think we review very carefully insofar as U.S. attorneys are concerned.

Mr. SANGMEISTER. Please, there's no way that I would impune the integrity of the U.S. district attorney's office, including my own back in Illinois.

But, you know, a U.S. attorney is not going to step up and recuse himself because somebody down the line in the party said, hey,

take it easy on Mo, as I indicated. You don't recuse yourself for those kind of things.

I just think that the professionalism that has been exhibited—and I think you're going to hear—I think he's here somewhere—from the executive director of the Chicago Crime Commission, which I've worked with over a number of years as a State prosecutor. You know, they've had convictions on people like Allen Dorfman, Peter Baliestrieri, Joseph "Little Caesar" DiVarco, and all kinds of people. It's just amazing success in that Chicago office over there.

I know the people in my area were very impressed with the job that was done by them and would be very concerned about whether or not that type of strike force, that type of integrity and interest, is going to be still forthcoming under this consolidation.

Mr. DENNIS. Mr. Sangmeister, you may not have been here when I testified earlier that we do not view this proposal as being a criticism of the professionalism of the strike forces or the dedication with which they've done their jobs or the successes that have been achieved by the strike forces, or the U.S. attorneys in this area.

I didn't want the proposal to be viewed as implicitly a slap to the strike forces or denigration of the work they have done.

In the case you mentioned, having been a U.S. attorney myself, I would have two reactions to a telephone call like you mentioned—either, one, that person would be under investigation for obstruction of justice as soon as I hung up the phone, or I'd probably notify them of that fact if they made a telephone call such as that. Certainly, at the very least, they would be told that this was improper influence.

I'm very confident in the integrity of the U.S. attorneys and the seriousness with which they take their responsibilities. Many of them have made very unpopular decisions in their own particular district that could certainly affect future careers and that sort of thing.

I think that, as the strike forces have been dedicated and very professional, I think our U.S. attorneys have been equally so. I'm very confident and prepared that this program would be in good hands under the leadership of the U.S. attorneys. I can assure you of that.

Mr. SANGMEISTER. Well, then, I guess the bottom line of what you're saying is that both offices—the strike force and the U.S. attorney's office—are working well.

The only real reason to do this, then, is to make it one united, compatible force; is that what you're talking about?

Mr. DENNIS. Exactly, exactly.

Mr. SCHUMER. Mr. Smith.

Mr. SMITH of Mississippi. Thank you, Mr. Chairman.

Mr. Dennis, I remember several years ago as a local law enforcement person, that the Attorney General directed that the U.S. attorneys across the country began LECC's, or Law Enforcement Coordinating Committees—which was essentially made up of Federal investigative agency heads, State and local officials, doing what the Attorney General is trying to accomplish today, and that is stopping the overlapping jurisdiction, the turf problems, and provide better coordination.

From what you've said here that's exactly what he's trying to do. And that is to get an identified unit that can go after these organized crime cases which overlap into drugs and other areas, as we see the full spectrum today, so that you've got some direction and some control. Is that correct?

Mr. DENNIS. That's exactly correct. I mentioned earlier that the LECC program, which I must admit, as a U.S. attorney when this was first mentioned, I was a bit skeptical of how important an aspect of my responsibilities that this would be, that perhaps it might be just a matter of sort of glad-handing and kind of meeting socially, on a quasi-social basis, with my counterparts in the district attorneys' offices and in the local law enforcement agencies.

But I think the LECC's have really proven to be quite effective in cementing relationships between the key law enforcement agencies of the district, and that is essentially one of the cornerstones of the strike force program. They do work with the specialized unit in the police department. For instance, in Philadelphia, you had an organized crime unit that was dedicated to that within the Philadelphia Police Department; similar units in the State police, in the district attorney's office.

This dovetails with the efforts that are under way in the area of narcotics and dangerous drugs, in the area of violent offenders and firearms offenses related to that. We feel that the U.S. attorneys, through those relationships, which are professional law enforcement relationships, on a broader level can ensure that the strike force program has the benefit of that to the greatest extent.

Mr. SMITH of Mississippi. Then across the country, with OCEDEF, organized crime drug enforcement task forces, where local and State agencies have put local and State law enforcement people with those, coordinated by the U.S. attorney's office, which is another effort to coordinate local, State, and Federal efforts; is that right?

Mr. DENNIS. I would say that this is an area in which the U.S. attorneys may well benefit from the expertise of the strike forces in this sense: that the strike forces themselves have tended to look at the criminal problem with regard to organizational relationships—you know, an organized crime family, regardless of the offense; it might be a tax offense, a drug offense, it might be fraud, it might be gambling, it might be prostitution. But it's the enterprise that is the key.

I think that in the drug area we have tended to come from the point of view of the transaction—looking at the individual drug sale, or the individual smuggling event, as being the focal point of our efforts.

Perhaps with a U.S. attorney's office that has this sort of enterprise approach as an integral part of its office, we can meld the two, marry the two, approaches in a way that would be more effective in terms of the drug problem as well.

I'm not talking about necessarily the strike forces becoming a substitute for drug units. About 20 percent of the strike forces are involved in drug cases now out of the organized crime effort. But I mean the cross-fertilization of expertise could be, and I think will be, quite valuable.

So I think in that regard when you're looking at emerging organized crime groups, like Asian organized crime groups, the Jamaican posses, the Crips and the Bloods, where it's a phenomenon, it's an organizational phenomenon, and if you go transaction by transaction, I don't think you're ever going to get a real handle on the situation.

These are the kinds of areas that I think might benefit from an expanded approach that the organized crime sections have used in the past.

Mr. SMITH of Mississippi. In the Attorney General's press release, he talks about the creation of an Organized Crime Council made up of heads of Federal investigative agencies and members of the Criminal Division in the Department of Justice.

Is anything like that in place now with the strike forces across the country? This would be a model concept to give input from the FBI, the DEA, Marshal Service, and everybody, to have a better coordinated front towards organized crime. Is that correct?

Mr. DENNIS. That's correct. And there is no such body in the Department presently. Again, I think that the organized crime program on the agenda, and heightening its visibility within the Department in this way, is a significant signal and a significant step, as we have done with the Economic Crime Council in the area of white-collar crime. And I think we've been extremely successful in really bringing law enforcement to a point of extraordinary results in defense procurement, in financial investigations, and in other areas. We certainly should pattern our efforts in the organized crime area on the same model.

And this Organized Crime Council would do that. It would have the attention of the Attorney General, it would have the attention of the Deputy Attorney General, and would ensure that—and I think it may go a long way also in dealing with some of the concerns about our strategic planning and developing a national focal point for our efforts in having the cases and the actual investigations that are developed in order to reach certain groups that we feel are of national significance.

Mr. SMITH of Mississippi. In the Attorney General's press release about this, he also says that he's had coordination with the Criminal Division, the Federal Bureau of Investigation, the DEA, the U.S. attorneys' advisory committee, which is made up of U.S. attorneys from across the country; and State and local law enforcement groups.

Has there been an overwhelming support from those groups for doing this in the Attorney General's office?

Mr. DENNIS. I have not personally canvassed those groups myself. But I have not been informed of any serious opposition by DEA, FBI, or any of the law enforcement agencies. Those agencies—and I would point this out, I think it's important to note—do have specialized groups within them. I know that, at least in terms of the major cities, there are groups that are dedicated to organized crime, and those work very closely with the strike forces currently. Some DEA offices may have special groups; I'm not sure of that. Certainly in Philadelphia we didn't have a special group for organized crime cases.

That relationship, I think, has been a productive one. But oftentimes you do get competing claims for investigative resources between the U.S. attorney and a strike force, and that would be quite natural. The fact that those competing claims insofar as cases are concerned would be reconciled with one office, I would think would be a major advantage.

Certainly in the case that I've had experience with, where the FBI's organized crime group was working with the U.S. attorney's office and the organized crime strike force in this coordinated effort on a case that I mentioned, I thought we got tremendous support and there was not any resistance or resentment about the involvement of the U.S. attorney's office in that. So I think the FBI's professional, the strike forces are professional.

As I say, when the gun sounds, I think we will all be on the mark.

Mr. SMITH of Mississippi. Are you familiar with a letter from the National District Attorneys Association to Mr. Barry Stern, Director of Liaison Services of the Office of the Attorney General, dated May 24, from Jack B. Elverton, the executive director?

And I'd like to attach the letter and the position paper as a part of this hearing, Mr. Chairman.

Mr. SCHUMER. Without objection.

[The letter follows:]



sent to Carol Crawford

NATIONAL DISTRICT ATTORNEYS ASSOCIATION
1033 NORTH FAIRFAX STREET, SUITE 200, ALEXANDRIA, VIRGINIA 22314
(703) 549-9222

OFFICE OF THE EXECUTIVE DIRECTOR

May 24, 1989

Mr. Barry Stern
Director of Liaison Services
Office of the Attorney General
10th & Constitution Avenue, NW
Room 4213
Washington, DC 20530

Dear Barry:

I am enclosing the resolution relative to the consolidation of the Organized Crime Strike Forces with the offices of the U.S. Attorneys. I hope this position will assist the Attorney General in accomplishing his task.

With best wishes, I am

Sincerely,


JACK YELVESTON
Executive Director

JY/vs
Encl.



NATIONAL DISTRICT ATTORNEYS ASSOCIATION
 1033 NORTH FAIRFAX STREET, SUITE 200, ALEXANDRIA, VIRGINIA 22314
 (703) 549-9222

OFFICIAL POLICY POSITION

Federal Organized Crime and Racketeering Strike Forces

After years of separation of the Department of Justice's Organized Crime and Racketeering Strike Forces from the U.S. Attorneys' offices, it is now time to consolidate these two law enforcement efforts.

Consolidation will serve a multitude of worthy purposes:

- a) It will maximize coordination between law enforcement agencies in the war against organized crime;
- b) It will result in administrative and logistical savings at a time when federal resources are exceedingly scarce;
- c) It will eliminate time- and resource-consuming turf battles which promote confusion rather than coordination of prosecutive missions;
- d) It will increase the breadth of U. S. Attorneys' authority, making it easier for them to forge crucial alliances with state and local prosecutors and law enforcement agencies; and
- e) It will revitalize and strengthen the government's efforts by bringing the experience and resources of the U.S. Attorneys' Offices to bear on the problem.

For these reasons, the National District Attorneys Association endorses Attorney General Dick Thornburgh's plan for consolidation of the federal Organized Crime Strike Forces with the U.S. Attorneys' Offices.

Adopted by the NDAA Executive Committee this 6th Day of May 1989 at Washington, D.C.

Mr. SMITH of Mississippi. Essentially, it refers to the Federal organized crime and racketeering strike forces, recommending—I'll read in part, if I could, and this will be my last question.

After years of separation of the Department of Justice's organized crime and racketeering strike forces, the U.S. attorneys' offices, is now time to consolidate these two law enforcement efforts. Consolidation will serve a multitude of worthy purposes: (a) It will maximize coordination between law enforcement agencies in the war against organized crime; (b) it will result in administrative and logistical savings at a time when Federal resources are exceedingly scarce; (c) it will eliminate time and resource-consuming turf battles which promote confusion rather than coordination of prosecuting missions; (d) it will increase the breadth of the U.S. attorneys authority, making it easier for them to forge crucial alliances with State and local prosecutors and law enforcement agencies, and; (e) it will revitalize and strengthen the Government's efforts by bringing the experience and resources of the U.S. attorneys' offices to bear on the problems.

For these reasons, the National District Attorneys Association endorses Attorney General Dick Thornburgh's plan for consolidation of the Federal organized crime strike forces with U.S. attorneys' offices adopted by the National District Attorneys' Association Executive Committee this 6th day of May 1989, at Washington, DC.

My last question to you, Mr. Dennis, would be: Is it important to have the cooperation of the local district attorneys across this country who are involved with multicounty jurisdictions and law enforcement efforts in combating organized crime?

Mr. DENNIS. Absolutely. They are the cornerstone of the LECC program because they do cover the entire district of a U.S. attorney and work with most of the local law enforcement agencies that are key to our effort. So their support is absolutely essential. I think that that letter, which I had not seen, certainly evidences what we would feel is a step forward in that relationship and we certainly welcome their continued support in our efforts in organized crime.

Mr. SMITH of Mississippi. Thank you, Mr. Dennis.

Thank you, Mr. Chairman.

Mr. SCHUMER. Mr. Coble.

Mr. COBLE. Thank you, Mr. Chairman.

Mr. Dennis, this city, probably unlike any city in the world, is oblivious to profit margin. It is oblivious to reduced funding. And the reason is simple; we spend money that belongs to others. We spend \$5 million here and \$5 million there, and then nobody is real uptight about it. Democrats are guilty of reckless spending, Republicans are guilty of reckless spending.

Having said that, if this proposed merger is consummated, as my friend from Mississippi just touched on in the letter when he referred to logistical savings—and that may be a high-powered bureaucratic buzz word—but what is the probability of enhanced efficiency and finally reduced funding?

Will this proposed merger promote the spending of less money?

Mr. DENNIS. I think it will promote greater efficiency in that, over time, when you're operating one office on a consolidated basis rather than two separate offices with all of the administrative du-

plication, it would seem to me just as a matter of common sense that you would have a more efficient operation.

Of course, we want to be as efficient as possible because funds are scarce, as you so well noted. But the savings, in terms of substantial amounts of funds, were not the center point of the proposal. There will be some additional resources probably expended for travel funds—as you may note in the proposal, we would have a cadre within Washington that would be available to deal with districts that do not have strike forces that would be merged into those offices. So there would be, perhaps, some increase there.

On the other hand, there would be administrative savings insofar as the duplication of libraries and the administrative resources to support two separate offices.

But I think the real savings, as I see it, is the fact that hopefully we will make the resources that we currently are using more effective: One, by reducing the distraction that competition between offices certainly brings about. And, two, by providing the strike force resources with the clout of the U.S. attorney's office, or the clout of the U.S. attorney, in making them more effective in fulfilling their mission.

So that although it may not be a matter of reduced funding, I think that for the level of funding that we're currently spending, we should see, certainly, a greater and an enhanced effort, and that would certainly be our goal and objective.

Mr. COBLE. Thank you, Mr. Dennis.

Mr. Chairman, that would be the appealing feature as far as I'm concerned—if we could realize a more streamlined operation administratively and enforcement-wise and then, finally, reduced spending. I would find that appealing.

Thank you, Mr. Dennis.

Mr. SCHUMER. It would be close to a first, as you stated, Mr. Coble.

Mr. COBLE. It would, indeed.

Mr. SCHUMER. I have a few other questions. We thank you, Mr. Dennis, for being here so long. I've saved a few questions for the end and I would just like to go over them and then we will get on to the next witness.

First question is, it's my understanding from the GAO report—page 23—that a former Assistant Attorney General of the Criminal Division—which is the title you hold—and the OCS Chief back only—how long ago?—back in 1987, gave the Attorney General a report opposing exactly what you are doing.

It's also my understanding that the first gentleman was Mr. Weld and the second gentleman was Mr. Margolis.

Have you looked at those reports? What has changed that would make those reports invalid? Because, as I understand it, particularly Mr. Margolis' memo is quite vehement on this matter, that we should not get rid of the strike forces, and Weld agreed with him.

Mr. DENNIS. I have reviewed those memos. I was aware of them as a U.S. attorney and subsequently in reviewing them with regard to this proposal.

Let me say that the issues raised are not frivolous; they are not considerations that don't deserve attention. The question really is whether or not this proposal addresses those issues. I think we've

tried to be careful in making sure that we were able to meet what we consider to be legitimate concerns about the management of the program under the new structure.

I think Mr. Weld's concern was one involving sort of the psychology or motivation of the U.S. attorney, this kind of short term emphasis that U.S. attorneys might have in that they might not be there for the duration and that sort of thing.

Mr. SCHUMER. What he's basically saying, as I understand it, that if it takes 3 or 4 or 5 years to make a case, that many U.S. attorneys don't have that kind of time horizon while the people on the strike forces do.

Mr. DENNIS. First of all, I think the U.S. attorneys' offices have shown that they can stay with a long-term investigation, a long-term effort through transitions of U.S. attorneys. Operation Graylord in Chicago is a prime example. The police corruption cases—Pete Vaira, who you will be hearing from and for whom I have a great deal of admiration, began that investigation during his tenure. I picked up the ball and hopefully ran with it reasonably well. It's continuing on under Mike Baylson, who is the U.S. attorney in Philadelphia, in terms of the abuse of authority by police officers, or alleged abuse of authority in the area of narcotics cases.

So I think that that continuity issue, although it may be a concern on a theoretical basis, I think we really have to look at the actual track record of the U.S. attorneys to be able to do that. They have been able to do it. I think they do it quite regularly and quite admirably.

I don't think the priorities within the criminal law enforcement area tend to shift as radically as perhaps priorities might shift in other areas. I have served under Democratic and Republican administrations as assistant U.S. attorney in a number of positions. And basically, you know, we've gone hard after drugs, violent crime, political corruption, and fraud, and that hasn't changed.

And when you get into the area of organized crime and the area of S&L's and defense procurement, you're talking about different facets of the same general set of problems. I think the U.S. attorneys as a corps are dedicated to what is really a public calling that they take very seriously—as the strike forces have—and I don't think that that's going to change, really. There's no difference of philosophy between the strike forces and the U.S. attorneys on that score, I don't think.

Mr. SCHUMER. The Attorney General doesn't really intend to implement this plan before October 1; is that correct?

Mr. DENNIS. That's my understanding, that the implementation prospectively would be October 1.

Mr. SCHUMER. OK, because as you may know, in the supplemental bill, section 105 would not allow him to do it before October 1. Now, that has not become law. It's going to be on the floor tomorrow, but all expectations are that it will be signed into law in the next few days.

Mr. DENNIS. I do understand that there is language in the supplemental that—

Mr. SCHUMER. And there is intention to abide by the supplemental's language, I presume?

Mr. DENNIS. We abide by the law at the Justice Department.

[Laughter.]

Mr. SCHUMER. I understand that. I was concerned you might try to implement this in the next day or two before it's signed into law. I wasn't implying that you would—

Mr. DENNIS. I doubt that.

Mr. SCHUMER. You doubt that, OK.

Another question. As you probably do know, and in the S&L bill, which we recently passed, the House stood pretty four squarely on the fact that there ought to be special regional units to combat S&L fraud and we called for—that was done in a bipartisan manner on this subcommittee, in fact—separate regional units in Dallas, TX, and southern California.

I think when we looked at the existing structure—which is not dissimilar from, although I must admit, not completely the same as the structure you are proposing—one of the real problems that came up over and over again is having certain attorneys based in Washington fly around to wherever the problem is. It created problems of, number one, money, flying them around.

Number two, more importantly, they often would have to have their families in Washington, would have to spend months in either Dallas or California, or wherever it was, and that led to very unhappy assistant U.S. attorneys, some of whom left, many of whom wanted out of these cases, et cetera. Quite understandably, they didn't want to be away from their families for months on end.

How would you, given that experience, how would you restructure the unit—the 20 attorneys unit—or how was that different from the unit that is being proposed for organized crime?

Mr. DENNIS. Criminal Division attorneys who are based in Washington and sent to hot spots around the country—whether in public integrity of a fraud section, or the organized crime and racketeering section—when they sign on they really understand this is one of the sort of burdens that goes with the territory, that they are going to be outside of Washington, they are going to be doing a lot of traveling.

These attorneys accept that as really part and parcel of working out of the Division.

Insofar as the S&L situation is concerned, I'm glad you mentioned that because I think it does point out a general philosophy and a general approach to managing the department, that I think we have grown to accept. And that is that to the extent possible, the Criminal Division resources really should be used as a strategic reserve, as when the S&L situation broke within the last couple of years.

The advantage we had was that we could put in place a task force to begin immediately investigating and providing prosecution support to the investigative agencies, with the help of the U.S. attorney's office, in a very short time frame.

The only alternative to that would have been to staff up the U.S. attorney's office, which would have taken a number of years at best, assuming that everybody agreed it should be done.

But as we find that—let's say a task force like in Dallas or in some other area of the country may be one that may have to stay operational for a substantial period of time, it would be our intent to make sure that the U.S. attorney's office gradually gets more

permanent slots to take care of that problem while we can then begin to use our resources more effectively in other districts that need them. So we accept that as our role.

Any sort of task force, we recognize as temporary really to deal with the problem. The longer term district situation really should be the U.S. attorney's. That kind of model would be one that we would follow in the organized crime area. If you have a district that becomes overwhelmed for some reason or another, then we will be there, we will be in the situation. The Criminal Division will not be on the sidelines.

One of the things I'll be addressing the U.S. attorneys next week—they will be here on their Attorney's General Advisory Committee meeting—and one of the things I really want to emphasize is the mutually supportive relationship that I hope we can nurture between the Criminal Division and the U.S. attorneys to make this an effective relationship where all of us profit from it.

So I don't look at it as a, again, a failure of the Division—there are fine people in the strike forces and they will make fine assistant U.S. attorneys. And I think that we will be able to play the role in the Criminal Division that we traditionally have played, and that's to be a bit of a fire fighting outfit where there are flar-ups that need immediate attention.

Mr. SCHUMER. A final question from Mr. Smith.

Mr. SMITH of Mississippi. Just to follow up on a couple of reports here, Mr. Dennis, that I'd just like to quote from, and only request that it be made a part of the record.

Mr. SCHUMER. Without objection.

Mr. SMITH of Mississippi. Number one, March 17, 1977, entitled "Report to the Congress" by the Comptroller General of the United States, entitled "War on Organized Crime Faltering. Federal Strike Forces Not Getting the Job Done."

A couple of the conclusions of that report: Federal work against organized crime is not planned, organized or directed efficiently. Second, most convictions obtained by strike forces have resulted in no prison sentences or sentences of less than 2 years.

A second report by the Comptroller General of the United States, entitled "Stronger Federal Effort Needed in Fight Against Organized Crime," dated December 1981, a couple of conclusions from that: Organized crime is flourishing despite an improved strike force program. The Department of Justice has successfully indicted and prosecuted many high level crime figures, but a stronger Federal attack is needed.

The General Accounting Office [GAO] recommends that the Attorney General establish an executive committee in each strike force to ensure that Federal efforts are focused, coordinated, and directed. I understand part of this approach is to do that with the overall committee.

And in April 1989, this year, a report from the GAO, entitled "Organized Crime Issues Concerning Strike Forces," and the conclusion of that report results in brief: Federal initiatives against organized crime, including strike forces, have led to many prosecutions and convictions of traditional organized crime leaders. However, all of the mechanisms required by the Attorney General for planning and coordinating a unified Federal effort against orga-

nized crime are not being fully used. Also, over the years, U.S. attorneys have reported conflicts and competition with strike forces. And they, as well as a presidential commission, have recommended merging strike forces into their offices. The Attorney General is currently considering this option.

My question is: Were all those reports taken into consideration by the Attorney General in reaching this decision?

Mr. DENNIS. They certainly were. I would only mention one conclusion that you cited there that I would modify, and that would be the one citing low prison sentences on an average. That can be a tricky proposition. We recognize that in developing witnesses and in terms of opening up undercover opportunities, oftentimes it's necessary to bring cases against lower level individuals that might not yield substantial jail terms. So that I was not as influenced by that particular finding as the others related to the basic streamlining of the organization and the issue of a higher or a more centralized policy or strategic plan within the Department in this area.

Mr. SMITH of Mississippi. Thank you, Mr. Dennis.

Thank you, Mr. Chairman.

Mr. SCHUMER. I thank you.

My only concern, Mr. Smith, is that if we were to print all those reports in our hearing record, that the money we save from the consolidation would be lost by having a report this thick. So maybe we could work something out by reference.

Mr. SMITH of Mississippi. Maybe we can just reference or reprint the conclusions of the report then, Mr. Chairman.

Mr. SCHUMER. That would be great.

Mr. SMITH of Mississippi. Thank you.

[The information follows:]

REPORT TO THE CONGRESS



BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

War On Organized Crime Faltering--Federal Strike Forces Not Getting The Job Done

Department of Justice

Organized crime still flourishes, despite 25 years of work by federal strike forces to combat it. Why?

- Consumer demand for organized crime goods and services provides billions of dollars of income each year.
- Federal work against organized crime is not planned, organized, or directed efficiently.
- Most convictions obtained by strike forces have resulted in no prison sentences or sentences of less than 2 years.

The Department of Justice agrees that the Federal effort against organized crime can be better managed.

GDD-77-17

MARCH 17, 1977



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

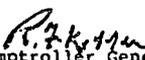
B-178618

To the President of the Senate and
the Speaker of the House of Representatives

This report addresses the Federal effort to coordinate the fight against organized crime through the Justice Department's strike forces and makes recommendations for improvement. Strike forces are located in areas of major organized crime activity and are composed primarily of representatives from Federal investigative agencies and attorneys of the Justice Department. Our report covers the operations of six strike forces located in Cleveland, Detroit, Los Angeles, New Orleans, Brooklyn, and Manhattan.

We made this review to determine the efficiency of the strike force program. Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget, and to the heads of the departments and agencies directly involved in the strike force program.


ACTING Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

WAR ON ORGANIZED CRIME
FALTERING--FEDERAL
STRIKE FORCES NOT
GETTING THE JOB DONE
Department of Justice

D I G E S T

Organized crime is a serious national problem. The Federal Government is making a special effort to combat it with 13 joint-agency strike forces around the country, whose goal is to launch a coordinated attack against this problem. This goal has not been accomplished. About \$80 million is spent each year to investigate and prosecute organized crime figures. Although the Federal Government has made some progress in the organized crime fight, organized crime is still flourishing.

Elimination of organized crime will be difficult, if not impossible. But more could be done if Federal efforts were better planned, organized, directed, and executed.

The escalated war on organized crime began in 1966 when the President directed the Attorney General to develop a unified program against racketeering. The idea was to coordinate the resources of all Federal law enforcement agencies. In 1970 the National Council on Organized Crime was established to formulate a strategy for eliminating organized crime. The Council met for only 1 year and failed to formulate a strategy.

Work at strike forces in Cleveland, Detroit, Los Angeles, New Orleans, and New York (Brooklyn and Manhattan) showed that:

- The Government still has not developed a strategy to fight organized crime. (See p. 9.)
- There is no agreement on what organized crime is and, consequently, on precisely whom or what the Government is fighting. (See p. 8.)
- The strike forces have no statements of objectives or plans for achieving those objectives. (See p. 10.)

- Individual strike forces are hampered because the Justice attorneys-in-charge have no authority over participants from other agencies. (See p. 11.)
- No system exists for evaluating the effectiveness of the national effort or of individual strike forces. (See ch. 3.)
- A costly computerized organized crime intelligence system is, as the Department of Justice agrees, of dubious value. (See ch. 5.)

Strike forces have obtained numerous convictions; however, sentences generally have been light. At the strike forces reviewed, 52 percent of the sentences during a 4-year period did not call for confinement, and only 20 percent of the sentences were for 2 years or more. (See ch. 4.)

GAO presents detailed recommendations that point out the need to:

- Identify what and whom the strike forces are combating.
- Develop a national strategy for fighting organized crime.
- Centralize Federal efforts--give someone the responsibility and authority for developing plans and overseeing their implementation.
- Establish a system for evaluating the effectiveness of the national and individual strike force efforts.

The Department knows the program is in trouble. In a recent study it concluded that although the program had been in operation for nearly a decade, no one could seriously suggest that organized crime had been eliminated or even controlled. The Department of Justice therefore agrees that the Federal effort against organized crime can be better managed. (See app. VII.)

The Department stated that formulating a universally applicable and acceptable definition

20192

REPORT BY THE
Comptroller General
OF THE UNITED STATES

Stronger Federal Effort Needed In Fight Against Organized Crime

Organized crime is flourishing despite an improved strike force program. The Department of Justice has successfully indicted and prosecuted many high level crime figures, but a stronger Federal attack is needed.

GAO recommends that the Attorney General:

- Establish an executive committee in each strike force to ensure that Federal efforts are focused, coordinated, and directed.
- Concentrate the limited resources of the strike forces on indepth investigations and prosecutions of high-level organized crime figures, and transfer uncomplicated cases to U.S. Attorneys' offices.
- Emphasize the use of case initiation reports and implementation of an evaluation system.

In addition, Congress needs to amend the Racketeer Influenced and Corrupt Organizations statute to help assist the Federal fight against organized crime activities.



GGD-82-2
DECEMBER 7, 1981



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20546

B-198049

The Honorable Max Baucus
United States Senate

Dear Senator Baucus:

This report addresses the need for the Department of Justice to better coordinate the Federal attack against organized crime. Justice has made numerous improvements to better plan, organize, and direct the operations of the strike force program. Although these efforts have improved strike force operations, more needs to be done to enhance the Federal effort against organized crime. The establishment of executive committees in each strike force, the concentration of the strike forces' limited resources on in-depth investigations and prosecutions, and the development of an evaluation system would improve the Government's efforts. Chapter 2 contains recommendations to the Attorney General that would improve the management of the organized crime strike forces and enhance the Federal effort to fight organized crime. Chapter 3 of the report reemphasizes our position on the need to amend the Racketeer Influenced and Corrupt Organizations statute to help the Government in its fight against organized crime.

This review was initiated pursuant to your September 17, 1979, request and subsequent agreements with your office. As agreed with your office, unless you publicly announce the contents earlier, we plan no further distribution of this report until 30 days from the date of the report. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

A handwritten signature in cursive script that reads "Charles A. Bowsher".

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO
SENATOR MAX BAUCUS

STRONGER FEDERAL EFFORT
NEEDED IN FIGHT AGAINST
ORGANIZED CRIME

D I G E S T

Organized crime derives billions of dollars in illegal income annually from its activities, and it is costing the Government about \$100 million a year to fight organized crime. The strike force program was designed to focus an experienced and coordinated Federal enforcement and prosecutive attack against this major national problem.

Senator Max Baucus requested GAO (1) to evaluate Justice's role in impeding, restricting, and combating organized crime activities, and (2) to conduct a followup of a prior GAO report dealing with organized crime strike forces. (See app. I.)

Four years have passed since GAO's last report on the Federal effort to combat organized crime. This prior study highlighted many problems which hindered strike force effectiveness. Some of the problems have been addressed, but the Department of Justice needs to do more. It should establish executive committees to focus and direct the fight, concentrate strike force resources on indepth investigations and prosecutions of high level organized crime figures, and develop an evaluation system.

IMPROVEMENTS MADE AND NEEDED IN THE
PROGRAM TO FIGHT ORGANIZED CRIME

Through the strike force program the Department of Justice has successfully indicted and prosecuted many high-level organized crime figures. It

- established a National Organized Crime Planning Council to coordinate efforts against organized crime;
- set broad priorities and targets to improve the focus and direction of the strike force;
- used case initiation reports to monitor strike force activities; and

--developed a self-evaluation system to measure strike force effectiveness.

GAO's work at the strike forces in Brooklyn, Chicago, Los Angeles, and Philadelphia showed that the Federal effort against organized crime can be further improved by:

--Establishing executive committees in each strike force for the purpose of improving the focus and direction of the program to fight organized crime. Active participation in these committees by strike force law enforcement agencies would improve the process for setting targets and priorities. (See pp. 14 to 16.)

--Concentrating the strike forces' limited resources on indepth investigations and prosecutions of high-level organized crime figures and allowing other cases to be handled by U.S. Attorneys' Offices. (See pp. 16 to 18.)

--Emphasizing the use of case initiation reports and implementing an evaluation system. (See pp. 19 to 24.)

IMPEDIMENTS IN THE RACKETEER
INFLUENCED AND CORRUPT
ORGANIZATIONS STATUTE

Law enforcement agencies and the Department of Justice are in agreement that the Racketeer Influenced and Corrupt Organizations (RICO) statute is a valuable weapon in the attack on organized crime because it provides for longer prison sentences and authorizes asset forfeiture--a judicially required divestiture of property without compensation. However, the RICO's potential impact in immobilizing organized criminal activities has not been realized. While the statute has been used to obtain significant sentences for convicted defendants, there have been few asset forfeitures. Emerging case law points to ambiguities and omissions in the statute that limit its effectiveness and warrant legislative change. (See ch. 3.)

Problems of major concern requiring legislative action are:

- Whether the forfeiture provisions of RICO should be read narrowly to cover only "interests" in an enterprise, thus preventing the Government from reaching money or other proceeds of illegal activities. (See pp. 30 and 31.)
- The inability of the Government to force forfeiture of substitute assets of the defendant when ill-gotten gains are transferred to third parties or are otherwise dissipated. (See pp. 31 to 34.)

In a prior GAO report issued on April 10, 1981, which deals with drug trafficking, GAO made several legislative recommendations that would help alleviate the problems with the use of the RICO statute. These recommendations are also applicable to the problems identified in this report. GAO believes the Congress needs to act on the legislative recommendations to help improve the fight against two national problems-- drug trafficking and organized crime. (See p. 38.)

Forfeiture investigations could be enhanced by more extensive use of Internal Revenue Service expertise than is currently the practice. While financial expertise may not always be essential to a RICO investigation, Justice officials agree that closer cooperation would be helpful. (See pp. 38 and 39.)

SENTENCES GIVEN TO INDIVIDUALS
CONVICTED OF ORGANIZED CRIME

The final outcomes of Federal efforts against organized crime are the indictment, conviction, and imprisonment of those who perpetrate these crimes.

From October 1977, through December 1979, the four strike forces GAO reviewed closed 180 organized crime cases involving 416 defendants. Of these 416 defendants, 273 received sentences. Of the 273 persons sentenced, only 61, or 22 percent, received prison sentences of over 2 years. While 90, or 33 percent, received

prison sentences of 2 years or less, another 122, or 45 percent, were only fined or placed on probation and received no prison sentence. During fiscal year 1981, Justice information showed that defendants convicted by all strike forces have been sentenced to an average term of about 43 months. Further, 44 percent received sentences of 2 years or more, 30 percent were sentenced to less than 2 years, and 26 percent received probation. (See ch. 4.)

RECOMMENDATIONS

GAO recommends that the Attorney General:

- Establish an executive committee in each strike force.
- Ensure that all Federal law enforcement agencies participating in the program to fight organized crime actively participate in the functions of the executive committees.
- Require that all cases not involving organized crime figures or utilization of extensive investigative resources be transferred to U.S. Attorneys' Offices for prosecution rather than using the limited resources of the strike forces to prosecute these cases.
- Emphasize that case initiation reports be prepared for all organized crime cases. This will provide a means to ensure that (1) strike forces' resources are applied only to cases involving organized crime figures or utilization of extensive investigative resources and (2) cases are transferred to U.S. Attorneys' Offices when appropriate.
- Ensure that an evaluation system is developed that will measure the performance and accomplishments of the strike forces so that management improvements can be made where appropriate.

AGENCY COMMENTS AND GAO EVALUATION

The Departments of Treasury and Justice agreed with many of the report's conclusions and recommendations. The Treasury Department stated

that the report is constructive and makes recommendations which will improve the fight against organized crime. Justice said that it has already taken successful steps to implement several of the necessary changes. (See ch. 5 and apps. IV and V.)

On the other hand, Justice took exception to GAO's recommendations in the areas of transferring strike force cases to U.S. Attorneys' Offices and the need for establishing executive committees in each strike force. Justice agreed that strike forces have prosecuted a small number of relatively uncomplicated cases and cases that would normally have been prosecuted by a U.S. Attorney's Office. However, Justice believes that generally strike forces are transferring all appropriate cases to U.S. attorneys. However, GAO has reemphasized that Justice needs to encourage the transfer of all cases not involving organized crime figures or utilization of extensive investigative resources from the strike forces to U.S. Attorneys' Offices so that the limited strike force resources can be concentrated on higher level organized crime cases. By limiting the strike forces involvement in minor cases or cases not related to organized crime individuals or activities, the strike forces will be in a much better position to coordinate the Federal attack on major organized criminal activities. A means to ensure that the proper cases are transferred to U.S. Attorneys' Offices is already in place--case initiation reports. The Department has instituted procedures to improve this process. By emphasizing the use of case initiation reports, the Department will be in a better position to ensure that minor and noncomplicated cases will be transferred to U.S. Attorneys' Offices from the strike forces.

Concerning the need for executive committees, GAO points out that, on the one hand, Justice disagrees with the need for such committees but, at the same time, acknowledges that changes to the Attorney General's guidelines have been recommended to establish executive committees that meet every 6 months rather than every 2 weeks. In addition, Treasury, a strike force member, believes in the benefits of these committees and believes they serve a useful purpose. However, Justice is merely objecting to the rigid frequency of executive committee meetings rather than to the concept of executive committees. Thus, GAO believes that Justice should discuss the frequency of committee meetings with the agencies participating in the strike force program before it arbitrarily decides on how often committee meetings should be held.

United States General Accounting Office

GAO

Report to the Chairman, Permanent
Subcommittee on Investigations
Committee on Governmental Affairs
U.S. Senate

April 1989

ORGANIZED CRIME

Issues Concerning Strike Forces



GAO, GGD-89-67

Executive Summary

Purpose

Fourteen federal Strike Forces operate around the country to plan and coordinate a unified federal effort against organized crime. The Chairman, Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs, requested that GAO determine whether Strike Forces have increased interagency planning and coordination of federal investigations and prosecutions of organized crime.

Background

The Justice Department began establishing Strike Forces in late 1966 and early 1967. Strike Forces were to combine the skills and resources of investigative agencies and federal prosecutors in teams focusing on organized crime in specific geographic areas. Strike Force prosecutors are Department of Justice Criminal Division attorneys, rather than attorneys from U.S. attorney offices. However, Strike Forces are required to coordinate with U.S. attorney offices, which also prosecute organized crime cases. (See pp. 8 to 10.)

As required by the Attorney General, Strike Force executive committees—headed by U.S. attorneys—are to (1) review federal efforts against organized crime, (2) formulate and implement programs and plans to break up organized criminal activities, and (3) devise ways to facilitate communication among federal agencies fighting organized crime. Since 1988, U.S. attorneys have also been responsible for developing written strategic plans for efforts against organized crime and annually updating them. (See p. 11.)

During this review, GAO visited eight Strike Forces around the country, interviewed officials from various organizations having Strike Force-related responsibilities, and reviewed relevant records. (See pp. 12 to 13.)

Results in Brief

Federal initiatives against organized crime, including Strike Forces, have led to many prosecutions and convictions of traditional organized crime leaders. However, all of the mechanisms required by the Attorney General for planning and coordinating a unified federal effort against organized crime are not being fully used. Also, over the years, U.S. attorneys have reported conflicts and competition with Strike Forces and they, as well as a presidential commission, have recommended merging Strike Forces into their offices. The Attorney General is currently considering this option.

Regardless of the organizational arrangement chosen, however, it is essential that federal resources be applied in a well planned, coordinated, and managed effort against organized crime. Making appropriate management judgments on the success of current or future efforts is largely dependent on accomplishing the difficult task of developing measures for assessing the effectiveness of anti-organized crime efforts.

GAO's Analysis

Planning and Coordination

GAO reported in 1977 and 1981 that Strike Forces were not achieving a planned and coordinated, multiagency effort against organized crime. In this review, GAO found that national oversight of Strike Forces has continued; Strike Force-level executive committees have not functioned as intended, but Strike Force attorneys have sometimes informally coordinated with investigative agencies primarily on a case-by-case basis; and U.S. attorneys have not fully complied with a requirement to develop strategic plans. (See pp. 15 to 21 and 26.)

The Organized Crime and Racketeering Section, Department of Justice, and the National Organized Crime Planning Council have provided a national management structure for the federal organized crime program. They have facilitated top-level program planning, oversight, priority setting, and coordination. (See pp. 17 to 18.)

To help achieve Strike Force-level planning and coordination, the Attorney General requires that the U.S. attorney in each Strike Force city form and head an executive committee that includes the Strike Force attorney-in-charge and key investigative agency officials. Executive committees are required to review and plan federal enforcement efforts against organized crime and devise ways to facilitate communication among the agencies involved. (See pp. 16 and 19 to 21.)

As it did in its 1981 review, GAO found that none of the Strike Forces visited during this review had an executive committee operating as required. However, Strike Force attorneys have sometimes informally coordinated efforts in their regions, generally on a case-by-case basis, by serving as intermediaries among investigative agencies. In addition, fewer than half of the affected U.S. attorneys had filed strategic plans for fighting organized crime 9 months after the Attorney General required that they be submitted. (See pp. 20 to 21 and 26.)

Conflicts Between Strike Force and U.S. Attorneys

A 1970 presidential Advisory Council and U.S. Attorney Advisory Committees in 1974 and 1987 recommended integrating Strike Forces into U.S. attorney offices. According to the 1987 Advisory Committee report to the Attorney General, determining which investigations involve organized crime is difficult early in investigations, resulting in conflicts over prosecutive jurisdiction between Strike Forces and U.S. attorneys. The then heads of the Criminal Division and Organized Crime and Racketeering Section opposed a merger, primarily because they feared attorneys would be shifted away from organized crime cases. (See pp. 21 to 24.)

After the 1987 Advisory Committee and Criminal Division officials had submitted proposals to the Attorney General, the Advisory Committee proposed a compromise wherein merger would not occur but U.S. attorneys' influence over Strike Forces would be increased. The Attorney General implemented the compromise, issuing a January 1989 order aimed at improving federal efforts against organized crime, including coordination between Strike Forces and U.S. attorney offices. The order makes U.S. attorneys responsible for preparing annual ratings that assess the performance of Strike Force attorneys-in-charge. The first performance ratings are not due until June 1989. (See pp. 24 to 26.)

The question of whether or not to merge the Strike Forces with U.S. attorney offices is again being evaluated by the Attorney General. In addition, the Anti-Drug Abuse Act of 1988 requires a study by the Director, Office of National Drug Control Policy, in consultation with the Attorney General, of possible reorganizations within the Justice Department, including the Strike Forces. (See pp. 26 to 27.)

Effectiveness Measures

The Justice Department has not developed measures to assess the effectiveness of Strike Forces. The Organized Crime and Racketeering Section chief agreed that measures of effectiveness for Strike Forces would be desirable. However, he said that Justice has consulted evaluation experts but has not found a system that would better assess performance than current procedures that provide for communications and visits with local Strike Forces and reviews of their case initiation reports and prosecutive memoranda. (See pp. 16 and 18.)

GAO recognizes the difficulties involved in measuring the effectiveness of law enforcement efforts, but asserts that improving effectiveness measures for anti-organized crime efforts would greatly assist the executive

branch and Congress in making informed decisions on the attack on organized crime. (See p. 28.)

Recommendations

GAO is making no recommendations.

Agency Comments

GAO discussed the facts presented in this report with the Organized Crime and Racketeering Section chief, and he generally agreed with the facts presented. However, in accordance with the Subcommittee's request, GAO did not obtain written comments on a draft of this report.

Mr. SCHUMER. Thank you.

I thank you, Mr. Dennis, your testimony was most informative.

Mr. DENNIS. Thank you, Mr. Chairman.

Mr. SCHUMER. If the next panel would come forward—they are Mr. Vaira, Mr. O'Sullivan, Mr. McDonald, and Ms. Serene—I'll introduce them.

Our next panel includes some of the most outstanding former strike force chiefs responsible for many of our major organized crime cases. In addition to working with the strike forces, two of these witnesses have also been U.S. attorneys—that's Mr. Vaira and Mr. O'Sullivan. So they will be able to tell us about the Department's proposal from both sides of the fence.

Peter Vaira was the attorney in charge of strike forces in the Eastern District of Pennsylvania and in Chicago. While there he coordinated the *Pendorff* case, prosecuting mafia families through Chicago, Kansas City, and Las Vegas, among other cases. He also served as the U.S. attorney in Philadelphia for over 5 years.

Jerry O'Sullivan was, until recently the chief attorney for the New England Organized Crime Field Office responsible for the *Angiulo* cases, breaking the major mafia family in New England. He also served as the U.S. attorney in Boston this past year.

I'd like to welcome Ed McDonald, who just retired as the attorney in charge of the Brooklyn strike force, and was responsible for the breakup of the Bonnano, Gambino, and Lucchese families in New York, among other cases. I understand the last strike force reunion of this size was at your retirement party.

Finally, we would like to welcome Jane Serene. Ms. Serene was the former special counsel to the Assistant Attorney General, William Weld, head of the Criminal Division. She and Mr. Weld, oversaw the decisionmaking process the last time the Department of Justice debated merging the strike forces, and they decided at that point against the merger. So we're happy to have Ms. Serene with us today to explain that decision.

Since we are moving quite rapidly on into the evening hour, what I would simply ask all the witnesses—I know some of you have submitted testimony—but if we could keep the verbal testimony here to 5 minutes and your entire written testimony will be put in the record.

Is there any particular order? I guess, then, we'll start by way of introduction. Mr. Vaira goes first.

**STATEMENT OF PETER F. VAIRA, ESQ., FOX, ROTHSCHILED,
O'BRIEN & FRANKEL, PHILADELPHIA, PA**

Mr. VAIRA. Thank you very much, Mr. Chairman.

This afternoon we've heard two words that I think characterize this whole problem, and if we didn't have those two words we wouldn't be here—that's "turf" and that's "political cases."

This is a turf fight, simply that. It's a turf fight. The organized crime strike forces have been in existence for 20, 25 years. They've had to get funded that many times. If they weren't doing a good job, you folks on the Hill know that those kind of organizations who don't do anything seem to just wither away—just wither away. If they weren't doing their job, they wouldn't have gotten funded.

You might be able to keep one alive for a year or two, but they would have gone. Living proof is that they are still here despite a number of attempts by the U.S. attorneys to change them.

Political cases. That's what we're talking about. Sometimes these organized crime cases cross political lines. Why is there a fight? Let me give you an example.

The antitrust field offices of the U.S. Department of Justice have been in many districts. They compete with the U.S. attorney. No one has ever tried to change them. Why? Because their cases are not headline-grabbers. You don't further your career by bringing some antitrust case.

Organized Crime Strike Forces are supposed to be long range planning. They're supposed to work on cases that take years to make, and they're supposed to work on cases that are outside the district of the U.S. attorney. They are supposed to work cross country. That's what we're talking about here.

We're not talking about the daily mail or the problem that walks in in the cases. I think that's one of the problems here we're talking about, we're talking about the daily fight of cases.

The organized crime strike forces are supposed to bring some long range planning to the Department of Justice. One of the problems that the Department of Justice has is it is not a national organization. As much as they try to tell you it is, it is not. It is an organization of 94 individual separate units.

Sooner or later, the Attorney General is going to have to decide that he's going to run the place. And he is going to have to make some national organization just like any national corporation and start delegating some authority—you do this, you do that—and stop worrying about these crazy turf fights. Because we are not going forward in the 20th century—we're going to go back to 1960, that's where Mr. Thornburgh's plan is going to take us.

Let me tell you why his plan is impractical. Number one, talking about efficiency. Sure, we're going to transfer these units into the U.S. attorneys' offices, and they will have a name there as organized crime strike forces. And for a couple of years they will be in existence, and they will do their work. But as you and I know, and anybody who has been a U.S. attorney, has hot cases to do. He's got political cases to work on. He's going to use those best people he can for other purposes.

And when those lawyers leave, he's going to replace with younger, less experienced persons. And this group of U.S. attorneys will go, they will go in 2 years, 3 years, whatever it is; it doesn't matter, they will all be gone. And then, I guarantee you, 3 years from now you are going to take the FBI to find the strike forces, because they will just have atrophied. I'm serious.

I was guilty of the same thing. When I was the U.S. attorney I used any horsepower they gave me for just whatever I needed it. I couldn't get my hands on the strike force because they didn't work for me, but I would have liked to. That is a political reality. It's going to happen.

Mr. Thornburgh will go and so will the U.S. attorneys. The definition of "organized" will become watered down. I can just see those persons sitting in the U.S. attorney's office, and then one day some of them will be working some cases involving theft from a

loading dock. Why? Because they will say this fellow's connected with organized crime and we can give him those kind of cases. Where will that long range planning be?

Mr. Chairman, I was a very powerful U.S. attorney. Nobody doubted who was the U.S. attorney in my district, and I didn't have to worry about turf fights. Nobody had any doubt about that. But I could not go across the border to Mr. Gekas' territory and try to do something over there.

The stories of U.S. attorneys' fights are legend. They fight with each other all the time. There's battles over big, big fights. The Southern District of New York is famous for trying to steal cases all over the world.

[Laughter.]

Mr. SCHUMER. Mr. Maloney has left. I would have just looked at his face when you said that.

Mr. VAIRA. He would have been pleased because he gets the brunt of it. As a matter of fact, if they could work the *Exxon Valdez* case, they would try.

[Laughter.]

Mr. VAIRA. The plan of Mr. Thornburgh is to go back where we were in 1960, to have people fly out and come out and give the U.S. attorney assistance. I joined the Department just after they did that. I'm telling you it didn't work then, and it won't work now. The last thing U.S. attorneys need is a bunch of fellow from Washington flying in at 4:30 or 3:30 on Monday and leaving on Thursday afternoon. It just won't work. It's inefficient, and any planner will tell you that.

Mr. Thornburgh will leave and the section he has established this group that's in Washington, DC, will become another gray amorphous section of the Department of Justice giving "advice." You just don't need any more of that.

Now, I'm going to give you a solution to all this problem. The problem, as I see it, is the U.S. attorneys and the strike forces have been fighting over—as Ed Dennis, who was my predecessor, here, but my successor in office—said they are fighting over cases that are walk-ins. That particular case that Mr. Dennis gave an example of, of somebody walking in—

Mr. SCHUMER. Walk-in

Mr. VAIRA. Walk-in means a complainant walks in the door.

Mr. SCHUMER. Right. They don't go out and get it, OK.

Mr. VAIRA. The complainant walks in the door. That should never have been a strike force case. It was in Mr. Dennis' office—they should have said, look, you have it, you take it, you run with it; if you need our help, fine. Because you don't need us, a special group of people, especially trained, to come over and combat with you. That's a great deal of the problem. It's really a management question.

When I was Executive Director of the President's Commission on Organized Crime for a very, very short time, one of our suggestions was that the strike forces take on great cases; take on entire industries—the movie industry, start with that and start working on it. It may take 5 years but it would take the entire industry on; the manpower that the U.S. attorney simply doesn't have—he simply

doesn't have the planning to take that on. That's the solution to this problem.

Let's make some long range plans. It is not going to happen with this patchwork that Attorney General Thornburgh has put together, who I have the highest respect for. I worked for him a long time and have the highest respect for not only his integrity, but his intensity in fighting crime. But this just isn't going to work. It's a plan that we had back in the 1960's. It won't work.

What I would say is that we need a management solution to this but we don't need to give all this emphasis to this turf fight. Sitting beside me are very, very talented guys who have been down in the pits and been fighting with it. I've talked long enough. But that's my solution to it. Let's find some national solution to this problem and cut out the turf fight.,

Thank you.

Mr. SCHUMER. Thank you, Mr. Vaira.

[The prepared statement of Mr. Vaira follows:]

STATEMENT OF PETER F. VAIRA
ON THE PROPOSED MERGER OF ORGANIZED CRIME STRIKE FORCES
INTO THE VARIOUS UNITED STATES ATTORNEYS' OFFICES

Attorney General Thornburgh has proposed merging the Department of Justice Organized Crime Strike Forces with the United States Attorneys' offices.

As you may know, this merger has been proposed numerous times since 1972 by different U.S. Attorney groups and rejected each time.

I have served as the United States Attorney for the Eastern District of Pennsylvania (Philadelphia) for five years as well as the Attorney-in-Charge of the Chicago and Philadelphia Strike Forces. I am familiar with the arguments on both sides of this question. While in the Department of Justice, I participated in management studies each time the merger was proposed.

The proposal, although always made by U.S. Attorneys, is really a symptom of a larger management problem; that is the ability of the Department of Justice to coordinate complex investigations of interstate criminal organizations.

The U.S. Attorney is appointed by the President after being

proposed by the local U.S. Senator. Only the President can fire the U.S. Attorney. The United States Attorney is all-powerful in his or her district - probably more powerful than the Attorney General. Criminal syndicates, however, do not respect judicial district borders. They operate across state lines; indeed across the country.

The coordination of an investigation of such organizations cannot be accomplished by one U.S. Attorney. He or she does not have any authority to coordinate an investigation or indict a case in the district of another, equally powerful presidential appointee. The battles of U.S. Attorneys over major multi-district cases are very common.

There is an absolute need to coordinate such investigations by a central authority to ensure that the best possible cases are brought in the best district. Attorney General Robert Kennedy, who had no patience for bureaucracy, established the Strike Forces in 1962 with this purpose in mind.

A good example is the major case, code named "Pendorff" which was brought by the Strike Force in Kansas City in 1984. Indicted and convicted were organized crime leaders from Chicago, Milwaukee, Cleveland, Las Vegas and Kansas City. Investigations were conducted in all those cities. Wire taps were installed in

Chicago, Missouri, Kansas and Milwaukee. The investigation was coordinated by the Strike Forces in Chicago, Kansas City, Las Vegas and Cleveland. It was truly a coordinated, nationwide effort. Such an investigation and the resulting one trial could not have been coordinated and brought by one or several U.S. Attorneys.

If the Strike Forces were not fulfilling a need in the Department of Justice structure, they would have withered and died long ago. But instead, they have been very successful, especially in the past five years. What reason now to get rid of them except a turf fight that really masks a basic management problem.

It is said that the U.S. Attorney's office in the Southern District of New York is very successful with its own in-house Strike Force. The Southern District, like the city of New York, is unique and cannot be used as a comparison. Most of the organized crime cases brought in the Southern District involve organized crime activity which took place within the city of New York. Investigations are generally centered in the district. There are far more Assistant U.S. Attorneys in New York than in any other office. That office can delegate numerous attorneys to work only on one case for years at a time. Such conditions do not exist in other U.S. Attorneys' offices. However, it should

be noted that the Southern District needed information gathered by Strike Forces to bring the recent civil case against the Teamsters Union.

If the Strike Forces are merged into the U.S. Attorneys' offices, they will exist in name only after two years. A U.S. Attorney always needs experienced attorneys to work on priority (hot) cases such as local political corruption. If the U.S. Attorney is given the power to designate who works in the Strike Forces, it is only a matter of time until the best and most experienced attorneys will be working on the "hot" cases and younger, less experienced attorneys will be assigned to develop organized crime cases that require years of work and may be brought in another district.

It has been my experience as U.S. Attorney that any task force that is situated in the U.S. Attorneys' office under the U.S. Attorney's control eventually is cannibalized for the best personnel for use on local matters.

The Strike Forces are not without their faults, but these are management problems. Strike Forces should not be fighting with the U.S. Attorney for existing cases. Strike Forces should be concentrating on investigations of corruption of major economic forces in the United States. These cases are generally beyond

the physical capacity of the individual U.S. Attorney. For example, there are entire industries in the United States that are under the domination of organized crime. There are narcotics cartels operating out of Mexico and South America that have operational budgets larger than Fortune 500 companies. The Strike Forces need to concentrate on these type of cases. The Strike Forces need long-range planning goals. They need more coordination of multi-investigative agency efforts.

In summary, the Department of Justice is a national organization. Like any national company, it must delegate duties for local national and international tasks to meet the problems of the marketplace. It cannot abandon this role to a local turf fight.

Mr. SCHUMER. Mr. McDonald.

**STATEMENT OF EDWARD A. McDONALD, ESQ., REBOUL,
MacMURRAY, HEWITT, MAYNARD & KRISTOL, NEW YORK, NY**

Mr. McDONALD. At the outset, Mr. Chairman, I should note that I have the good fortune of being both your constituent and your neighbor in Park Slope.

Mr. SCHUMER. We never met but you were active in St. Saviour's Little League.

Mr. McDONALD. That's right.

Mr. SCHUMER. That's the reputation of this gentleman here. That's more important than anything he has ever done.

Mr. McDONALD. I am proud to announce that my wife was elected the president of Park Slope's 78th Precinct/St. Saviour's Youth Council last Monday evening, so we'll be running the program for a while.

Mr. SCHUMER. As we would say in Brooklyn, mazel tov to you. That will not take from your time, Mr. McDonald, go ahead.

Mr. McDONALD. I just have a few things to say, in view of the fact that we're running late. I agree with everything that Pete Vaira has said.

I was going to address myself to my belief that the U.S. attorneys would simply not be responsive to a national program of coordination, but I think that Pete has spoken eloquently about that especially in view of the fact that he himself served as U.S. attorney. I wanted to point out that the strike force chiefs are answerable to the Organized Crime and Racketeering Section in Washington and take direction from them. U.S. attorneys as Presidential appointees—and indeed, Ed Dennis mentioned, in a response to one of the questions that he was asked, that U.S. attorneys have demonstrated that they are obstinately independent. I take that to mean that they follow their own agendas, and not the agendas that will be set by the Organized Crime and Racketeering Section in Washington.

In addition, it's clear that organized crime cases do require a great deal of time and patience. The U.S. attorneys are in office generally for short periods of time, usually one term, and sometimes less. In view of that, they want credit for cases that are not necessarily investigated during their tenures, but which come to fruition during their tenures. They are not going to invest a long-term commitment of effort in a case that's going to come to fruition after they leave office.

I suggest that the best and the brightest of those offices—of the U.S. attorneys' offices—will be committed to the short-term cases, and the bulk of resources will be committed to those cases at the expense of an organized crime program.

Also, I would point out rather quickly, and I'd be happy to answer questions about this when we finish our remarks, that a short term consequence of this—what they call euphemistically a merger program, which I like to believe is the elimination or the abolition of the strike force program—a short term consequence would be the resignation of many strike force attorneys; indeed, many strike force attorneys throughout the United States have already resigned. I can state that, based on my own experience in the

Brooklyn strike force—the largest strike force in the country—that most of the attorneys on the staff are out looking for jobs this week, and next week, and they will continue to do that—again, at the expense of an effective organized crime program.

What we will be faced with then is many young assistant U.S. attorneys who have no experience in organized crime and racketeering cases; indeed, especially in labor racketeering cases. These assistant U.S. attorneys will be receiving on-the-job training—again, at the expense of the organized crime program.

Ed Dennis mentioned—and the Attorney General's press release last evening talked about how this proposal, this so-called merger program, would foster cooperation with local authorities. I didn't hear any explanation of how that would happen. I really believe that these are simply empty words. I have been both a local prosecutor for over 5 years, and for 11½ years a Federal prosecutor with the Brooklyn strike force, and it is my experience that local prosecutors are most reluctant to cooperate with short-timers. They cooperate with Federal law enforcement people only after they have developed a trust that is built on long periods of time working together. Strike force attorneys have remained in office for long periods of time—much longer than their contemporaries in U.S. attorneys' offices in strike force cities.

In addition—and it's no knock on local prosecutors and local law enforcement people—but often they are in office as a result of politics; they are either elected or they are appointed. And they are very reluctant to cooperate with potential political rivals, that is, U.S. attorneys, who, themselves, are often mapping out a political agenda for themselves and often have political ambitions.

I'd also note that Mr. Dennis spoke about the experience of the Southern District of New York on the topic of cooperating with local authorities. You're from New York, you must have gotten a chuckle out of thinking about what Bob Morgenthau and the late Mario Merola would have been thinking about that. They were fighting tooth and nail with Rudy Giuliani over many of these cases. There was little cooperation there.

Which brings me to the Southern District of New York. The Southern District of New York has been pointed to as a shining example of what can happen when a U.S. attorney is unleashed to battle the forces of organized crime. Make no mistake about it, Rudy Giuliani was effective in his tenure as U.S. attorney. But the strike force unit in the Southern District of New York was merged in to the U.S. attorney's office in 1976. And in 1980, Dominick Amoroso, who was the attorney in charge of the strike force unit, wrote to Ed Dennis' predecessor—the head of the Criminal Division—in a memo that they were lacking, that the unit was lacking in productivity and was not making proper use of prosecutorial tools, such as the RICO statute and electronic surveillance.

Again, make no mistake about it—Rudy Giuliani's predecessors—Bob Fisk and John Martin were extraordinarily effective U.S. attorneys, but their priorities were in other areas. They had great track records, but not in the organized crime area.

It wasn't until Rudy Giuliani came along in 1983, when he focused the attention of that office away from other priorities and

onto organized crime that we really saw some impact in the southern district.

Now, what happened after that? What happened in Rudy Giuliani's tenure? He, himself, is a perfect example of why the strike force program, with continued commitments and priorities in the organized crime area, should exist and should continue. After Rudy Giuliani achieved a number of successful prosecutions and convictions, by 1986 there was a spate of publicity talking about the demise of the mob in New York. That's a lot of hogwash. There's no demise of the mob in New York. The cases were unprecedented: the successes were unprecedented. But there is an awful lot of work to be done.

But by 1986, after all the public accolades, Mr. Giuliani began to focus his attention in other areas—areas such as securities fraud, and areas such as public corruption. The complement of assistant U.S. attorneys was reduced from well over 20 in the strike force unit in the mid-1980's to far less than that. And today, assistant U.S. attorneys with any experience in the strike force unit in the southern district are as scarce as hen's teeth.

Mr. Giuliani himself announced, with much fanfare, in 1986, that he was going to try the *Commission* case. But when public attention was focused on public corruption in New York, Mr. Giuliani abandoned the *Commission* case and tried Stanley Friedman, a Democratic leader from the Bronx, instead—in a case that had nothing to do with organized crime.

At the same time, my office, under myself and my predecessor, the Brooklyn strike force, I'm proud of our accomplishments. We continued from 1976 and 1977 into the present with a continued commitment to the organized crime program and to labor racketeering, and I think our achievements stand for themselves.

The last thing—this talk about conflicting and confusing jurisdiction, and turf battles. If there are turf battles, as the organized crime guys in New York like to say, shame on them. Shame on the U.S. attorneys. There are guidelines in effect here, and they are in place, and they can be enforced by the U.S. attorneys.

Strike force chiefs and strike force attorneys are answerable to U.S. attorneys. U.S. attorneys are the chief law enforcement officials in their districts. If they don't like what's going on, if they don't think they're getting enough information from strike force chiefs, they should seek greater accountability—the burden is on them.

I would note that in the past 3 years, Andy Maloney, who was here today—and, obviously, strongly disagrees with me and my assessment of should happen with the organized crime program—in 3 years, despite our disagreements, we never once disagreed over who should handle a case, either in my office or in his office. We got along splendidly.

Ed Dennis, when he was asked by one of the members of the committee, to point to an example where there was a turf battle and where the strike forces and U.S. attorneys couldn't get along—what did he talk about? He talked about a case in which he and the strike force chief in his district cooperated—a public corruption case, which was a shining example of what can happen when strike forces and U.S. attorneys do work together. There can be coordina-

tion and cooperation, and it remains up to the U.S. attorneys to simply enforce the guidelines.

Thank you.

Mr. SCHUMER. Thank you, Mr. McDonald. You can see that the Little League's in very good hands.

[Laughter.]

[The prepared statement of Mr. McDonald follows:]

PREPARED STATEMENT OF EDWARD A. McDONALD
HOUSE SUBCOMMITTEE ON CRIMINAL JUSTICE
HOUSE COMMITTEE ON THE JUDICIARY
JUNE 20, 1989

I appreciate your giving me the opportunity to present my views on Attorney General Thornburgh's proposal to "merge" the Justice Department's Organized Crime Strike Forces into their respective United States Attorneys' offices. I bring to this issue almost 17 years experience as a prosecutor, over five years with the New York County District Attorney's Office and eleven and a half years with the Department of Justice. I joined the Department in 1977 as the Assistant Attorney in Charge of the Brooklyn Strike Force and became the Attorney in Charge of that office in 1982. I remained with the Strike Force until June 2 of this year, when I accepted a partnership in the New York law firm of Reboul, MacMurray, Hewitt, Maynard & Kristol. Thus, unlike my former colleagues in the Organized Crime and Racketeering Section who have been silenced on this matter, I am now free to provide a current insider's perspective on the Attorney General's ill-conceived notions about the Department's organized crime program and how it can be improved.

My initial impulse is to rely on the old adage that has become a cliché in the current debate -- "If it ain't broke, don't fix it." To be sure, the Strike Force program "ain't broke"; at least it hadn't been until last February when the Attorney General and his spokesman, David Runkel, began their campaign for abolition, euphemistically called "merger". Indeed,

during the past decade, the Strike Force program has flourished. In city after city, the Strike Forces have successfully prosecuted the hierarchy of every significant organized crime family. Countless labor racketeers, unscrupulous businessmen, corrupt public officials, and large-scale narcotics traffickers, who had conducted their criminal activities for years with impunity and without detection, have been convicted. Forfeitures in the hundreds of millions have been obtained. And for the first time, industries that have been captured by organized crime face the prospect of being freed from that domination if the Department's effort is not weakened. Unquestionably, the achievements of the attorneys in the Strike Force program, never numbering more than 150, are unprecedented - not only in the history of the war against organized crime but in the annals of the entire Department of Justice as well.*

In view of these successes and the cost-effective way in which they were achieved, any suggestion that the program be eliminated would appear to border on the inane. Nonetheless, the Attorney General's public statements reveal a resolute commitment to abolish the Strike Force program, and in these circumstances, facile cliches and the cavalier reliance on an established record of accomplishment are not adequate in response.

* * *

* I have attached a summary of the accomplishments of the Brooklyn Strike Force in the 1980's. Other Strike Force offices have achieved similar results.

As you well know, the organized crime problem in the United States is not a simple matter. La Cosa Nostra families and other organized crime groups, while not abandoning traditional criminal activities, have advanced well beyond loansharking, narcotics trafficking, gambling, and old-fashioned crimes of violence. Throughout the country, these groups have invaded countless industries, labor unions, and other legitimate institutions where they perpetrate a infinite variety of complicated crimes. Both the traditional and the more sophisticated activities of these highly disciplined and insulated criminal groups are characterized by an almost impenetrable code of silence and a wall of protection in the form of businesses and other ostensibly legitimate fronts, complex paper trails, and in some cities, liaisons with corrupt public officials.

In these situations, effective prosecutions take years to develop. Experience reveals that success is achieved only after many false starts and often after seemingly endless prosecutions after which lower level figures are ultimately compelled to give up their superiors. In addition, the most effective investigative tools, such as electronic surveillance, long-term undercover operations, and the analysis of mounds of documents and other materials obtained by grand jury investigation, take years to implement and complete. Also, the RICO prosecutions that have proved to be the most effective means of eliminating significant criminal groups and their influence

and resources usually take years to develop and consume enormous amounts of time in pre- and post-indictment litigation, trial, and appeal. Finally, in virtually all cases directed at significant organized crime families and the industries and institutions that they control, one prosecution will never do the trick. Those convicted all too often are replaced by others who are routinely confident that law-enforcement, satisfied with short-term achievements and public acclaim, will declare victory and move on to something else. Consequently, time, patience, and the long-term commitment to investigative projects are essential to a serious and effective organized crime program.

The accomplishments of the Strike Force program in the 1980's reflect the Organized Crime and Racketeering Section's recognition of the necessary components of an effective organized crime program. Indeed, the Strike Forces were specifically mandated to commit particular resources exclusively to the long-term, continuous, intensive investigation and prosecution of significant organized crime cases. In carrying out their mandate, the Strike Forces were able to attract an extraordinarily talented group of experienced career professionals who have proved to be especially dedicated and whose tenures have greatly exceeded those of their contemporaries in the United States Attorneys' offices in Strike Force cities. These attorneys have also acquired a special understanding of the inner workings of organized crime, labor racketeering, and the industries and businesses that are poisoned by mob domination. At the same

time, they have developed an unparalleled level of expertise in the use of the sophisticated investigative and prosecutive tools that are most effective in organized crime and racketeering cases.

All of this is in jeopardy if the Strike Force program is eliminated. In the short term, while it now appears (contrary to what the Attorney General's spokesman previously told the Wall Street Journal) that Strike Force attorneys would be offered positions in the United States Attorneys' offices, many if not most of the attorneys in the program, especially the more experienced, would resign. Their departures would not only deprive the Department of the benefit of their experience and expertise in future investigations, but their loss could seriously disrupt many current investigations of extraordinary significance. Indeed, if "merger" were effectuated, we could expect a lengthy grace period for the mob, with investigations abandoned and delayed while reorganization is implemented and Assistant United States Attorneys with no experience in organized crime and racketeering cases try to cope while receiving on-the-job training.

It might be argued that policy matters within the Department should not be influenced by the bruised egos of self-centered civil servants. But the egos of line attorneys are not at play here. It is true that the Strike Force program is characterized by an independent esprit de corps and fierce loyalty to the Organized Crime and Racketeering Section. But

Strike Force attorneys are also convinced that the current program is the appropriate way to wage the war against organized crime, and they are reluctant to face uncertain futures in United States Attorneys' offices, especially where the incumbents have been most vocal in expressing their disdain for the Strike Force concept. Furthermore, Strike Force attorneys have received little encouragement from the Department's current administrators. Indeed, the manner in which the Attorney General and his staff have handled their proposal has added insult to expected injury. In view of their achievements and long-term dedication to the Department, Strike Force attorneys have the right to expect more than piecemeal pronouncements about their futures in often contradictory newspaper accounts quoting faceless staffers in Washington who appear to know nothing about organized crime and have described the current Strike Force program as if it were that which existed in Pittsburgh almost 20 years ago.

"Merger" would also have serious adverse consequences in the long run. The tenures of United States Attorneys are measured by their accomplishments -- while they are in office. They receive no credit for matters commenced and investigated during their terms that come to fruition after they leave office. Consequently, many United States Attorneys, who generally remain in office for only four or five years, are invariably motivated to produce short-term results. Thus, it is inevitable that United States Attorneys, with more diversified agendas and shifting pressures and influences, will feel compelled to assign

their best and most experienced attorneys to either what appear to be the more important matters of the day or to matters that can be quickly resolved. All this, of course, would be at the expense of the organized crime program, which requires the long-term, intensive commitment of resources.

Proponents of "merger" have pointed to the United States Attorney's Office in the Southern District of New York as a shining example of how United States Attorneys are capable of conducting an effective organized crime program. However, the record of the Southern District since 1976, when "merger" took place in that office, actually demonstrates why Strike Forces are necessary.

It can not be disputed that during the tenure of Rudy Giuliani, the Southern District had enormous success in prosecuting organized crime. But what happened before he took office in 1983? Mr. Giuliani's predecessors also had outstanding records of achievement--but not in the area of organized crime. While they devoted their resources to other pressing problems, significant organized crime cases were few and far between. Indeed, the chief of the Southern District's so-called "Strike Force unit" candidly admitted in a memo to the Criminal Division in 1980 that his unit's productivity had been lacking and that they had failed to make effective use of prosecutorial tools such as the RICO statute and electronic surveillance. At the same time, the Brooklyn Strike Force, with stable priorities and commitments, continued to prosecute many important organized

crime and racketeering cases in the same city.

Mr. Giuliani's entire performance in office also proves my point. During the period 1983 through 1986, organized crime was his priority. More than 20 assistants were assigned to work on organized crime cases, and several important cases were effectively prosecuted. In one instance, Mr. Giuliani dramatically declared that he would personally try the "Commission Case" against several New York family bosses. However, by 1987, after several successful organized crime prosecutions and a spate of publicity announcing the demise of the mob, Mr. Giuliani shifted his focus to public corruption and business crimes. The mob, of course, was still in business, in many areas untouched by recent prosecutions. Nonetheless, the complement of assistants assigned to the Southern District's organized crime unit was reduced by more than half, and the public corruption and securities frauds bureaus were greatly expanded. Almost symbolically, Mr. Giuliani himself withdrew from the "Commission Case" and tried Bronx Democratic leader Stanley Friedman instead on political corruption charges having nothing to do with organized crime.

There is every reason to believe that a similar pattern would be followed in other United States Attorneys' offices if "merger" took place. Given the long-term, frustrating nature of organized crime investigations and the pressures on United States Attorneys for quick results, it is reasonable to expect that they would dedicate both the quality and quantity of their resources

to other areas at the expense of the organized crime program.

There are other reasons why the Strike Force program should not be abolished. For example, "merger" would effectively deprive the Department of the benefits derived from the Organized Crime and Racketeering Section's coordination of an organized crime program on a national basis. The Section's executive staff has the responsibility for looking at the big picture. Their agenda is national in scope and their mandate is not clouded by parochial concerns. Unquestionably, the Section has a proven record of effectiveness in devising and implementing through the Strike Forces a national organized crime program. While taking into account the disparate nature of the organized crime problem in various regions of the country, the Section has recognized that organized crime groups, particularly the La Cosa Nostra families, do not confine their activities to specific locales but conduct their conspiratorial affairs throughout the nation. Also, the Section has recognized that racketeering within significant large unions and in several mob-influenced industries and businesses is national in scope. Since the Strike Forces are directly responsible to their superiors in Section headquarters, Section chiefs have been able to provide and ensure continuity of management, strategic planning and a base of intelligence, nationwide coordination, and quality control.

The United States Attorneys, on the other hand, are autonomous presidential appointees usually with short tenures and individualized, regional priorities that might often be

inconsistent with national policy. Moreover, United States Attorneys are independent of each other and have demonstrated little inclination for cooperative ventures by frequent bitter turf battles among themselves. Despite current assurances that the United States Attorneys would be mandated to implement a national organized crime program and to commit specified resources, there are no guarantees. Indeed, in view of their autonomous character and the independence that many United States Attorneys have demonstrated, it is more likely that United States Attorneys would follow their own agendas while paying bureaucratic lip-service to national directives.

There is also a danger that the invaluable cooperation provided by local prosecutors and other local law enforcement authorities in many important organized crime and racketeering cases would be lost if merger were to occur. The longevity of Strike Force attorneys and their independent political nature have proved to be essential in the development of that cooperation. Local authorities are often reluctant to cooperate with federal officials with whom they do not have long-standing relationships and whom they do not expect to remain in office for long periods. In addition, United States Attorneys are political appointees and often have political ambitions themselves. Local law enforcement officials, who are usually in office as a result of politics, either by election or appointment, are hesitant to cooperate with potential political rivals, especially those in different political parties.

The abolition of the Strike Forces would also create a public perception that the Justice Department is no longer serious about eliminating organized crime. For twenty years, the Strike Force program has been the extremely visible symbol of the Justice Department's long-term commitment to the war against organized crime. It would be one thing if the Strike Forces had been marginally successful, but in virtually every large city in the country, they have had phenomenal success. Destroying the program would simply send the wrong message. The Attorney General might try to allay public concerns by describing the program as a "merger" or by continuing to call new organized crime bureaus "strike force units". But as the public outcry that has already arisen in response to the Attorney General's proposal demonstrates, the public will not be deceived by euphemisms and labels. The Attorney General himself seems to recognize this. Indeed, in an interview on this subject with the Los Angeles Times in April, he said, "If I could write the headline on your story, it would be 'U.S. to Step Up War on Mob,' even though I know I'll see headlines 'U.S. Backs off in War on Mob.'"

It is important that the citizens of this country, especially potentially cooperative witnesses and the victims of racketeering, understand that the Department is committed to fighting the war against organized crime. It is even more important that the targets of that war, who have been on the run in many Strike Force areas, also understand this. Indeed, one

can only wonder what John Gotti and his associates at the Bergen Hunt & Fish Club think about the elimination of the Brooklyn Strike Force!

* * *

So why does the Attorney General want to abolish the Strike Force program? In February, he was telling reporters that the Strike Forces were staffed by inexperienced prosecutors so that the organized crime program presumably would benefit from the participation of more experienced assistant United States attorneys. The Attorney General now seems to have abandoned his erroneous notions about the caliber of Strike Force attorneys.

The Attorney General has also said that "merger" would eliminate the all too frequent duplication of effort and competition between Strike Forces and United States Attorneys' offices. Perhaps that was the Attorney General's experience in Pittsburgh almost 20 years ago. But it has not been mine. In the last eleven years in Brooklyn, my predecessor and I haggled with the United States Attorneys in only three of the thousands of cases that were presented to us. (This was at a time when there was usually what amounted to open warfare between the United States Attorneys in the Eastern and Southern Districts of New York over cases). Moreover, we never duplicated our efforts. There is simply too much work to waste time doing what someone else is doing. The current United States Attorney and I strongly disagreed about the future of the Strike Force program. Nevertheless, in three years, we never once disagreed over who

should handle a case. Indeed, the United States Attorney and his assistants were extremely cooperative and a pleasure to work with.

In any event, even if there are conflicts over cases in other Strike Force cities, there are guidelines in place to deal with those problems. The United States Attorneys are - and are clearly recognized in the guidelines as - the principal law enforcement officials in their districts. The investigative agencies decide at the outset whether organized crime elements are involved in a case and refer the matter to the appropriate office. If the agencies are mistaken in their assessments, the United States Attorneys then have the authority and, in fact, the responsibility to ensure "program purity" within the Strike Forces. Strike Force chiefs are obligated to keep United States Attorneys apprised of what they are doing. If United States Attorneys feel they are not getting sufficient input from Strike Force chiefs, they should simply require more information and greater accountability. How would any Strike Force chief in his right mind not accede to the wishes of the United States Attorney in this area? Under the guidelines, it is the United States Attorneys who are responsible for providing the Strike Force chiefs' performance ratings, the only standard used for determining salary increases.

I am really at a loss to find any other plausible reason for the dismantling of the Strike Force program. Some have suggested that the proposal is the result of the Attorney

General's personal animus towards the program dating from his tenure as United States Attorney in Pittsburgh. Others have speculated that the proposal has been made to mollify United States Attorneys who are chagrined over having to share the public spotlight with the Strike Forces or even that it is the result of lobbying by certain unions and other legitimate institutions that feel that they have been the focus of too much Strike Force attention. I cannot believe that these factors have been of any consequence. I certainly hope that they have not. There is simply too much at stake.

Finally, there is one point that all sides must agree upon. Whatever the decision, it should be made quickly. The Strike Forces have been in a state of limbo since February. Poor morale has paralyzed many Strike Force offices to such an extent that important investigations are being impeded. Strike Force attorneys who had no plans to leave have either already resigned or are out looking for jobs. Recruiting of both attorneys and support personnel is at a standstill, and many Strike Forces are poorly understaffed. Federal, state, and local investigative agencies are confused about the offices to which they should refer cases. And countless hours are simply wasted discussing the merits of the Attorney General's proposal and speculating about the future.

Decisive action should be taken immediately. To allow the program to languish in a state of ambiguity and uncertainty could ultimately prove the Attorney General to be right about the

effectiveness of Strike Forces. But that would merely make the Attorney General a self-fulfilling prophet. And the only real winners would be the mob!

In view of the foregoing, the Attorney General should announce immediately that the Department has renewed its commitment to the Strike Force program and that the Strike Forces will continue - in full cooperation with the United States Attorneys - to wage the Department's all important war against organized crime.

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THE BROOKLYN STRIKE FORCE: 1980-1989

During the 1980's, the Brooklyn Strike Force achieved an unparalleled record of accomplishment. The staff of 15 highly experienced career prosecutors, working with the full support and cooperation of four successive United States Attorneys in the Eastern District of New York, dedicated themselves to long-term investigative projects and prosecutions in areas and industries where organized crime has its most significant impact. The Strike Force's commitment to long-term projects, along with the commitments made by the Federal Bureau of Investigation and the other federal, state, and local agencies and prosecutors' offices with which the Strike Force worked, resulted in some of the most important prosecutions ever brought in the New York area.

While the Strike Force has achieved its greatest recognition in the field of public corruption, successfully prosecuting several members of Congress in the Abscam cases and in the recent Mario Biaggi - Meade Esposito case, its principal mandate for the past decade has been to investigate and prosecute the hierarchy of the five traditional La Cosa Nostra families in New York, the Gambino, Genovese, Colombo, Lucchese, and Bonanno families, and their principal criminal associates in racketeering cases that have significant economic impact. Strike Force investigations have revealed that while the five families continue to reap enormous profits from traditional organized crime activities such as loansharking and gambling, the areas in which they and their criminal associates have their greatest

impact is labor racketeering and the infiltration of legitimate businesses and institutions. Indeed, the LCN has corrupted countless unions and businesses in a wide variety of industries in New York. The LCN's involvement in labor racketeering is particularly significant. The LCN's domination of union locals, particularly within the International Brotherhood of Teamsters and the Laborers International Union of North America, allows the families not only to loot the unions and their benefit funds but also to use the unions as tools for extortion and the execution of varieties of frauds, such as wide-spread bid-rigging, kickback, embezzlement, and bribery schemes, massive tax frauds, insider trading and stock manipulation, and banking violations and related frauds.

The result of this racketeering activity has been to increase the power and financial base of the five families and at the same time to corrupt industry after industry in which the families control the relevant unions. The ultimate victims, of course, are not only the workers who are deprived of effective representation and cheated out of benefits, but also the public, which must bear the burden of paying the increased price for what all too often are services and products of diminished quality.

In view of the significance of the LCN's labor racketeering and "white collar" business crime, the Brooklyn Strike Force has focused primary attention on those areas, conducting long-term investigations and prosecutions involving several segments of the construction industry, the air freight industry, the commercial moving and storage industry, the New

York waterfront, and the distribution of motor fuel. Making imaginative use of various investigative techniques and employing an array of federal criminal and civil statutes, the Strike Force has had unprecedented success for an office of any size.

Since 1980, the Brooklyn Strike Force has successfully prosecuted more labor union officials and members of congress than any other office in the entire United States. The Strike Force has also convicted over 75 made members of the five families and hundreds of their principal associates. Among those convicted were the leaders of the Bonanno crime family, Philip Rastelli (boss), Joseph Massino (acting boss), and Nicholas Marengello (underboss); the underboss and consiglieri of the Gambino crime family, Joseph Armone and Joseph N. Gallo; four former bosses of the Colombo crime family, Alphonse Persico, Carmine Persico, Gennaro Langella, and James Angellina; and important capo regimes in the Gambino, Genovese, Lucchese, and Colombo crime families.

In addition, during the 1980's the Brooklyn Strike Force obtained the convictions of 53 labor union officials in such unions as the International Brotherhood of Teamsters, the Laborers International Union of North America, the United Brotherhood of Carpenters, and the International Brotherhood of Bricklayers. Those convicted included 34 officials who were the controlling officers in their respective local unions.

The Brooklyn Strike Force has also obtained convictions against over 200 businessmen for a variety of sophisticated criminal activity committed in collusion with members and associ-

ates of the five La Cosa Nostra families. And convictions have been won against numerous significant public officials, corrupt attorneys, and others who have corrupted legitimate institutions, such as intercollegiate basketball and thoroughbred horseracing at New York race tracks.

What follows for the years 1980 through 1989 is:

- 1) a summary of some of the more significant Strike Force projects;
- 2) a list of LaCosa Nostra members convicted;
- 3) a list of labor union officials convicted;
- 4) a list of other significant criminal defendants convicted;
- 5) a list of some of the more significant fines and orders of forfeiture and restitution obtained in Strike Force cases; and
- 6) a description of the experience of the current legal staff of the Brooklyn Strike Force.

I. SIGNIFICANT STRIKE FORCE PROJECTS

(1) ABSCAM: During the early 1980's, attorneys in the Brooklyn Strike Force were responsible for supervising the most extensive undercover investigation of federal corruption in the nation's history. As a result of the investigation, attorneys in the Brooklyn Strike Force successfully prosecuted Harrison J. Williams, the senior United States Senator from New Jersey, Congressmen John Murphy of New York, Frank Thompson of New Jersey, Michael Myers and Raymond Lederer of Pennsylvania, and several other local and federal officials and corrupt businessmen. The Brooklyn Strike Force investigation also resulted in the convictions of Congressmen John Jennrette of South Carolina and Richard Kelley in Florida, who were prosecuted in the District of Columbia. The investigation, trials, and attendant litigation of the Abscam cases consumed the resources of almost half the Strike Force for a period of three years.

(2) RUNNYMEADE: UNITED STATES v. MARIO BIAGGI and MEADE ESPOSITO: In 1987, the Brooklyn Strike Force conducted the prosecution of Mario Biaggi, a 10 term Congressman from the Bronx, and Meade Esposito, the legendary former boss of the Brooklyn Democratic machine. The case involved Esposito's providing free vacation trips to Biaggi in connection with Biaggi's use of his Congressional office on behalf of a financially troubled defense contractor which held millions of dollars in federal contracts and in which Esposito had a financial stake. Biaggi and Esposito were convicted on various charges of cor-

ruption after a three and a half week trial. Biaggi received a 30 month prison term and was fined \$500,000. The 80 year old Esposito was sentenced to a term of probation but was also fined \$500,000. The case was the result of extensive electronic surveillance conducted for 12 months on several telephones and business offices and an intensive grand jury investigation which the Strike Force supervised.

(3) UNITED STATES v. PHILIP RASTELLI, et al. - BONANNO FAMILY CONTROL OF TEAMSTERS LOCAL 814 AND THE COMMERCIAL MOVING AND STORAGE INDUSTRY: In this 1986 prosecution, the Brooklyn Strike Force established that through its domination of Local 814 of the Teamsters, the union that represents over 3,500 workers in the commercial moving and storage industry, the Bonanno crime family was able to corrupt the entire industry in the New York area and reap millions of dollars in illegal profits over a period of almost 20 years. After a six month trial, 16 defendants, including the three principal leaders of the Bonanno family, Philip Rastelli, Joseph Massino, and Nicholas Marangelo, the entire leadership of Local 814, and several businessmen, were convicted on RICO and related charges. Among other things, the case involved a bid-rigging scheme in which operators of four major moving and storage companies, protected by Bonanno family muscle and corrupt Local 814 officials, monopolized millions of dollars in federal, state, and local government moving contracts throughout the New York area for several years. The case also involved the corrupt manipulation of Local 814's pension and welfare funds, countless instances of extortion and illegal payoffs

for "sweetheart contracts," mail fraud, and arson. In 1987, the criminal convictions were followed by a civil RICO suit that has resulted in the removal of Local 814's leadership and the court's appointment of a trustee to run the union's affairs.

The case was the result of a four year investigation conducted by three Strike Force attorneys working with the Federal Bureau of Investigation. The investigation included electronic surveillance at Local 814's union hall and hundreds of hours of grand jury proceedings.

(4) KENRAC: THE KENNEDY AIRPORT LABOR RACKETEERING PROJECT-LUCCHESE FAMILY CONTROL OF TEAMSTERS LOCALS 295 AND 851:

For the past nine years, the Brooklyn Strike Force has coordinated an investigation of organized crime and labor racketeering in the multi-billion dollar air freight and trucking industries at John F. Kennedy Airport. Prosecutions have revealed that organized crime figures and labor racketeers in the two Teamsters locals representing employees in the air freight and trucking industries, often acting in collusion with unscrupulous businessmen, have operated a variety of sophisticated schemes through which they have earned millions of dollars in illicit profits. Over thirty organized crime figures, businessmen, and labor union officials have been convicted. In 1986, the investigation culminated in the successful RICO prosecution of 11 defendants, including Paul Vario, Frank Manzo, and other leaders of the Lucchese crime family; Frank Calise, the president of Teamsters Local 295; Harry Davidoff, the legendary labor racketeer who founded Teamsters Locals 295 and 851; and several

businessmen who were exerting a controlling influence over the airfreight and trucking industries at the Airport. Among other things, the case involved several complex extortion schemes, illegal insider trading by members of the Lucchese family in the stock of a publicly held air freight company, and a scheme by which members of the Lucchese family laundered hundreds and thousands of dollars through bankers, bond brokers, and an investment advisor.

Despite these successful prosecutions, the airfreight and trucking industries at JFK Airport are still dominated by the mob. The Strike Force's investigation is continuing and additional indictments are expected shortly.

(5) THE GAMBINO FAMILY PROJECT: Since 1980, the Brooklyn Strike Force has coordinated a project aimed at the hierarchy of the Gambino crime family, the nation's largest and most significant organized crime group. Twenty-four family members and many family associates have been convicted. The project culminated in a series of prosecutions completed in 1987, in which the Strike Force convicted 13 leaders of the Gambino family, including the second and third ranking members, Joseph Armone and Joseph N. Gallo, and several significant associates. Among the crimes for which the defendants were convicted were a labor racketeering scheme in which the late Gambino family boss, Paul Castellano, split with the leader of New York's Steamfitters' Union \$100,000 in labor peace money paid in connection with the construction of a deep water pipeline facility for Mobil Oil on Staten Island, the extortion of hundreds of

thousands of dollars from one of the City's largest color processing laboratories, a wide ranging bribery scheme that sought preferential treatment and early release for Mafia leaders, and the corrupting of a deputy clerk in the federal courthouse in the Southern District of New York in order to secure confidential information. The project was primarily based on months of electronic surveillance conducted at the Staten Island homes of Paul Castellano and his underboss, Aniello DellaCroce and at other locations used by upper echelon members of the family.

(6) THE COLOMBO FAMILY PROJECT: The Brooklyn-based Colombo crime family has been a primary focus of attention for the Brooklyn Strike Force. During the 1980's, the Strike Force has successfully prosecuted the four successive bosses of the family.

In 1980, Alphonse Persico was convicted on charges involving extortionate credit transactions. The case was a result of an extensive two-year undercover project that was supervised by the Strike Force. Alphonse Persico became a fugitive just before he was to be sentenced. He remained at liberty until late 1987 when he was captured in West Hartford, Connecticut. He was returned to New York and sentenced to a 25 year prison term.

In 1981, Alphonse Persico's successor, his brother Carmine, pleaded guilty to bribery in a case in which he offered \$250,000 to the Strike Force's Internal Revenue Service representative, who was posing as a corrupt agent. The case, which was also the result of an extensive undercover operation, resulted in a five year prison term.

In 1986, the Strike Force convicted Gennaro Langella, who filled the family's leadership vacuum when the Persicos were removed from the New York area, on perjury and obstruction of justice charges. The case arose out of Langella's lies about a meeting between high level Colombo and DeCavalcante members. Langella received a 10 year prison sentence.

Finally, in 1987, the Strike Force convicted James Angellina, Langella's successor. Angellina was sentenced to a prison term of one year on his conviction for receiving stolen property. Upon his release from prison in 1988, he was murdered.

In 1986, 23 members and associates of the Colombo crime family, including the three sons of the late family boss, Joseph Colombo, pleaded guilty to RICO and other charges in a 71 count racketeering indictment brought by the Brooklyn Strike Force in conjunction with the Suffolk County District Attorney's Office. The indictment charged that the defendants had conducted a RICO enterprise through an extensive pattern of racketeering activity that included murder, attempted murder, extortion, narcotics trafficking, numerous home robberies, postal thefts, mail and wire fraud, interstate transportation of stolen property, and conspiracy. The group's activities demonstrated that while the organized crime families in New York had recently engaged extensively in business crimes and labor racketeering, organized crime in New York had not abandoned its traditional, less sophisticated money-making activities.

(7) UNITED STATES v. MICHAEL FRANZESE, et al.: The 1986-1987 prosecution of Colombo family captain Michael Franzese and several of his associates, including two labor union presidents, the union's attorney, Franzese's accountant, businessmen, and racketeers, was the culmination of a four year project in which the Brooklyn Strike Force led a team of eight prosecutive and investigative agencies. The case represented one of the Justice Department's most ambitious efforts to root out organized crime's involvement in legitimate business. Franzese, one of the youngest leaders and probably the largest individual money maker for organized crime in the country, and his associates were charged with conducting a multi-faceted racketeering enterprise that earned millions in illegal income through the operation of the nation's largest union representing security guards and 18 companies that Franzese owned or controlled. The companies were involved in motion picture production, the wholesale distribution of gasoline, automobile dealerships, trucking, construction, and real estate ventures. The group's activities defrauded some of the country's most respected businesses of millions of dollars. Victims included General Motors, Citicorp, Chemical Bank, the Chubb Insurance Group, Beneficial Finance, Mobil Oil, and Mazda Motors. All of the defendants were convicted on racketeering charges. Franzese pleaded guilty to RICO charges, agreeing to a 10 year prison term and the payment of \$14.6 million in forfeiture and restitution.

(8) THE OIL AND GAS PROJECT: Since 1983, the Brooklyn Strike Force has coordinated the efforts of several federal and local agencies investigating organized crime's corrupt involvement in the independent fuel oil industry in the New York area. The project has included attorneys from the New York State Attorney General's Office, the Nassau and Suffolk County District Attorneys' Offices, and the Justice Department's Tax Division and Fraud Section. The investigation, which has focused primarily on Long Island, has revealed that large numbers of corrupt wholesalers and retailers of motor fuel, aligned with and "fronting" for both traditional La Cosa Nostra families and Russian emigre organized crime figures, have evaded the payment of billions of dollars in federal, state, and local taxes during the past few years. These evasions have been accomplished through an extraordinarily complex variety of schemes employing shell corporations, reams of fraudulent paperwork, domestic and foreign banks, and corrupt businessmen. While the investigation is far from complete, over 40 businessmen and organized crime figures have already been successfully prosecuted on RICO, tax, mail and wire fraud, and state charges. Judgments of restitution and forfeiture exceeding \$100 million have also been obtained in federal and state courts.

(9) THE FIRST UNITED FUND CASE: In June 1987, the Strike Force filed a 145 count RICO indictment against Mario Renda, the president of First United Fund, a \$6.5 billion dollar a year money brokerage, and Martin Schwimmer, a prominent investment advisor. In what is the prosecution of the largest labor union pension fund fraud ever to be indicted, the two defendants were charged with brokering the investment of more than \$100 million from the benefit plans of Sheetmetal Workers Local 38 and Teamsters Local 810 in long-term certificates of deposit issued by 18 small banks and savings and loan associations throughout the country. Renda and Schwimmer then diverted for themselves and their corrupt accomplices in Local 810 more than \$14 million in commission payments to a series of off-the-books accounts that were concealed from the auditors of First United Fund as well as the trustees, members, and beneficiaries of the two unions.

In July 1988, Renda pleaded guilty to RICO and tax charges, agreeing to cooperate with the government and to forfeit \$4.25 million dollars in illegal profits. He was sentenced to four years in prison. In November 1988, Schwimmer was convicted on RICO and 82 other charges after a six week trial. He has agreed to forfeit \$9 million dollars, was fined \$1.2 million, and was sentenced to a ten year prison term.

The prosecution was the result of a four year investigation conducted by the Brooklyn Strike Force along with agents for the Federal Bureau of Investigation, the Department of Labor, and the Internal Revenue Service.

(10) CONRAX: THE LONG ISLAND CONSTRUCTION INDUSTRY

PROJECT: During the past five years, the Brooklyn Strike Force has successfully prosecuted over 150 labor union officials, businessmen, organized crime figures, and others for crimes committed in connection with the construction industry. These crimes have included violations of the RICO statute, bid-rigging, extortion, labor racketeering, and wide scale tax fraud. In December 1988, as a result of an ongoing project code-named "Conrax," the Strike Force convicted after a three month trial and several guilty pleas, 10 significant construction union officials and 10 major contractors on charges involving the RICO statute, labor racketeering, mail and wire fraud, and the improper manipulation of labor union pension and welfare programs. The prosecution reflected the long time domination by a group of labor racketeers in several Mason Tenders and other Laborers locals and organized crime figures over large segments of the construction industry in Queens County, New York. The prosecution was also the result of 18 months of electronic surveillance and an extensive grand jury investigation supervised by the Brooklyn Strike Force.

(11) THE BRICKLAYERS PROJECT

As a result of evidence developed during the CONRAX investigation, the Strike Force and the Federal Bureau of Investigation began to investigate the principal officials in three of the four locals of the International Union of Bricklayers operating in Brooklyn, Queens, and Nassau and Suffolk Counties. In August 1988, three separate indictments were filed against Jack Argila, the controlling officer of Local 30 (with exclusive jurisdiction in Nassau and Suffolk Counties), Frank Alessi, the controlling officer of Local 41 (with exclusive jurisdiction in Queens), and Sebastian Scola, the controlling officer of Local 9 (with exclusive jurisdiction over parts of Brooklyn). The three officials represent the overwhelming majority of the bricklayers in the Eastern District of New York.

All three defendants were charged with RICO Act and Taft-Hartley Act violations arising out of their receipt of illegal payoffs from construction contractors. Argila was tried and convicted of accepting an illegal payoff for labor peace in December 1988. He is awaiting sentencing. Scola pleaded guilty to RICO charges and is awaiting sentence. Alessi is awaiting trial.

(12) THE LABORERS' LOCAL 66 CASE - RACKETEERING IN THE BUILDING CONSTRUCTION INDUSTRY ON LONG ISLAND: In December 1988, a 51 count racketeering indictment was returned against the leadership of Local 66 of the Laborers International Union of North America. Local 66 is the dominant Laborers local in Nassau and Suffolk Counties, representing all organized laborers in the building construction industry on Long Island.

The indictment charges Peter Vario, the union's vice-president and the administrator of its pension and other benefit funds, Michael LaBarbara, Jr., the union's business manager, and James G. Abbatiello, the assistant business manager, with operating Local 66 as a racketeering enterprise through which the defendants demanded and collected illegal payoffs from companies engaged in the construction industry in Nassau and Suffolk Counties. The indictment also alleges that Antonio Corallo, the boss of the Lucchese crime family, Salvatore Santoro, the family underboss, and other members of the Lucchese crime family participated in the corrupt operation of the union by resolving disputes arising from the criminal activities being carried out in connection with the union and that proceeds of those illegal activities were shared with the boss and underboss of the Lucchese family.

The indictment chronicles a history of payoffs to Local 66 officials from as far back as the 1960's. It charges the defendants with receiving over 60 separate payoffs from eight Long Island construction companies and seeks the forfeiture of

the defendants' positions in Local 66 as well as all of their illegal proceeds.

(13) TEAMSTERS LOCAL 282: UNITED STATES v. JOHN CODY:

In the late 1970's and early 1980's, John Cody was universally acknowledged to be the most significant labor racketeer preying on the construction industry in New York. He was able to carry out his criminal activities and earn millions in corrupt labor peace payoffs for himself and his corrupt associates in organized crime by virtue of his leadership of Local 282 of the Teamsters, the union that represents workers responsible for transporting all building materials to construction job sites in New York. In 1983, Cody was convicted by the Strike Force on RICO and tax evasion charges involving his receipt of payoffs from several building contractors. The case also involved Cody's receipt of kickbacks in connection with the improper use of his position in the union pension fund. Cody was sentenced to five years in prison and was removed from the union movement.

(14) THE BOSTON COLLEGE POINT-SHAVING CASE: Between

1980 and 1983, the Brooklyn Strike Force handled the successful investigation, trial, and all of the litigation in the Boston College point-shaving case. Five persons were convicted on RICO and sports bribery charges after a five week trial in which it was established that organized crime figures in New York and Pittsburgh had corrupted players on the Boston College basketball team and had influenced their performances in a series of games during the 1978-1979 season. The Strike Force also successfully handled the appeals in the case which resulted in precedent set-

ting decisions on issues involving a newsman's privilege, United States v. Burke, 700 F.2d 70 (2d Cir. 1983), and the application of the RICO statute, United States v. Mazzei, 700 F.2d 85 (2d Cir. 1983).

(15) CORRUPTION IN THE FOOD AND DRUG ADMINISTRATION:

In 1987, Peter Giambalvo, the chief inspector in the New York office of the Food and Drug Administration, and Daniel Ungar, Giambalvo's predecessor, were convicted after a jury trial of conspiracy to defraud the United States. Their convictions arose out of a scheme to bribe top inspectors in FDA's New York office.

The indictment charged that between 1982 and 1984, three persons associated with P. Kefaleas & Company, the largest Greek exporter of figs, paid over \$43,000 in bribes through an intermediary to Ungar, and Giambalvo, to secure the release without inspection of Kefaleas' figs. The purpose of the inspection was to examine the figs for the presence of contaminants, including carcinogens. As a result of the bribes, over 1,500,000 packages of Kefaleas' figs, which were worth in excess of \$3,000,000, entered the United States during 1983 alone. P. Kefaleas & Company accounts for one quarter of all figs entering the United States each year.

(16) THE INDEPENDENT UNIONS: Strike Force investigations during the 1980's revealed that organized crime figures had gravitated towards and, indeed, had actually created several independent unions, unaffiliated with the AFL-CIO. While several of these unions were quite large, they had often avoided scrutiny from law enforcement because of their independent nature.

Consequently, these union and their often substantial benefit funds permitted organized crime figures and their corrupt associates to perpetrate various fraudulent schemes reap millions in illegal profits. Therefore, the corruption of these independent unions became a particular concern for the Brooklyn Strike Force, and several successful prosecutions were completed.

a) In 1982, the Strike Force convicted Daniel Cunningham, the president of the Allied International Union of Security Guards and Special Police, the nation's largest union representing security guards. Cunningham, who had become the union's leader by simply purchasing the right to run the union from members of organized crime, was convicted after a three month trial on RICO charges in connection with his embezzlement of thousands of dollars from the union and its benefit funds and his attempts to avoid criminal prosecutions through bribery and obstruction of justice.

b) The two men who served as successive presidents of the Allied Union after Cunningham's incarceration, Anthony Tomasso and Louis Fenza, were convicted on RICO charges in a separate case in 1986. Their convictions arose out of a complex scheme, involving members of the Colombo organized crime family, in which the defendants received kickbacks in connection with the awarding of insurance contracts from the union's benefit funds.

c) In 1985, the Strike Force convicted Gerald Lasky and his son Clarke, successive president's of the International Industrial Production Employees Union, a union

representing 3,000 unskilled factory workers on Long Island. The Laskeys, who controlled the union and its benefit funds for over 20 years, were convicted on RICO charges arising out of their involvement in various schemes by which they embezzled thousands of dollars for the union and its funds and received thousands more in illegal kickbacks.

d) In 1984, Frank Roman and his nephew Ivan Roman, the president and treasurer of the International Shield of Labor Alliances were convicted on RICO charges involving their looting of the treasuries of both the union and its benefit funds. The union represented 2,000 unskilled workers in various industries in Brooklyn and Queens.

(17) THE BLASTERS UNION PROJECT: Local 29 of the Blasters, Miners and Drillrunners Union, part of the Laborers International Union of North America, is headquartered in Queens, New York, and represents over 3000 workers employed in virtually every underground, blasting, and roadway construction project in New York City. Between 1980 and 1983, the Brooklyn Strike Force conducted an intensive investigation of the Lucchese crime family's control over that local through its elected officials, Louis Sanzo and Amadio "Sonny" Petito. Lucchese capos Samuel "Big Sam" Cavalieri and Thomas "T-Balls" Mancuso, two crime figures whose careers dated back to the notorious Tommy "Three Fingers Brown" Lucchese regime, refused to testify before a grand jury about their roles in the operation of the local and remained in prison for six months for civil contempt. The Strike Force later separately convicted both capos after trial of criminal

contempt. Cavalieri served a four year jail sentence; Mancuso died before sentence. Petito's false testimony before a grand jury resulted in his indictment and conviction of perjury and obstruction of justice, for which he served a four year jail sentence. Sanzo, the principal conduit for payoffs between company owners and the Lucchese family, and his wife were convicted of evading taxes on income they made from illegal business arrangements with companies whose employees were represented by Local 29.

(18) THE RAYMOND DONOVAN MATTER: Based in large part on information developed during the Blasters investigation, Leon Silverman was appointed Special Prosecutor to investigate, among other matters, an allegation that former Secretary of Labor Raymond Donovan made a payoff in 1979 to Louis Sanzo on behalf of Donovan's company, Schiavone Construction Company, which was then involved in a \$750 million project to construct a subway tunnel between Queens and 62nd Street in Manhattan. While the Special Prosecutor concluded after a grand jury inquiry that there was insufficient credible evidence to indict Secretary Donovan, he recommended that the Department of Justice undertake a criminal investigation of Sanzo and Amadio Petito for lying to the grand jury about Schiavone's payment of money to no-show Local 29 workers and of Michael Klepfer, an upstate businessman, for lying to the Federal Bureau of Investigation about Donovan's involvement in other alleged criminal acts. The Department referred the three matters to the Brooklyn Strike Force. After conducting a separate six month grand jury investigation, the Brooklyn Strike

Force obtained an indictment against Sanzo and Petito on perjury and obstruction of justice charges for concealing the fact that they had pocketed weekly salaries paid by Schiavone Construction to four Local 29 no-show workers assigned to the tunnel construction. The jury found Sanzo and Petito guilty of perjury and obstruction of justice. They were sentenced to four year jail terms and removed from union office.

After an eight month grand jury investigation conducted by the Brooklyn Strike Force in Syracuse federal court, Michael Klepfer was charged with making false statements to the Federal Bureau of Investigation about Secretary Donovan's involvement with organized crime figures and in an alleged scheme to launder over \$20 million in corporate contributions to President Reagan's 1980 presidential campaign. Klepfer later pleaded guilty to those charges.

(19) THE COLOMBO FAMILY UNDERCOVER PROJECT: Beginning in the late seventies and culminating in 1982, the Brooklyn Strike Force supervised an Internal Revenue Service deep undercover project to investigate allegations that the Colombo crime family hierarchy was offering bribes to government agents for a variety of special favors ranging from receipt of confidential tax information to the release of its jailed boss, Carmine Persico. Over a three year period, the Internal Revenue Service representative to the Strike Force, posing as a corrupt agent, recorded numerous conversations with Colombo family members and associates seeking special favors for themselves and members of other crime families in exchange for substantial cash

bribes. In all, the agent was offered and received bribes to quash "pending" criminal tax investigations of nine organized crime members and associates, including Colombo capo Andrew "Andy Mush" Russo, soldiers Dominick Cataldo and Charles "Moose" Panarella, and Gambino capo Anthony Scotto, and to turn over confidential government documents in pending federal and state prosecutions against four crime figures, including the original tape recordings in a loan sharking case against former Colombo boss Alphonse Persico. Perhaps the most significant criminal episode of this operation was a \$250,000 bribe offer from Carmine Persico for his release from jail. Persico, whom Robert Kennedy identified in his 1960 book, The Power Within, as a leading organized crime figure, was serving a 14 year jail sentence in 1979 when he and Colombo family enforcer Hugh McIntosh offered the agent bribes to cause Persico to be transferred from Atlanta Penitentiary to the Metropolitan Correction Center in New York City. Later, they offered the agent \$250,000 to fix a post-sentence motion seeking to lower Persico's hijacking sentence that would result in his release from prison.

The investigation resulted in the conspiracy and bribery convictions of twelve crime figures and associates, including Persico, Russo, McIntosh, Cataldo, Marc Rosenberg, a Colombo family lawyer, and Edwin "Buzz" Schwenk, a former political leader and businessman from Suffolk County. Significantly, the bribery convictions obtained by the Brooklyn Strike Force of Persico, Russo, and McIntosh formed the centerpiece of the highly publicized 1986 "Colombo family"

prosecution brought by the United States Attorney's office in the Southern District of New York.

(20) OTHER CASES: Strike Force attorneys have also been responsible for convicting the following individuals in significant cases not already summarized:

- Arthur Giangrande, First Vice President of the New York District Counsel of Carpenters - labor racketeering and obstruction of justice.

- Kenneth and Lucille Gladstone, the owners of Prince Carpentry, one of New York's largest dry wall carpentry firms, and over 60 of their employees - tax fraud charges.

- Michael Gedell, the owner of Standard Dry Wall, one of the City's largest dry wall carpentry firms, and eight employees - RICO charges; an additional 25 employees were convicted on tax evasion charges.

- Joseph DeLuca, the principal United States Customs Service official at Kennedy Airport - conflict of interest charges.

- Stanley Soloway, the Chief of the Fines, Penalties and Forfeiture Section of the United States Customs Service at the New York Seaport - RICO charges.

- Murray Jacobs and Joseph Manta, successive Chiefs of the Fines, Penalties, and Forfeiture Section of the United States Customs Service at Kennedy Airport - tax and corruption charges.

- Eugene Mastropieri, a member of the New York City Council who was convicted for using his position as an attorney to assist narcotics traffickers evade the payment of taxes.

- Edwin Schwenk, Chairman of the Republican Party, Suffolk County, New York - income tax evasion.

- Con Errico, a New York jockey - convicted on RICO charges for bribing jockeys to fix thoroughbred horse races at New York tracks.

II. CONVICTIONS OF ORGANIZED CRIME MEMBERS

		<u>Family</u>	<u>Conviction</u>	<u>Prison Term</u>
<u>BOSS</u>	Philip Rastelli	Bonanno	RICO	12 yrs. (1987)
	Philip Rastelli	Bonanno	Parole Violation Extortion	2 yrs. (1984)
	Joseph Massino	Bonanno	RICO	10 yrs. (1987)
	Gennaro Langella	Colombo	Perjury	10 yrs. (1985)
	James Angellina	Colombo	Receiving Stolen Property	1 yr. (1987)
	Carmine Persico	Colombo	Bribery	5 yrs. (1981)
	Carmine Persico	Colombo	Parole Violation	2 yrs. (1981)
	Alphonse Persico	Colombo	Extortionate Credit Transactions	25 yrs. (1980)
<u>UNDERBOSS</u>	Joseph Arnone	Gambino	RICO	15 yrs. (1988)
	Nicholas Marangello	Bonanno	RICO	8 yrs. (1987)
	Salvatore Santoro	Lucchese	RICO	pending
	John Franzese	Colombo	Parole Violation Bank Robbery	8 yrs. (1986)
<u>CONSIGLIERI</u>	Joseph N. Gallo	Gambino	RICO	10 yrs. (1988)
<u>CAPO REGIME</u>	Joseph Zingaro	Gambino	RICO	5 yrs. (1987)
	Robert DiBernardo	Gambino	RICO	murdered before trial (1986)
	Carmine Lombardozi	Gambino	Tax Evasion	6 mos. 5 yrs. prob. (1981)
	Carmine Lombardozi	Gambino	Probation Violation	1 yr. (1985)
	Michael Paradiso	Gambino	Extortion	13 yrs. (1981)
	Joseph LaForte	Gambino	Tax Evasion	1 yr. (1980)
	Daniel Marino	Gambino	Tax Evasion	5 yrs. (1980) probation

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Gene Gotti	Gambino	RICO	pending
Angelo Ruggiero	Gambino	RICO	pending
Joseph Tomasello	Colombo	Receiving Stolen Property	1 yr. (1987)
Michael Franzese	Colombo	RICO	10 yrs. (1987)
Gregory Scarpa	Colombo	Credit Card Fraud	5 yrs. (1986) probation
Andrew Russo	Colombo	Bribery	7 yrs. (1982)
Paul Vario	Lucchese	RICO	6 yrs. (1986)
Paul Vario	Lucchese	Government Fraud	4 yrs. (1983)
Frank Manzo	Lucchese	RICO	12 yrs. (1987)
Samuel Cavalieri	Lucchese	Obstruction of Justice	3½ yrs. (1981)
Vincent DiNapoli	Genovese	RICO	5 yrs. (1982)
Michael LaRosa	Genovese	RICO	2 yrs. (1982)
<u>SOLDIERS</u> Anthony Vitta	Gambino	RICO	10 yrs. (1988)
Thomas Agro	Gambino	RICO	Died before sentence (1987)
Robert DeSimone	Gambino	Bribery	5 yrs. (1987)
Louis Giardina	Gambino	RICO	5 yrs. (1987)
Joseph Sisciliano	Gambino	Extortion	10 yrs. (1986)
Alphonse Mosca	Gambino	Contempt	1½ yrs. (1985)
Liborio Molito	Gambino	Tax Evasion	3 yrs. (1984)
Peter Tambone	Gambino	Contempt	18 mos. (1983)
Alphonse Santarpia	Gambino	Contraband Cigarettes	6 mos. (1982)
Ralph Paradiso	Gambino	Extortion	8 yrs. (1981)
Louis Astuto	Gambino	Tax Evasion	3 yrs. (1980)
Joseph Corozzo	Gambino	Tax Evasion	1 yr. (1980)

John Gamarano	Gambino	Tax Evasion	2 yrs. (1980)
Vincent Artuso	Gambino	Narcotics Trafficking	10 yrs. (1980)
Vincent Artuso	Gambino	Parole Violation	2 yrs. (1988)
John Carneglia	Gambino	RICO	pending
Edward Lino	Gambino	RICO	pending
Anthony Colombo	Colombo	RICO	14 yrs. (1986)
Joseph Colombo, Jr.	Colombo	RICO	5 yrs. (1986)
Vincent Colombo	Colombo	RICO	5 yrs. (1986)
Philip Rosillo	Colombo	RICO	8 yrs. (1986)
Frank Sparaco	Colombo	RICO	5 yrs. (1986)
Frank Castagnaro	Colombo	RICO	8 yrs. (1986)
Salvatore Panico	Colombo	Extortion	15 yrs. (1986)
Joseph Caridi	Colombo	Bank Fraud	4 yrs. (1986)
Benjamin LoCicero	Colombo	Extortion	5 yrs. (1985)
Dominick Cataldo	Colombo	Weapons Violation	3 yrs. (1985)
Michael Bolino	Colombo	Extortion	7 yrs. (1980)
Frank Sciortino	Colombo	Counterfeiting	4 yrs. (1980)
Michael Belvedere	Colombo	RICO	pending
Thomas DiDonato	Lucchese	RICO	5 yrs. (1987)
Pasquale Raucci	Lucchese	RICO	8 yrs. (1986)
Anthony DiLapi	Lucchese	Obstruction NLRB Proc.	10 yrs. (1981)
Thomas Mancuso	Lucchese	Contempt	died before sentence (1981)
Thomas DiDonato	Lucchese	Extortion	7 yrs. (1980)
Peter G. Vario	Lucchese	RICO	Awaiting Sentence

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Joseph Frangipane	Lucchese	RICO	Awaiting Sentence
Peter A. Vario	Lucchese	RICO	Pending
Michael LaBarbara	Lucchese	RICO	Pending
Henry Bono	Bonanno	Extortion	3 1/3 yrs. (1986)
Carl Cararra	Bonanno	Jury Tampering	6 yrs. (1982)
Joseph Galizia	Genovese	Tax Evasion	6 mos. (1987)
Anthony Ficarotta	Genovese	RICO	7 yrs. (1986)
Ray Argentina	Genovese	Tax Evasion	Fugitive (1983)
Daniel Pagano	Genovese	RICO	2 yrs. (1982)
Frank D'Ambrosio	Genovese	Taft/Hartley	1 yr. (1982)
Alphonse Tarricone	Genovese	Extortion	8 yrs. (1981)
John Russo	Genovese	Extortion	5 yrs. (1981)
Joseph Colletti	DeCavalcante	Contempt	1 1/2 yrs. (1986)
Louis Ippolito	DeCavalcante	Narcotics Trafficking	8 yrs. (1981)

III. CONVICTIONS OF LABOR UNION OFFICIALSINTERNATIONAL BROTHERHOOD OF TEAMSTERS

<u>Local 814</u>	Vincent Bracco	President	RICO	8 yrs. (1987)
	Charles Martelli	Secretary/ Treasurer	RICO	7 yrs. (1987)
	Charles Agar	Vice-President	Extortion	2 yrs. (1987)
	Anthony Cantatore	Senior Trustee	RICO	6 yrs. (1987)
	Carmine Rastelli	Shop Steward	RICO	6 yrs. (1987)
	John Konovitch	Shop Steward	Contempt	1 yr. (1986)
<u>Local 851</u>	Harry Davidoff	Vice-President Founder	RICO	10 yrs. (1988)
<u>Local 295</u>	Frank Calise	President	RICO	12 yrs. (1987)
	Frank Calise	President	Contempt	18 mos. (1988)
<u>Local 918</u>	Mitchell Goldblatt	Secretary- Treasurer	RICO	6 yrs. (1987)
<u>Local 806</u>	James Isola	President	Taft-Hartley	Awaiting Sentence
	George Snyder	President	Embezzlement	5 yrs. (1981)
<u>Local 282</u>	John Cody	President	RICO	5 yrs. (1982)
	Harry Gross	Business Manager	Taft-Hartley	4 mo. (1986)
	Edward Ammino	Shop Steward	Extortion	Awaiting Sentence
<u>Local 138</u>	Thomas Vilardo	Secretary- Treasurer	Extortion	2 yrs. (1980)
	Erasmus Manza	Business Agent	Extortion	2 yrs. (1980)

LABORERS INTERNATIONAL UNION OF NORTH AMERICA

<u>Local 13</u> <u>Mason Tenders</u>	Basil R. Cervone	Business Manager*	RICO	5 years (1988)
	Joseph Cervone	President	RICO	1½ yrs. (1988)
	Basil R. Cervone, Jr.	Vice President	RICO	Awaiting Sentence
	Vincent DiMarcantonio	Shop Steward	RICO	Awaiting Sentence
	Eltore DiSanto	Shop Steward	RICO	Awaiting Sentence
	Vincent Vanacore	Shop Steward	Taft-Hartley	Awaiting Sentence
<u>Local 23</u> <u>Mason Tenders</u>	Louis Giardina	Business Manager*	RICO	5 yrs. (1987)
<u>Local 46</u> <u>Mason Tenders</u>	Peter G. Vario	Business Manager*	RICO	Awaiting Sentence
<u>Local 59</u> <u>Mason Tenders</u>	Daniel Pagano	Business Manager*	RICO	2 yrs. (1982)
<u>Local 20</u> <u>Cement Workers</u>	Joseph Frangipane	Business Manager*	Taft-Hartley	Awaiting Sentence
<u>Local 29</u> <u>Blasters</u>	Louis Sanzo	President	Tax Evasion	3 yrs. (1981)
	Louis Sanzo	President	Perjury	4 yrs. (1983)
	Amodio Petito	Secretary-Treasurer	Perjury	4 yrs. (1981)
	Amodio Petito	Secretary-Treasurer	Perjury	1½ yrs. (1981)
<u>Local 66</u> <u>Long Island Builders</u>	Michael LaBarbara	Business Manager*	RICO	pending
	Peter A. Vario	Vice President Benefit Fund Mgr.	RICO	pending
	James Abbatiello	Assistant Business Manager	RICO	pending

* The controlling official in the locals designated by an asterisk is the business manager or business agent.

INTERNATIONAL UNION OF BRICKLAYERS

<u>Local 9</u>	Sebastian Scola	Business Agent*	RICO	Awaiting sentence
<u>Local 30</u>	Jack Argila	Business Agent*	Taft-Hartley	Awaiting sentence
<u>Local 41</u>	Frank Alessi	Business Agent*	RICO	pending

UNITED BROTHERHOOD OF CARPENTERS

<u>New York District Council</u>	Theodore Maritas	President	RICO	murder pending trial (1982)
	Arthur Giangrande	First Vice-President	Obstruction of Justice	2 yrs. (1985)
<u>Local 531</u>	Henry Walaski	Business Manager*	RICO	Awaiting sentence
	Robert Waller	President	Extortion	5 yrs. probation (1988)

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

<u>Local 3</u>	John Palumbo	Business Agent	Extortion	2 yrs. (1981)
	Salvatore Wanderlingh	Business Agent	Extortion	2 yrs. (1981)

OTHER LABOR ORGANIZATIONSAllied International Union of Security Guards

	Daniel Cunningham	President	RICO	6 yrs. (1982)
	Anthony Tomasso	President	RICO	2 yrs. (1986)
	Louis Fenza	President	RICO	5 yrs. (1987)
	Herman Jaffee	Secretary Treasurer	RICO	2 yrs. (1982)

International Industrial Production Employees Union

	Gerald Lasky	President	RICO	6 yrs. (1985)
	Clarke Lasky	President	RICO	5 yrs. (1985)

International Shield
of Labor Alliances

Frank Roman	President	RICO	10 yrs. (1984)
Ivan Roman	Vice-President	RICO	18 mos. (1984)

Boilermakers Local 5

George Boylan	Business Manager	RICO	10 yrs. (1980)
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International Brotherhood
of Craftsmen

William Koenig	President	RICO	1 yr. (1983)
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Amalgamated
Local 355

Bernard Tolkow	Secretary- Treasurer	Filing False Reports	5 yrs. probation (1980)
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United Brick and
Clayworkers Local 3A

Leonard Koppleman	President	Taft-Hartley	3 yrs. probation (1982)
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Steamfitters Union

George Daly	Business Manager	Taft-Hartley	2 yrs. (1987)
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Elite Construction
Workers

Horacio Alvaredo	President	Extortion	3 yrs. (1988)
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IV. CONVICTIONS OF OTHER SIGNIFICANT DEFENDANTSMEMBERS OF CONGRESS

Harrison Williams	U.S. Senator (New Jersey)	Bribery	3 yrs. (1982)
Mario Biaggi	Member, U.S. House of Representatives (New York)	Travel Act OOJ	2½ yrs. (1987)
John Murphy	Member, U.S. House of Representatives (New York)	Bribery	3 yrs. (1981)
Frank Thompson	Member, U.S. House of Representatives (New Jersey)	Bribery	3 yrs. (1981)
Michael Myers	Member, U.S. House of Representatives (Pennsylvania)	Bribery	3 yrs. (1981)
Raymond Lederer	Member, U.S. House of Representatives (Pennsylvania)	Bribery	3 yrs. (1981)
John Jenrette	Member, U.S. House of Representatives (South Carolina)	Bribery	2 yrs. (1984) *
Richard Kelley	Member, U.S. House of Representatives (Florida)	Bribery	2 yrs. (1984) *

OTHER PUBLIC OFFICIALS

Meade Esposito	Chairman, Democratic Party, Kings County, New York	Travel Act	2 yrs. probation (1987)
Angelo Errichetti	Mayor, Camden, New Jersey New Jersey State Senator	Bribery	6 yrs. (1981)
Edwin Schwenk	Chairman, Republican Party, Suffolk County, New York	Tax Evasion	2 yrs. probation (1980)

* The Jenrette and Kelley cases were developed by attorneys in the Brooklyn Strike Force, working with the Federal Bureau of Investigation, but they were tried by attorneys in the U.S. Attorney's Office in Washington, D.C.

Kenneth MacDonald	Vice Chairman New Jersey Casino Control Commission	Travel Act	Died awaiting trial (1982)
Eugene Mastropieri	New York City Councilman	Tax Evasion Money Laundering for Drug Ring	3 yrs. (1981)
Alexander Alexandro	Criminal Investigator Immigration & Naturalization Service	Bribery	4 yrs. (1981)
Francis O'Connor	Commissioner, General Services, Nassau County (N.Y.)	Perjury	1 yr. (1981)
Mildred Russo	Deputy Court Clerk S.D.N.Y.	COJ-revealed sealed infor- mation to LCN	3 yrs house arrest (1987)
Joseph DeLuca	Director of Operations U.S. Customs J.F.K. Airport	Government Fraud	2 yrs. (1983)
Murray Jacobs	Chief, Fines and Forfeitures, N.Y. Seaport, U.S. Customs	Bribery	3 yrs. probation (1982)
Stanley Solcway	Chief, Fines and Forfeitures, N.Y. Seaport, U.S. Customs	Bribery	4 yrs. probation (1983)
Joseph Manta	Chief, Fines and Forfeitures, N.Y. Seaport, U.S. Customs	Bribery	3 yrs. probation (1983)
Peter Giambalvo	Chief Inspector Food & Drug Adminis- tration, New York	Bribery	3 yrs. probation (1986)

ATTORNEYS

Joel Winograd	Criminal Defense Attorney	Tax Evasion	5 yrs. probation (1988)
William Klan	Attorney - Set up Robberies of Clients	RICO	7 yrs. (1988)
Irwin Schneider	Attorney - Paid Kickbacks to Union Official	Bribery	1 yr. (1988)

Mitchell Goldblatt	Attorney	RICO Labor Union Kickbacks	6 yrs. (1987)
Marc Rosenberg	Attorney - Paid Bribes for Colombo boss Persico	Bribery	1½ yrs. (1981)
<u>OTHER SIGNIFICANT DEFENDANTS</u>			
James Burke	Ringleader, Boston College Point-Shaving Scheme	RICO	10 yrs. (1982)
Richard Kuhn	Player, Boston College basketball team	RICO	4 yrs. (1982)
Con Errico	Jockey; Thoroughbred horse race fixer	RICO	5 yrs. (1982)
Mario Renda	President - First United Fund - U.S.'s largest broker of C.D.'s	RICO Union kickbacks	4 yrs. (1988)
Joseph DeCarlo	Vice President - First United Fund	RICO Union kickbacks	5 yrs. probation
Martin Schwimmer	Nationally known investment advisor	RICO Union kickbacks	10 yrs. (1988)
Extebank	N.Y. Bank	Money laundering	\$100,000 fine
Julie Miron	Largest building material Supplier on East Coast	RICO labor payoffs	5 yrs. (1987)
Kenneth Gladstone	Large Manhattan Real Estate Developer; Principal of Large Carpentry Firm.	Mail and Tax Fraud	3 yrs. probation
Michael Gedell Standard Dry Wall	Owner - large Carpentry firm	RICO	12 yrs. (1986)
Jerry Schochet	Owner - largest color processor in New York City	Tax Evasion	3 yrs. probation (1987)

Gerard Nocera	Sen. V.P. - Beneficial Finance Commercial Corp.	RICO	2 yrs. (1987)
John Russo	V.P. Air Express Int'l	RICO	5 yrs. probation (1987)
Michael Klepfer	F.B.I. informant lied about Labor Secretary Donovan	False Statements	3 yrs. probation (1985)
George Tucker	Disc Jockey; largest N.Y. counterfiter of records & tapes	Perjury	2 yrs. (1981)

V. FORFEITURES, FINES, & RESTITUTION

Since 1980, prosecutions conducted by the Brooklyn Strike Force have resulted in orders of forfeiture and restitution and fines well in excess of \$200 million dollars. Indeed, in just the cases prosecuted and coordinated by the Strike Force in the "Sludge Project", the investigation of organized crime's influence and control in the distribution of motor fuel, recoveries in excess of \$100 million have been obtained. In addition, in tax cases prosecuted by the Strike Force, judgements had been obtained that have enabled the Internal Revenue Service to recover countless additional millions of dollars. What follows here are just a few of the more notable recoveries ordered in Brooklyn Strike Force cases.

Lawrence Iorizzo	Oil & Gas case	Mail Fraud	\$18.7 million Restitution & Fines
Michael Franzese	Colombo capo Oil & Gas	RICO	\$14.7 million Forfeiture
David Bogatin	Oil & Gas case	Tax Evasion	\$5 million Restitution
Michael Markowitz	Oil & Gas case	Tax Evasion	\$5 million Restitution
Mario Renda	Money Broker 1st United Fund	RICO Pension Fund Fraud	\$9 million Forfeiture Restitution
Martin Schwimmer	Financial Consultant	RICO Pension Fund	\$5.5 million Forfeiture/ Fines; \$10 million in taxes
Marty Meyer	Oil & Gas case	Tax Fraud	\$2 million Restitution
Standard Dry Wall Corp.	Carpentry Firm	Tax-Labor Union Fraud	\$1 million Restitution
Prince Carpentry Corp.	Carpentry Firm	Tax-Labor Union Fraud	\$750,000 Restitution
Joseph Armone	Gambino Underboss	RICO	\$820,000 fine

Liborio Molito	Gambino soldier	Tax Fraud	\$600,000 Restitution
Mario Biaggi	Congressman	Travel Act	\$500,000 fine
Meade Esposito	Political figure	Travel Act	\$500,000 fine
Anthony Colombo	Colombo soldier	RICO	\$500,000 fine
Vincent Aspromonte	Oil & Gas case	Tax Fraud	\$500,000 fine
Joseph N. Gallo	Gambino consiglieri	RICO	\$380,000 fine
Frank Manzo	Lucchese capo	RICO	\$250,000 forfeiture
Anthony Vitta	Gambino soldier	RICO	\$250,000 fine
Basil Cervone	Labor official	RICO	\$250,000 forfeiture and fines
Gerald Lasky	Labor official	RICO	\$155,000 forfeiture
Frank Roman	Labor official	RICO	\$190,000 forfeiture
Bernard Tolkow	Labor official	False Filings	\$400,000 restitution
Sheldon Fishman	Oil & Gas case	Mail Fraud	\$250,000 forfeiture

VI. THE BROOKLYN STRIKE FORCE LEGAL STAFF

Edward A. McDonald	Attorney-in-Charge	11 yrs. - prosecutor, Brooklyn Strike Force 5 yrs. - prosecutor, New York County D.A.'s Office 1 yr. - Federal Judicial Clerkship
Laura A. Brevetti	Ass't Attorney-in-Charge	9 yrs. - prosecutor, Brooklyn Strike Force 4 yrs. - prosecutor, Kings County D.A.'s Office
Michael A. Guadagno	Ass't Attorney-in-Charge	11 yrs. - prosecutor, Brooklyn Strike Force 5 yrs. - prosecutor, New York County D.A. Office
Douglas E. Grover	Senior Special Attorney	9 yrs. - prosecutor, Brooklyn Strike Force 5 yrs. - prosecutor, Kings County D.A.'s Office
Norman A. Bloch	Special Counsel	7 yrs. - prosecutor, Brooklyn Strike Force 5 yrs. - prosecutor, New York County D.A.'s Office
Leonard Michaels	Special Attorney	6 yrs. - prosecutor, Brooklyn Strike Force 11 yrs. - prosecutor, Kings County D.A.'s Office
Alan M. Friedman	Special Attorney	6 yrs. - prosecutor, Brooklyn Strike Force 9 yrs. - prosecutor, Kings County D.A.'s Office
Christopher Ulrich	Special Attorney	3 yrs. - prosecutor, Brooklyn Strike Force 7 yrs. - prosecutor, Kings County D.A.'s Office
J. Bruce Maffeo	Special Attorney	5 yrs. - prosecutor, Brooklyn Strike Force 5 yrs. - prosecutor, Kings County D.A.'s Office

Mario DiNatale	Special Attorney	4 yrs. - prosecutor, Brooklyn Strike Force 5 yrs. - prosecutor, New York County D.A.'s Office
Anthony J. Siano	Special Attorney	6 yrs. - prosecutor, Brooklyn Strike Force 5 yrs. - private practice 2 yrs. - U.S. Army Judge Advocate 1 yr. - Federal Judicial Clerkship
Matthew J. Brief	Special Attorney	1 yr. - prosecutor, Brooklyn Strike Force 5 yrs. - prosecutor, New York County D.A.'s Office
Suzanne Mondo	Special Attorney	1 yr. - prosecutor, Brooklyn Strike Force 6 yrs. - prosecutor; Kings County D.A.'s Office
Patrick J. Cotter	Special Attorney	2 yrs. - prosecutor, Brooklyn Strike Force 3 yrs. - N.Y. Legal Aid Society 2 yrs. - Clerkship, New York Supreme Court
Kimberly A. McFadden	Special Attorney	1 yr. - prosecutor, Brooklyn Strike Force 2 yrs. - private practice 1 yr. - Federal Judicial Clerkship

Mr. SCHUMER. The next witness is Mr. O'Sullivan.

**STATEMENT OF JEREMIAH T. O'SULLIVAN, ESQ., CHOATE, HALL
& STEWART, BOSTON, MA**

Mr. O'SULLIVAN. Thank you, Mr. Chairman.

Until mid-April, I was the U.S. attorney in the District of Massachusetts, and had been appointed such by Attorney General Thornburgh. For 10 years prior to that, I had been the strike force chief in New England. And prior to that I had been the chief of the public corruption and the major fraud units in the U.S. attorney's office.

I can tell you categorically that the U.S. attorneys' offices today, when I served in them and at any point in history, would be incapable of doing what Pete Vaira said has to be done, which is to plan and to have the long term commitment of resources, personnel, and effort necessary to develop a strong organized crime program.

When Pete Vaira said jokingly, in 2 years you'll have to send the FBI out to find the strike forces, there won't be any strike forces—I would suggest for a minute that you think of earlier efforts having to do with drug enforcement that Congress funded at earlier stages and that I am aware of having been in the U.S. attorney's office in the mid-1970's. Congress funded a program called the Office of Drug Abuse Law Enforcement; Congress funded a program called the Control Substances Units. Both of those efforts were efforts by Congress to direct specific resources at narcotics trafficking at that time.

Within 2 years of the time that those programs were funded, you couldn't find the resources. The dedicated resources that were supposedly centralized and directed by Washington were out the window and there were just more slots for a U.S. attorney to do what he wanted to do with—and if he wanted to prosecute bank robberies rather than narcotics cases, he did bank robberies.

And what we've got today is another effort to fight narcotics trafficking in the 1980's, in which this year—or at least in the last session of Congress in 1988, Congress found that the U.S. attorneys had failed in their efforts to do anything about drug trafficking with the OCDETF task forces, pointing out that the price of drugs had halved at the wholesale level in Miami. And Congress created, over the objection of the Justice Department, the drug czar to figure out what went wrong with the efforts of the Justice Department and particularly, the U.S. attorneys, in dealing with the drug problem.

Mr. Chairman, I had a longer speech but I think I just want to make several brief points and then address a couple of the points that the Assistant Attorney General made with respect to certain issues that were raised.

But first with respect to the Republican side of this committee, I wish to point out two things with respect to fiscal responsibility. The first one is that all of us are here not on any government payroll—neither this committee, nor the Justice Department, or anybody else is paying for our airfare or our time here today. We are here at the forbearance of our law firms. That's first.

Second, I would point out to you as a matter of fiscal responsibility, that as a U.S. attorney I can tell you, having compared payrolls between strike forces and U.S. attorneys, that on average strike forces attorneys—even though they probably have at least double the experience of the average assistant U.S. attorney, they get paid on the average of \$7,000 to \$10,000 a year less, and that carries through to the support personnel.

The reason for that is that strike forces attorneys are on the GS system, whereas, a U.S. attorney, as a political appointee, the U.S. attorney, within his budget, can pay his assistants whatever he wants. So what you're talking about, is not a savings or economy here—you're talking about, and I think you could order a report by the General Accounting Office if you wanted to check that—but I would tell you, it's my belief, based on my knowledge of the salaries in the U.S. attorney's offices versus the Boston strike force, that we're talking about an increase in cost of at least \$100,000 per strike force, so that the cost of the merger will cost upwards of over \$1 million off the bat in moneys and salaries just to effect the merger.

I think it's very appropriate, Mr. Chairman, that on short notice this committee has taken up this issue, because I think that it is Congress which has, in the first instance, always taken the laboring oar on the issue of organized crime. It was, for instance, in the Senate with Senator Kefauver and Senator McClellan that the effort against organized crime was first mounted. It was in the Senate that Robert Kennedy learned about organized crime as counsel to Senator McClellan's committee.

Through the decade of the 1950's, the Organized Crime Section in the Department of Justice, which wasn't created until 1954, was moribund—it did nothing. The U.S. attorneys did nothing. It was only with the prodding of Congress that in fact an organized crime program started; and it was only with the experience that Attorney General Kennedy had in Congress with those hearings before the McClellan committee that in fact anything was done about the issue of organized crime.

Congress has continued to manifest an intense in the issue of organized crime. So, for instance, over the years, Congress has enacted legislation allowing the strike force chief by name to apply to either a court or the Internal Revenue Service to get tax return information. And as late as last year, with the drug bill that was passed, and the creation of the drug czar, Congress specifically tasked the drug czar to measure the effectiveness of the strike forces and to measure the effectiveness of the organized crime task forces run by the U.S. attorney to determine whether in fact a new division in the Department of Justice should be created to centralize the effort—not to decentralize the effort, but to more centralize the effort.

So what I'm saying in effect is that the unilateral action of the Attorney General in proposing this merger effective October 1 in fact flies in the face of the special oversight that Congress has always exercised in this particular area.

I want to talk, I think, briefly about a couple of different issues which either Mr. Dennis has raised or which are raised in the Department's various press releases, and this is a merger by press re-

lease. The Attorney General issued a press release last night and then he issued a further explication of that press release today, and these press releases are the only place we have to look for the rationale of why this merger is occurring.

I would suggest several things with respect to that.

First, on page 1 of today's statement, which is entitled "Consolidation of organized crime strike forces"—I am only going to read page 1—there are 3 inaccuracies stated in that particular statement.

The first inaccuracy is the statement asserts that Attorney General Meese reached no final conclusion concerning the issue of consolidation. That's not true. I met with Attorney General Meese, along with several other people, on 3 separate occasions. And on the last occasion, Attorney General Meese resolved not to consolidate, not to merge, but to give the U.S. attorneys more authority in terms of having the right to do the performance evaluation of strike force chiefs. So Attorney General Meese did decide this issue.

The second inaccuracy on page 1 is a quote from the April report of the GAO that the strike forces have not fully met expectations for planning and coordination of Federal efforts against organized crime. And then goes on to say that the GAO report noted the advantage of merging the strike forces into the U.S. attorney's office.

The GAO report does not note the advantage of merging strike forces into the U.S. attorney's office. It rehearses the arguments the U.S. attorneys made but specifically characterizes them as a rehearsal of the U.S. attorney's arguments; it makes no recommendation.

The GAO report doesn't criticize the strike forces; it criticizes the U.S. attorneys for failure to convene in their district either the executive committees to run the strike forces or to provide, pursuant to the Attorney General's direction, the organized crime reports that are necessary.

Finally, I would like to point to one other major error in the press releases—the press release of last evening, and it was brought up I think either by Congressman Smith or by Mr. Coble in today's questioning—there was a question, did there exist at the present time a planning council to plan for organized crime matters.

And if you remember, Mr. Dennis said no such council exists.

In all the time I've been in the Organized Crime Section, which is well over 10 years, there has existed and there functions a planning council called the "National Organized Crime Planning Council"—NOCP—NOCP—NOCP—which is chaired by the Attorney General and which has as its members the Secretary of the Treasury or his designee, and various other heads of law enforcement, including the head of the FBI. This particular organization has been in existence for at least 10 years and does exactly what Attorney General Thornburgh is proposing to do with this particular merger today.

So what I'm saying to you in effect is, what Attorney General Thornburgh is suggesting will be accomplished, the creation of this particular council, is already in existence, and it works.

Finally, I would like to talk briefly about a couple of points that Mr. Dennis raised with respect to particular claims that he thinks facilitate the idea of merger.

The first issue is that somehow the U.S. attorney is going to be able to do better than a strike force chief in bringing together local resources. Well, as strike force chief I had within my office for a period of more than 10 years, a complement of the Massachusetts State police, a complement of the Boston police, and a regular effective working program, including sub working groups, with the district attorneys in Massachusetts and throughout New England.

More importantly, as strike force chief I was able to deal with the State police and the local police throughout New England because my authority ran throughout six New England States, whereas, under the merger proposed by Attorney General Thornburgh, the authority of a U.S. attorney would not extend beyond the district, the boundaries of the district in which they exist. We will be having more fights about jurisdiction in New England, because now six U.S. attorneys will be fighting about who should be dealing with the organized crime problem in their district.

He also indicates that the strike forces somehow fail to deal with corruption. I would suggest to you that the ongoing premier corruption case in Boston—is a series of cases that have been brought against the Boston Police Department involving corruption by the police department, and that is a strike force case and has been a long-term investigation that started in 1981 and continues with prosecutions until the present time.

With that, Mr. Chairman, I wish to say that having been in both offices and looking at the issue as objectively as I can, I feel, having been a U.S. attorney, an assistant U.S. attorney, a strike force attorney, and a strike force chief, that Mr. Vaira is absolutely correct, in 2 years send for the FBI because you won't find a strike force.

Mr. SCHUMER. Thank you, Mr. O'Sullivan.

[The prepared statement of Mr. O'Sullivan follows:]

STATEMENT OF JEREMIAH T. O'SULLIVAN
BEFORE THE SUB-COMMITTEE ON CRIMINAL JUSTICE
OF THE JUDICIARY COMMITTEE OF THE
UNITED STATES HOUSE OF REPRESENTATIVES

Mr. Chairman and Members of the Committee:

I am a partner with the Boston law firm of Choate, Hall and Stewart, having very recently joined this firm after serving twenty-one years as a prosecutor, the last sixteen years of which I spent with the Department of Justice.

At the time of my resignation from the Justice Department, I was the United States Attorney for the District of Massachusetts, having been appointed to serve in that position for an interim period by Attorney General Dick Thornburgh during a particularly difficult time in the history of that office. My predecessor as U. S. Attorney resigned under fire. Prior to my term as U.S. Attorney I served for ten years as the Chief Attorney of the New England Organized Crime Strike Force.

II.

The Congress clearly has general oversight responsibility to insure the effective operation of the Department of Justice and of its programs, including the Department's organized crime enforcement program. Over and beyond its oversight function, however, the Congress has specifically acted with reference to the operation of the Department's Organized Crime Strike Forces. So, for instance, the Congress in sections 6103(i)(1)(B) and 6103(i)(2)(A), of Title 26 of the United States Code, has specifically authorized Strike Force Chiefs to apply to a court or directly to the Internal Revenue Service to obtain tax returns and tax return information for use in a

criminal investigation. And again, in enacting the Anti-Drug Abuse Act of 1988, Congress, in Section 1053 of the Act directed that the "Drug Czar" report back to Congress with a year on the operations of the Strike Forces, and in Section 1054(c)(3) created new asset forfeiture attorney positions for the Strike Forces.

III.

The Strike Forces are the outgrowth of the work of Attorney General Robert Kennedy, who, in the first concerted effort against organized crime, quadrupled the manpower of the Organized Crime Section and sent experienced attorneys into the field to investigate and prosecute organized crime cases. Attorney General Ramsey Clark further implemented the concept, by setting up the first field office in Buffalo, N.Y. in 1966. The purpose of the field offices was to place Organized Crime Section attorneys in the district so they could work continuously on investigating and prosecuting organized crime activity, rather than living out of suitcases as temporary visitors to the district. Under the Nixon Administration, field offices were established in seventeen (17) major cities, many of which had satellite offices in smaller cities within their respective regions. The success of the Strike Force concept has been unquestioned even by those who now call for the abolition of the Strike Force offices. In the last decade, large sections of the hierarchies of the organized crime families in Boston, Chicago,

Kansas City, Los Angeles, Detroit, New Orleans and Philadelphia have been convicted and imprisoned.

This success is not an accident. It is a product of the unique organization of the Strike Forces and the Organized Crime Section. First, most Strike Force offices, unlike United States Attorneys' offices, cover several judicial districts. This permits a Strike Force to investigate and prosecute organized crime within a region. Mob families do not conveniently limit their activities to a single judicial district, and the Strike Forces have been able to pursue them without regard to geographical location. The Strike Force I headed in Boston was responsible for all of New England. Thus, in pursuing the Patriarca L.C.N. family, we followed their activities from Providence, Rhode Island to Boston, Massachusetts, and into Hartford and New Haven, Connecticut. These activities spanned three judicial districts and would have required the coordination of three separate United States Attorneys' offices. Anyone familiar with multi-jurisdictional investigations knows only too well the bureaucratic infighting among prosecutors' offices for headline-making cases. The multi-jurisdictional nature of the Strike Forces avoids much of this type of fighting because of the wide sweep of each Strike Force's jurisdiction.

However, where there have been disagreements among Strike Force offices, such disagreements are readily resolved by the

head of the Organized Crime Section in Washington. Each Strike Force chief is under direct control from headquarters. Resolving disputes among United States Attorneys is not so simple. By longstanding tradition, United States Attorneys are quite independent from Main Justice. They do not readily take orders from Washington on which office will handle a case. In addition, because U.S. Attorneys are political appointees interested in headlines, their jurisdictional fights are more severe than disputes among Strike Force offices.

Strike Forces also offer a place for the career prosecutor, which the United States Attorneys' offices do not. U.S. Attorneys are political appointees and change with each administration, if not sooner. For better or worse, this traditionally results in regular staff turnover. Each U.S. Attorney runs his office in his own way, restructuring it to meet his ideas of what needs to be done. This type of instability does not promote a career commitment from prosecutors. In addition, Strike Force chiefs are career prosecutors; U.S. Attorneys are not. Thus, the ultimate supervisor in a U.S. Attorney's office may or may not be someone who understands the subtleties of the criminal process and its danger areas. This, too, leads to instability, which drives career people out. A Strike Force attorney reports up a chain of command of experienced, career prosecutors.

The average Assistant United States Attorney has approximately five (5) to six (6) years of prosecutorial experience, while the average Strike Force attorney has 11.5 years of prosecutorial experience. Many young attorneys view the U.S. Attorney's office as a place to gain some trial experience, before returning to a more lucrative private practice. While there is nothing inherently wrong with this practice, organized crime cases frequently take years to investigate. In addition, these investigations require the skills and knowledge of experienced attorneys.¹ During my tenure in the Boston Strike Force, the Angiulo case, for example, required four years of investigation before the first indictment was even filed. A new Assistant United States Attorney does not have the experience required to run these investigations. By the time he does, he is probably thinking of leaving the U.S. Attorney's office. Thus, just when he has developed the skills necessary to handle these investigations, the average Assistant U. S. Attorney leaves.

In addition, Strike Forces provide an identifiable entity committed to a national problem, an entity other law enforcement agencies identify with as career professionals whom they can trust and upon whom they can rely. Merger of the Strike Forces into the U.S. Attorney's offices would result in the loss of

^{1/} This is particularly important because organized crime members are usually able to afford the best defense attorneys.

this identifiable entity and the inter-agency cooperation and communication it engenders.

IV.

The Department of Justice has taken the position that the U.S. Attorneys can do the job just as well. This position simply will not withstand analysis. As I have noted above, U.S. Attorneys do not retain career people and they become involved in turf wars.

More significant is the fact that the independence of each United States Attorney almost guarantees a diminution of the effort against organized crime. Each United States Attorney has great discretion in setting his own prosecutive priorities. Thus, if a United States Attorney decides that he wants to downgrade the organized crime effort in his district in order to pursue some other area, he will be unchallenged. In addition, there is no guarantee that after a merger the Strike Force prosecutors will continue to work on organized crime cases. As soon as a significant case comes into the office, the United States attorney will turn to his most experienced people and assign them to work on the matter. If the new case is not an organized crime case, then the work on organized crime cases will suffer.² Even assuming that the United States attorneys

^{2/} Recent remarks by the U.S. Attorney from New Jersey suggest that he intends to use the Strike Force attorneys for other cases. "A merger ... will give us more flexibility in terms of assignments." Samuel Alito, U.S. Attorney, New Jersey, quoted in Newsday, May 28, 1989.

establish "organized crime" units within their offices, there is no guarantee that only the most experienced people will work there. Thus, the Attorney General's claim that the merger will centralize accountability and will encourage United States Attorneys to dedicate resources to organized crime cases will not withstand analysis. The current system does a much better job of centralizing accountability in the Organized Crime Section and clearly dedicates resources to the war on organized crime. The proposal will disperse accountability to the ninety-four (94) U.S. Attorneys.

The Attorney General's suggestion that the United States Attorneys will be able to capitalize on "local clout and personal ties" seems to imply that the fight against organized crime requires local political connections. As the Attorney General well knows from his own investigation of the Allegheny County District Attorney, when he was the U.S. Attorney in Pittsburgh, local politicians are sometimes corrupted by organized crime elements. The type of "local clout and personal ties" that we need in this fight is with trustworthy, local law enforcement agencies. These ties are not developed by newly appointed U.S. Attorneys, fresh from civil practice. Rather, it is the career prosecutors who work year in and year out with these agencies who develop their trust and thereby establish the personal ties needed to fight organized crime.

Originally, Strike Forces were set up, in part, to avoid the "connections" that come from being part of the local political scene, where political friendships can sometimes create "awkward" situations and the appearance that politics plays a role in prosecutorial decisions.

The area of civil forfeiture is also cited by the Attorney General as one in which the U.S. Attorney has unique expertise. First, much of forfeiture law is new and developing. The big emphasis on it has only come in the last five years. Everyone working in this area is something of a neophyte. Second, in my experience, the Strike Force attorneys already coordinate with the U.S. Attorneys' civil divisions on forfeitures. Merger will not enhance this. If, however, better coordination is required, it can be ordered without destroying the Strike Force program. In addition, Congress recently has authorized the Strike Forces to add attorneys to work exclusively on forfeiture cases. Some of these attorneys are already on board and others are in the pipeline.

The Attorney General's claim of duplication of office space and administrative staff is also untenable. If the Strike Forces are merged, the prosecutors and support staff will still need to be provided with offices. In my experience, the Strike Forces are seriously understaffed on the administrative side. Ratios of three and four attorneys to a secretary are not uncommon. The ratio of all support personnel to attorneys in

the Strike Forces is approximately 0.5 support persons per attorney. This compares unfavorably with the ratios in the U. S. Attorneys' offices with which I have had contact, where there are often 1.5 support personnel for each attorney.

Not only should the Congress consider that the U. S. Attorneys have three times the support personnel per attorney, but also that attorneys and support personnel in U. S. Attorney's offices are paid substantially more than Strike Force personnel. Thus, it is apparent that a merger of a single Strike Force with a total of twelve attorneys and support personnel would increase the personnel costs of the Department by \$84,000 to \$120,000 per year, when the disparities in pay are rectified.

The Attorney General has cited the Southern District of New York as an example of a successful merged unit. However, that example, although attractive at first glance, does not hold up under scrutiny. That unit was merged in 1975. Until Rudolph Giuliani became the United States Attorney in 1983, it produced little in the way of significant organized crime cases, despite the fact that it was operating in the headquarters city for La Cosa Nostra in this country. Mr. Giuliani was an unusual U. S. Attorney. He had been very able Assistant United States Attorney and had served as the Associate Attorney General before he became the U. S. Attorney. This kind of experience in a U. S. Attorney is extremely rare.

It is common knowledge that the Southern District of New York U.S. Attorney's office is sui generis. It is the best funded prosecutor's office in the country. Historically, it has been able to recruit high quality lawyers. Despite these factors, no significant organized crime cases were developed by that office between 1976 and 1983, when Mr. Giuliani became the U. S. Attorney.³ The question remains as to what will happen now that Mr. Giuliani has departed. If anyone examines his organized crime unit today, you will not see on the roster the names of the majority of the senior prosecutors who were responsible for the spectacular organized crime cases prosecuted by Mr. Giuliani's office.

Another merged unit, not cited by the Attorney General, was the Pittsburgh Strike Force. There continues to exist in Pittsburgh an L.C.N. organized crime family to the present day. To my knowledge, since the merger of the Pittsburgh Strike Force into the U.S. Attorney's Office in 1976, there have been no significant indictments charging the leadership of the Pittsburgh L.C.N. family with R.I.C.O. type offenses brought by the U.S. Attorney's office in Pittsburgh.

3/ The UNIRAC labor racketeering case, which was prosecuted during that period, had been developed by the Miami Strike Force and the northern part of that investigation was handed off to the Southern District.

It is also worth noting that the Pizza Connection case was built in part from evidence developed by the Newark and Philadelphia Strike Forces. In fact, the trial team for the Pizza Connection case included the Chief of the Newark Strike Force. The Commission case relied upon electronic surveillance conducted by the Brooklyn Strike Force.

The proposal to monitor organized crime cases in the United States Attorneys office from Washington will not duplicate the successful structure of the Strike Forces. Those cases are already well monitored in a tightly structured department. Having the Organized Crime Section monitor ninety-four (94) independent U. S. Attorneys will not give the Department the same control.

The proponents of merger point to the Organized Crime Drug Enforcement Task Force (OCDETF) program as its model for how U. S. Attorneys can also handle organized crime cases. This is a curious claim for the U. S. Attorneys to rely on to support their position. Last fall, after a study by the General Accounting Office, the Congress concluded that the OCDETF program was not working well. It created the position of "Drug Czar" and directed him to study the entire drug enforcement program. Included in the instructions of Congress were that the drug czar was to consider taking the OCDETF prosecutors out of the U.S. Attorneys' offices and merging the OCDETF program with the Organized Crime Strike Forces, creating a separate new division within the Department of Justice.

The U. S. Attorneys have put forth the argument that in 1986 the OCDETF units obtained nearly three times the convictions obtained by the Strike Forces. This argument is both misleading and disingenuous. In the first instance, there are well over three times as many Assistant United States

Attorneys assigned to the OCDETF program as there are prosecutors assigned to the Strike Forces. Second, many OCDETF cases are actually Strike Force cases, inasmuch as the Strike Force drug convictions are included in the OCDETF statistics. In some cities, like Philadelphia, a substantial percentage of OCDETF cases have been investigated and prosecuted by the Strike Forces. Third, comparing numbers of drug defendants and organized crime defendants is tantamount to comparing apples and oranges, because very often drug cases have numerous defendants, many of whom are low level violators. In addition, most drug organizations are not as organized or entrenched as La Cosa Nostra.

The Attorney General's position that the U. S. Attorneys handle many more cases than the Strike Force attorneys also confuses quantity with quality. The prosecution of a hand to hand buy-bust case does not compare with the prosecution of a major R.I.C.O. or C.C.E. case. Moreover, when one considers the number of Assistant U. S. Attorneys working OCDETF cases as compared to the number of Strike Force attorneys, it is not surprising that they produce more cases. Most important, however, is the fact that a principal purpose for establishing the Strike Forces was to assure that adequate resources were devoted to develop significant prosecutions which would impact the operation of criminal organizations. It is self-evident that all cases are not equal either in terms of effort required to

investigate and prosecute them or in terms of the result which their successful conclusion brings about. The Attorney General's attempt unfavorably to compare the effectiveness of the Strike Forces with that of the OCDEF program by comparing members is a meaningless exercise.

The success of the Strike Force program is more remarkable when weighed against the fact that it has occurred with far less support from the Attorney General and his predecessor and far fewer resources, with a long-term hiring freeze in place, and with the sword of Damocles hanging over the program for several years.

The Attorney General has claimed that the merger will end the practice of "prosecutor shopping" by investigative agencies. This practice would end quickly if the Justice Department would require United States Attorneys to adhere to the Department's guidelines regarding prosecution of organized crime cases. If the United States Attorneys would require law enforcement agencies to bring organized crime cases to the Strike Forces, most of these turf battles would disappear. The few remaining battles could readily be resolved either between the Strike Force Chief and the United States Attorney directly, or by the Department.

The motivation for the merger is fundamentally a desire for power and glory. Organized crime cases have substantive media appeal. Merging the Strike Forces will give the U. S. Attorneys

a feather in their caps, if they can control these cases. It is not really a question of efficiency. After all, in many districts, there exist field offices of other Divisions of the Justice Department which prosecute federal criminal cases and are ostensibly as independent of the U. S. Attorneys as the Strike Forces are. The formal relationship between those field offices and the U. S. Attorneys is similar to the relationship between the Strike Forces and the U. S. Attorneys. However, no one in the Department is suggesting the merger of the Anti-Trust Field Offices. The reason I suggest is that antitrust cases do not have the "sex appeal" that organized crime cases do, so the Anti-Trust Division is left alone.

In conclusion, the current system works. There is the great danger that overhauling it will seriously impede what has been a very successful program. This is a classic case where the maxim, "If it ain't broke, don't fix it," should be applied.

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Mr. SCHUMER. Ms. Serene.

STATEMENT OF JANE SERENE, ESQ., LAW FIRM OF HALE &
DORR, WASHINGTON, DC

Ms. SERENE. Thank you, Mr. Chairman.

I suppose to the extent that I can add anything new to this debate, which I think has been beautifully articulated by my copanelists and by the Assistant Attorney General today, that lies in the gloss that I can bring to the issues having served first as a strike force attorney in Boston under Mr. O'Sullivan's able tutelage for several years, and later having served as counsel to the Assistant Attorney General of the Criminal Division, then Ben Weld, during the period when a similar proposal came before the Attorney General, and was resolved in a somewhat different fashion.

Speaking first as a former strike force attorney, I'd like to emphasize a point that was made by Mr. McDonald earlier and that is the fact—and I do believe it's a fact—that with this merger, or abolition, or whatever you care to term it—there will be an exodus of a wealth of talented, experienced and knowledgeable prosecutors from the Federal system.

These aren't simply experienced prosecutors, dedicated public servants. They are the repository of the institutional memory and the historical sense of organized crime in their regions. And when I say institutional memory, I'm not talking about the institutional memory of a sophisticated bank fraud scheme that develops over a period of 3 years.

What I'm talking about is the kind of institutional memory that allows a prosecutor listening to an intercepted tape conversation in 1981 to listen to what might seem to the untrained eye to be oblique reference—to put them together to determine that what they're talking about is a mob hit that occurred 20 years ago and to weave that into a RICO prosecution. That's exactly what Mr. O'Sullivan did in the *Angiulo* case in Boston and many of his colleagues have done around the country.

So that I think that when those attorneys leave—and as I said, I do believe they will—you will lose that institutional memory and it's something that's not easily gotten back; I think the legacy may be lost forever. That's something that I don't think law enforcement can afford at this point in time without a promise of a corresponding benefit; and I don't think there is one on this point.

As I said, I counseled Bill Weld in 1987 when this issue came up before. I won't rehearse for you the arguments that were made on both sides of the fence. There's no mystery to them, they are exactly what you've heard today in pretty much the same terms and with the same enthusiasm. I will tell you that over a period of several months, the Attorney General and the Deputy Attorney General considered the arguments carefully. They solicited the views of a number of representatives of law enforcement.

As Mr. O'Sullivan said, the Attorney General sat on several occasions with representatives of the strike forces. He sat with the U.S. attorneys and the ultimate resolution was a compromise of sorts that, quite frankly, in its final form was the proposal of the Attorney General's Advisory Committee of U.S. attorneys. It was their

proposal that was submitted and accepted, I might say, in anticipation of a decision by the Attorney General not to merge the strike forces.

The key aspect of that proposal was, as Mr. O'Sullivan mentioned, the change in the rating responsibilities with respect to strike force chiefs. Historically, strike force chiefs had been rated by the Chief of the Organized Crime and Racketeering Section in Washington. Under the new proposal, strike force chiefs are rated by the U.S. attorney in their district.

I think that change, when viewed in the context of the existing rules and the scheme that governs the relationship between U.S. attorneys, strike force chiefs and the Department of Justice hierarchy puts to rest any notion that there exists a question as to who is in charge in any particular law enforcement district.

As Mr. McDonald suggested, shame on the U.S. attorneys if they don't get their management scheme together and take charge.

I think it might be helpful for me to run through with you briefly some of the rules that do govern that relationship so you can judge for yourself whether there's ever been an issue as to the ultimate authority in a particular district.

Mr. SCHUMER. Is there a document that—

Ms. SERENE. This is published in the U.S. attorneys' manual, Mr. Chairman. But I would point out the high points of the relationship which are as follows:

No investigation may be opened by the strike force without the concurrence of the U.S. attorney.

Disputes as to an assignment of an investigation as between a strike force and a U.S. attorney are resolved initially by the U.S. attorney.

There are appellate rights, if you will, to the Organized Crime and Racketeering Section and the Assistant Attorney General, but the final determination is by the Assistant Attorney General-Criminal.

No arrest warrant, no search warrant, and no application for electronic surveillance shall be sought by the strike force without the concurrence of the U.S. attorney.

When a strike force investigation reaches the indictment stage, the Chief of the strike force is to operate under the direction of the U.S. attorney, who oversees the judicial of the case. The matter shall be handled by an attorney or attorneys designated by the U.S. attorney, at least one of whom shall be a strike force attorney.

The composition and the duties of the litigation team shall be the responsibility of the U.S. attorney.

Any sentencing recommendation by the strike force shall be made only with the concurrence of the U.S. attorney.

And perhaps most importantly, all press releases on the subject of organized crime shall be cleared by the Department's Office of Public Information and issued in the name of the U.S. attorney.

So I would suggest that this issue really is one of turf and it's one of management. It's my judgment, and it was the judgment of Attorney General Meese and Mr. Weld at the time this issue was considered that those matters should be resolved by a means other than destroying the underlying structure that has worked so well over the years.

Mr. SCHUMER. Thank you.

First, let me compliment all four witnesses on their excellent testimony. You've answered most of the questions that I was going to ask—I have a few.

I guess my first question is, we all respect the Attorney General tremendously. His commitment to fighting crime and organized crime is second to no one's.

Given all your arguments, why is he so strongly disposed against keeping the strike forces?

Mr. O'SULLIVAN. I'd like to try that one first, Mr. Chairman.

I was the Attorney General's designee—as U.S. attorney I've probably met with him more recently than other people here, although Mr. Vaira probably knows him longer and more intimately than I do.

The only explanation that I can come up with is that he formed a fixed opinion about strike forces based on his relationship with the strike forces in Pittsburgh when he was U.S. attorney in the mid-1970's and 1976 or so, at an early stage in the history of the program, when the program was evolving. I don't think that that opinion has been informed by the facts today. It has only been reinforced by the desire for glory that he hears from the U.S. attorneys and the executive committee of U.S. attorneys.

I know, for instance, that despite Mr. Dennis' statements and despite the assertions in the press release that there was consultation by the Attorney General or his designee with various people, there was no consultation with anybody in the Organized Crime Section. Even Attorney General Meese, as strongly as he was lobbied by the U.S. attorneys, had the good sense to meet on three separate occasions to hash out, in very informed meetings, the issue of merger before he made his decision.

So the only explanation that I've been able to figure out or based on conversations that I've had with people—admittedly hearsay—is that Mr. Thornburgh formed an opinion in the mid-1970's. It's a firm and fixed opinion, and he doesn't want to look at the record today.

Mr. SCHUMER. Let me ask you a specific question. Were there fewer rules and regulations regarding the relationship between the strike forces and the U.S. attorneys, or the things Ms. Serene mentioned in the mid-1970's than there are today?

Mr. O'SULLIVAN. None of these guidelines were in effect.

Mr. SCHUMER. So in other words, back in the mid-1970's, if the strike force had a case it would just go ahead with the case. Did it have to get permission from the U.S. attorney to subpoena or convene a grand jury or any of that?

Mr. O'SULLIVAN. No. The strike forces were much more free. There were some general guidelines but there was nothing on the order of what Ms. Serene indicated. So that the short answer to your question is, that the strike forces were much freer.

The other answer was that Mr. Thornburgh was probably right to the degree that it was an early program in which no maturity had been developed and in which it went through a period of time in which it was attempting to define its mission. For a number of years, for instance, nobody knew how to use the RICO statute and how to deal with it. It was only when the Supreme Court interpret-

ed the RICO statute and upheld it constitutionally in the *Turkette* case in 1981 that Federal prosecutors, primarily strike force prosecutors, started to use it on the enterprise theory.

So I would suggest that, again, the facts have changed, and my belief is that the Attorney General has not informed himself of the facts.

Mr. SCHUMER. Let me ask any of you folks this question. Looking at it from way above, probably if you melded Mr. Dennis testimony and your testimonies, and your number one goal was the prosecution of organized crime, the best solution would probably be—let me not be so bold—but a possible best solution might be to keep the organized strike forces as they are, but let the U.S. attorney be in charge of the actual prosecution of the case, using assistance from the strike forces, so he or she can get, the credit, the glory, however you phrased it, and yet the strike forces could continue to do their long term work.

Mr. McDONALD. That is precisely the situation that we now have under the guidelines. Those guidelines have been in place since 1976. In fact, it is my understanding that they were promulgated when the Attorney General was the head of the Criminal Division. They have been in place since 1976.

Now, if they are—

Mr. SCHUMER. So, in other words, when there is a press conference, say to announce a major indictment, it's not the heads of the organized strike forces that do it, but it's the U.S. attorneys?

Mr. McDONALD. I think generally, U.S. attorneys in strike force areas, or strike force cities, have different ways in which they proceed. Generally, in the Brooklyn strike force, the tradition that has been followed is that the U.S. attorney essentially chairs the press conference and introduces the strike force chief. Then the strike force chief sort of gives an explanation of what the case is all about.

Mr. SCHUMER. We're really not talking about glory here. We're talking more about power and how to decide and run the cases underneath it all. Isn't that it?

I'm new as chairman of the subcommittee. I don't know this issue very well so I'm trying to figure it all out.

Mr. McDONALD. In my experience, I think one of the problems that we have is that there are these guidelines in place. When U.S. attorneys come into office, they are neophytes. I mean, I'm not saying neophytes in the sense they have no experience because very often they've had experience in the past as prosecutors. But generally, they don't have the longevity that strike force chiefs have. It has to take a very bold U.S. attorney to really enforce every term of those guidelines to the letter of the guidelines. They have not been enforcing the guidelines.

Those guidelines are there to be enforced if the U.S. attorneys so choose. But traditionally, they have not and they become chagrined when they feel that they have this loss of power. But the power is there for them to exercise, and if they would only do it, they would have nothing to be complaining about.

Mr. SCHUMER. Shoe on the other foot.

If the Attorney General's pronouncement is correct, that we are just incorporating these strike forces and putting them under the

U.S. attorney's jurisdiction, why should all of these prosecutors, who are dedicated and who really do care about this—and I don't question that for a job; the fact that they're paid less also would be an indication of that—why would they leave? Why, before even seeing how the system would work, would they just vamoose?

Ms. SERENE. Maybe I can take a crack at that since a lot of the people that I referred to are friends of mine, colleagues—I always consider them my colleagues; that's sort of the way the strike force family works, and maybe that's one answer to the question. It may be as little as a feeling of esprit de corps, a sense of mission that traces back as far as Bobby Kennedy's infusion of enthusiasm early on.

I think a lot of strike force attorneys truly value the ability to work long term investigations in a nonpolitical environment. They value the—

Mr. SCHUMER. All I'm saying, Ms. Serene, is, the day this happens, if it were to happen, they wouldn't know that that might not continue. Mr. Dennis said all he wants to do is avoid these turf fights, which takes some time away, and let the organized strike forces continue simply under the ambit of the U.S. attorney's office.

Ms. SERENE. But the easy answer to that is that they, like everyone on this panel, believe that you're going to have to send the FBI looking for the strike forces in 2 years.

Mr. SCHUMER. What about the assurances—and this is directed at anybody, as you were in the audience, I think—I questioned Mr. Dennis about what would happen if bank robbery were to become a hot issue, and all of a sudden 10 people on the organized crime strike forces that are working on cases that won't come to fruition for another 5 years are pushed over into bank robbery. He said, no, that can't happen without the permission of the Criminal Division under the Attorney General's proposal.

Doesn't that assuage, anybody?

Mr. O'SULLIVAN. The answer to that, Mr. Chairman, is very simple.

Mr. Vaira said, and when I was U.S. attorney I was the same way, you're the top dog, you're going to do it your way. You've been appointed by the President, confirmed by the Senate—the same as the Attorney General has, or the Assistant Attorney General, Criminal Division—and it is the nature of the beast—to act parochially, to act for the interest of the districts, not for a national program, and to do whatever—

Mr. SCHUMER. I understand that. But Mr. Dennis is saying—and I take it there's an implicit assumption that he somewhat agrees with you in saying that—and he said, no, U.S. attorney Smith cannot tell five people from the organized strike force that, you know, go after environmental pollution, it's a hot issue. Rather, he must get permission from the Criminal Division, which should have some more stability and distance from it all.

Mr. O'SULLIVAN. There are two answers to that.

The first answer is, look at the roster of the organized crime unit of the Southern District of New York today and try to find somebody on that roster that was involved in a major way in the prosecutions of the *Family Commission* case, *Pizza* case, or any other of

the cases. They're not there. If they are in the U.S. attorney's office, they're doing securities fraud or whatever else they're doing.

The second answer is, the dirty secret that the U.S. attorneys tell each other at every U.S. attorneys' conference is, how do we dismantle a national program and get those resources so that we can use them the way we want to use them because those are the facts.

Mr. SCHUMER. So your view was Mr. Dennis' statement that the Criminal Division would control this will—if this happens, the next step will be that the force be diluted or it will become pro forma, that the Criminal Division will give this kind of permission.

Mr. O'SULLIVAN. If it occurs, send for the FBI because you won't find them.

Mr. SCHUMER. Mr. Vaira.

Mr. VAIRA. These are management questions. It's simply a management question, and the Attorney General can't duck it by saying, well, we're going to establish this national program or we're going to have these units. I'm not blaming the failure of the drug program on him, but at a time when we're trying to figure out how we can marshal our resources because we're so splintered in the Federal Government, so scattered, why are we going backwards?

You asked, what would you do to run it?

You'd have to get someone to run it. You'd have to have somebody give some orders and say, look, right now, U.S. attorneys, you do take care of what's in your territory and, strike forces, let's have some plans, let's make some plans from now for next year. Let's plan. Let's sit down and do this.

Right now the problem with the splintering is the strike forces are so terrified to try to assert themselves in any amount, because they always get slapped back by U.S. attorneys coming in and complaining.

Somebody has got to run this organization. The Department of Justice, one of its great problems and its great strengths and its great weaknesses is it's run by lawyers. And one of its problems is we suddenly muddle things. Look at the organization chart for the Department of Justice. It looks like a bowl of spaghetti.

Mr. Dennis—ask him if he can give an order that somebody out in the field will carry out. I'm serious. Will somebody that doesn't work at his strike forces carry out that order. I doubt that very much.

The U.S. attorney is as strong or more powerful than the Attorney General in his own district.

Mr. SCHUMER. Let me then turn the question on its head.

If Congress were interested in not only fighting organized crime but let's say drugs are our number one concern—and, of course, these all blend—but might not it be better to set up separate task forces instead of having the U.S. attorney do everything and have the spaghetti running all over the place? Have a strike force on drugs, a strike force on bank fraud, a strike force on organized crime, and isn't the logical conclusion—I mean, don't your arguments lead to that logical conclusion; but when you look at traveling down the road to that conclusion you run into problems? Or is organized crime different than the others?

Mr. McDONALD. *Sui generis*, and that's the reason why you need organized crime strike forces. The organized crime problem in the country and in various regions where we have organized crime families and organized criminal groups, is such that it needs long term intense commitment of investigative and prosecutive resources.

We had cases in the Eastern District of New York that began in 1979: JFK and the air freight industry at Kennedy Airport. We have prosecuted labor official after labor official, organized crime figure after organized crime figure, and finally, after almost 10 years of investigation and prosecution, we're on the brink of being able to free the air freight industry and the labor union people out there from the stranglehold of organized crime.

It's not because we were sitting around and doing nothing; it's because we had so much to do—it was the type of problem that requires a long-term commitment. You don't have that type of problem with narcotics cases.

I'm not saying that narcotics do not pose a problem in this country. It probably poses a most serious problem to this country. But the types of cases that are made—I mean, when you go out and you arrest a number of people who are involved in a narcotics ring, experience shows that most of these people are turning against each other. Those kinds of cases can be made rather quickly. Sometimes they take a long time, but they are not like organized crime cases, where organized crime cartels and conspiracies are in place in areas for years and years.

Mr. SCHUMER. Aren't there other kinds of cases that take a long, long time to develop? Money laundering, is that a long-term one—

Mr. McDONALD. I know it has been suggested before one committee that the strike forces be called the organized crime and savings and loan strike forces because of the expertise that the strike forces have shown in these long-term investigative projects. And maybe it might make sense to have certain additional areas for the strike forces.

Mr. SCHUMER. Your basic determination—I wonder if the rest of the panel would agree—the long-term kinds of cases versus the more easily or quickly made type cases. Does everyone agree with that?

Mr. O'SULLIVAN. I think so. Just one more example, I think. The *Angiulo* case started with planning in 1979. It is now 1989 and the final appeals on the main case haven't been argued to the court of appeals. It's gone through three major trials—one trial taking 9 months to complete, two other trials; a number of briefings.

We went to the first circuit seven times on interlocutory matters prior to the first trial on bail issues and similar issues under the new Bail Reform Act.

There have been at least five U.S. attorneys, if you count myself, during that particular period of time.

So I would suggest that those kind of cases by themselves are *sui generis*. If you look at the record of the cases—if anybody does any examination, there just is no comparison; you're comparing apples and oranges.

Mr. SCHUMER. Mr. Vaira.

Mr. VAIRA. I would say the example—you mentioned the *Pen-dorff* case. I had nothing to do with it. That was my successor, Gary Shapiro, who in the audience, maybe one of the best attorneys I've ever met. Shapiro, at the Chicago strike force, with a number of strike force chiefs in other places, was able to coordinate information from wiretaps over a number of years—put it together and brought this gigantic case in Kansas City. No group of U.S. attorneys would have been able to either sustain that long or just be able to so that. It's just a management question.

These fellows who answer to one boss in Washington were able to do it because they were unhindered by the local restraints, and through their force of personality and their expertise built up over years were able to do it. It's just a very practical matter.

Mr. SCHUMER. One final question. It's related, although not exactly on the point. Is organized crime weaker today than it was 10 years ago?

Mr. O'SULLIVAN. I think the answer is yes, but not—we declared victory so many times, and people start using whatever the cause celeb of the moment is. We start talking about nontraditional organized crime. If you abolish the strike forces, 5 years from today the Mafia will be as strong or stronger than it is at the present moment, because if we don't build on the successes that we've built at this particular time—and I would suggest to you that the scheme proposed by the Attorney General will not be capable of doing that. Five years from now or 7 years from now, somebody will be before a committee explaining why the Justice Department is failing in its mission on organized crime.

Mr. VAIRA. Yes, and you will have another proposal for more strike forces. It happens all the time, every time—

Mr. SCHUMER. Believe me, it happens all the time in so many areas of government, Mr. Vaira. That's why we're having this hearing, to try and avoid that if we can.

Mr. Sangmeister.

Mr. SANGMEISTER. I have just a couple of questions. First, I might say to you, Mr. Chairman, I don't know how you or staff managed to get this array of talent on here, but I want to compliment you all for being here.

Mr. SCHUMER. They volunteered.

Mr. SANGMEISTER. And also to your law firms who are losing a lot of expertise by having you down here today; but this certainly is an impressive array, not only of talent, but from the wealth of experience that you all have. I just have a couple of things I want to get straight in my mind.

As I understand, when the strike force was set up originally it was during Robert Kennedy's tenure; this was not a statutory proceeding, right? This was done by way of an executive order from the Justice Department?

How was this created?

The reason for the question being asked is, do you all agree now that the Attorney General has the authority to shut this down the way he's doing it?

Mr. O'SULLIVAN. I disagree. I think that an argument can be made that he does but I started my remarks by indicating that I thought Congress had special oversight in this area, in several dif-

ferent ways. In the first instance, the problem has been one that Congress has grappled with and the solution to the problem originated in Congress with the various—with Robert Kennedy originally getting his experience in Congress, with all the legislation like, say, the Safe Streets Act of 1968, the RICO statute in 1970—Congress has advanced a substantial and continuing interest in this problem.

The short answer to your question is, it was done administratively by the Department of Justice. But two things: Congress has funded this program every year, and more specifically, Congress has, since the enactment by the Attorney General, acted specifically with respect to the strike forces so, for instance, I used one example—in title 26 of the Tax Code, it specifically, by congressional enactment in the mid-1970's—Congress specifically authorized the strike force chief to apply either to a court or to the Internal Revenue Service, depending on the type of case, a tax case or a nontax cases, for tax records. So Congress has specifically, legally moved in naming a strike force chief and giving specific power to the strike force chief.

More particularly, in the Drug Act passed last November, Congress specifically tasked the drug czar to examine the strike force system and report back to it.

So I would suggest to you that it is the opinion of the Attorney General and those in the Department of Justice that they can legally do this. It is my opinion, based on that analysis, that they cannot do it without the permission of Congress.

Mr. SANGMEISTER. OK. Keeping in mind the separation of powers—we're always concerned about the Congress' relation—

Mr. SCHUMER. I'm sorry, just one point. I think it's clear that we could pass something stopping them from doing that.

Mr. SANGMEISTER. No one's got any problem with that, is that right? Because that is the question I was going to ask these legal experts. Obviously, it's through the appropriation process that Congress can do a lot of things. But you don't see any problem with passing a piece of legislation to stop what has been done by way of so-called executive orders through the Justice Department, there's no problem with that, and our staff sees no problem with that.

In that case, from what I have heard here today and what I think may be upcoming is—I don't want to necessarily discuss that publicly with the chairman—I would urge the chairman that if he is not going to prepare legislation along that line, I would certainly like to have a bill prepared.

Thank you.

Mr. SCHUMER. I thank Mr. Sangmeister.

I thank all of you. You were a very impressive group.

Our final panel consists of members of the law enforcement community, two of whom have conducted investigations for strike forces and U.S. attorneys for nearly 30 years.

John Jemilo is the executive director of the Chicago Crime Commission, an agency which has monitored organized crime efforts for 70 years. Mr. Jemilo previously served as first deputy superintendent of the Chicago Police Department.

John Good was an FBI investigator and special agent-in-charge for nearly 30 years. He was one of the key investigators on the *ABSCAM* cases, working with the Brooklyn strike force.

Finally, Robert Fuesel. Robert Fuesel is executive director of the Criminal Investigators Association, an agency representing over 400,000 Federal investigators. Prior to this position, Mr. Fuesel worked as a criminal investigator for the IRS for 28 years, working within the strike forces in Chicago.

Gentlemen, welcome. I look forward to your comments and experiences on the Department's proposal.

Your written statements will be added to the record and we would ask you to adhere to the 5-minute rule since we are getting fairly late into the afternoon. It always gets longer as the day goes on.

Why don't we call on you in the order I mentioned: Mr. Jemilo first, and then Mr. Good and Mr. Fuesel, if that's OK with the panel.

I will just ask Mr. Sangmeister to be ex officio chairman for a minute while I run out and come right back.

**STATEMENT OF JOHN J. JEMILO, EXECUTIVE DIRECTOR,
CHICAGO CRIME COMMISSION, CHICAGO, IL**

Mr. JEMILO. Thank you, Mr. Chairman. I will cut short the reading of my prepared statement since it will be made a matter of record. And to the acting chairman, I greet you, Mr. Sangmeister, you as a Member of Congress from the great State of Illinois.

Before I begin to talk about certain portions of the statement, I want to recap a number of things that had been said, and I think at this late time it is appropriate to recap them for the record and for people to hear these things again from our perspective, that is, from the perspective of the Chicago Crime Commission and other commission members like myself.

I want to add that I am executive board member of the National Association of Crime Commissions and have been authorized by the president of the National Association of Citizens Crime Commissions to state to this committee that President Ted Duncan and the executive board fully supports the statements that I have given to the committee, and they have asked me to indicate that for the record.

I also would like to identify for the record several individuals who have accompanied me here today, because as Mr. O'Sullivan and others have stated, we, too, are paying our own way here, that is, by the good graces of the Chicago Crime Commission, who pay my salary—and I'd be remiss if I didn't at least acknowledge that we have a spokesman from the board of directors of the Chicago Crime Commission here with me to answer any questions about the crime commission's stance, and that is Mr. Michael Shaw, who is an attorney and a member of the Federal Bar Association in the Chicago chapter—he is an executive board member—and can answer any questions about the feelings of the board of directors of the Chicago Crime Commission.

Also accompanying me here today is the chief investigator for the Chicago Crime Commission, Jerry Gladden, who has for 18

years of 31 years in the Chicago Police Department, done nothing but investigate organized crime in Chicago, and he can tell you better than I that organized crime is alive and well in Chicago. There have been some inroads made, thank goodness, through the efforts of the strike force and others.

But if this committee doesn't get the message that organized crime is alive and well in Chicago—I'm not going to speak for the rest of the country although I have an opinion on that—I can tell you that they are misinformed.

In addition, I've brought with me, which I think would be of interest to the committee a 120-page report that was done in 1983 by Prof. Mike Malz, who's sitting behind me, from the University of Illinois at Chicago. Mike was the chief investigator of a study of how one evaluates the effectiveness of organized crime units.

I will try to be responsive to some of the questions that were raised by the chairman with the other panel members, and that is this: that here is a study that says if you want to evaluate the effectiveness of organized crime units, then this is one way to do so and you may want to take a look at this report.

And, by the way, I would submit there are probably one or two other studies, and other knowledgeable people who could conduct studies—and I would also submit to you that the way to make a determination as to whether or not organized crime strike forces ought to be merged, not merged, or whatever, ought to be done not by executive fiat, as is being done now by the Attorney General, but in fact, through a well studied proposal and a complete examination of all the facts.

Having said that, let me now just quickly go to some of the main points that I think need to be recapped here.

I had long experience with the Chicago Police Department, 37 years, ending as the first deputy superintendent in charge of all field operations in the city of Chicago. I've also been with the Department of Justice with LEAA—Law Enforcement Assistance Administration—for 5½ years. Therefore, I feel that I at least can be somewhat conversant about the issues.

The Chicago Crime Commission, for over 70 years, has been concerned about organized crime in the city of Chicago. And given that experience, is saying to all of you here, don't merge the strike forces at this time until you take a long, hard look. And we believe after you take a long, hard look you won't merge them. That's number one.

Number two, the Crime Commission believes that in a number of cities, and in particular, Chicago, there must be constant vigilance—constant—that's a keyword, by both local and Federal authorities over the members of organized crime.

We believe that a group of professionals devoting their sole attention to the gathering of information regarding the criminal acts, conspiracies and enterprises of organized crime members is the most effective approach to achieving the greatest number of prosecutions and convictions of such individuals.

It is our conviction that only through a strike force commitment which provides this uniform, consistent and long-term concentration of professional investigative and prosecutorial expertise extending beyond judicial districts will we ever be successful in the

critical fight against organized crime or the "Outfit" as it is called in Chicago.

I'll jump now to another point that I want to make.

Perhaps the best known case in the Midwest was mentioned here several times but we need to mention it again because it came right to the center of Chicago as well as to Kansas City, and it's a Midwestern case, and that is the prosecution in Kansas City of virtually the entire leadership of the Chicago, Kansas City, and Milwaukee organized crime families for their secret ownership of and skimming from Las Vegas casinos as well as the manipulation of loans from the Teamsters Central States pension fund in order to purchase their hidden interest.

This investigation took 8 years—it goes back to what everybody's talking about: short term versus long term investigations—it took 8 years and included wire taps, grand jury proceedings, and other investigative techniques in Chicago, Milwaukee, Kansas City, Cleveland, and Las Vegas—all coordinated nationally by the Organized Crime and Racketeering Section of the Department of Justice but conducted in large part by the strike forces in Kansas City and Chicago.

I think that makes the case for long-term investigations and good, solid, sound investigations leading to convictions.

I want to make a point now about the attraction and the retention of experienced prosecutors that has been talked about here.

Due to the career orientation of the strike forces, the nonpolitical nature of the appointments of the strike force attorneys-in-charge, the leadership that we've seen of individuals who go into this type of work, and the nature and quality of their work—as the result of all of that, the strike forces have been able to recruit and retain experienced, sophisticated professional prosecutors; and to focus their work and training on conducting complex—again redundant—long term organized crime investigations and trials.

We in the Chicago Crime Commission have been particularly impressed by the ability of the strike force there, but strike forces generally, to provide continuity to organized crime investigations, which sometimes take 5, 6, 7, 8, 9 and maybe as long as 10 years, by assigning a team of prosecutors and investigators to conduct the investigation and resulting trial.

Talk about retention, the Chicago strike forces staff—this is Chicago now—have attorneys who average more than 14 years experience as prosecutors. The attorney-in-charge in Chicago, Gary Shapiro, who is here today on his own, has been a Federal prosecutor for more than 17 years. You show me an U.S. attorney that stays around for 17 years. You don't find them. He's here.

Gary Shapiro's two deputies, have 17 and 19 years of experience as Federal prosecutors. In addition, there are two former State prosecutors on the staff of the Chicago strike force, who both tried numerous capital murder cases prior to becoming Federal prosecutors.

We think we're going to lose that kind of capability and institutional memory, as was mentioned earlier.

Let's quickly talk about handling organized crime investigations outside of these strike force cities. One of the most troubling aspects of the Attorney General's merger proposal is its unrealistic

attitude, in our opinion—Chicago Crime Commission's opinion—toward the handling of organized crime matters in cities other than where strike forces are currently located.

As we understand the proposal, if organized crime matters arise in a city which does not have a strike force, the Attorney General, on the request of the local U.S. attorney, will dispatch assistance from Washington, DC. By contrast, as things now stand, if organized criminal activities need to be investigated in northern Indiana, for example, where organized crime figures constitute a faction of the Chicago "Outfit," or in Milwaukee, where there is a organized crime family subservient to the Chicago "Outfit," the Chicago strike force—which has handled these matters for more than 20 years—would conduct the investigation.

Under the new plan, it is difficult to believe that local U.S. attorneys and prosecutors from Washington, DC—and I worked here, and I know what's here and what the realities are of having to leave here and go somewhere for 3, 4 weeks—and who will be totally unfamiliar with the local scene, and have not been working with local law enforcement officers for maybe years, it's hard to believe that such sensitive investigations that are going to be required would be benefit from that strained process.

Furthermore, we believe that a merger will result in reducing the number and quality of total crime investigations and prosecutions.

The strike force has one goal: The eradication of the influence of organized crime. The U.S. attorneys' offices, by their very nature, must not only accommodate changes of U.S. attorneys, but also frequent shifts of the local priorities of the U.S. attorney. That's not to say there's anything wrong with a shift in a change of priorities. The U.S. attorney's office must be flexible enough to shift. Be that as it may, as was said time and time here again—but I want to close on this—as this year's emphasis on narcotics prosecutions in a particular district changes to next year's emphasis on defense procurement fraud and possibly the following year to savings and loan fraud, priority—concentration, sustained organized crime investigations will inevitably be lost.

To investigate organized crime, you must not only concentrate enough manpower and time to conduct extensive, long-term investigations; you must strip away the insulating layers of deception that are used to conceal organized criminal activities.

In conclusion, the Chicago Crime Commission believes that if the current concept is abandoned—of the organized crime strike forces is abandoned—organized crime will revive in the forthcoming years to plague the stability of key urban areas and, indeed, make possible once again widespread corruption in government, in business and in national labor organizations. Removal of the national organized crime strike forces will diffuse the accrued organized crime prosecutorial expertise and coordination, scatter the concentrated efforts and render the prosecutive potential considerably less potent.

Thank you.

Mr. SCHUMER. Thank you.

[The prepared statement of Mr. Jemilo follows:]

STATEMENT OF JOHN J. JEMILO

Executive Director

Chicago Crime Commission

Mr. Chairman, it is indeed an honor to appear before this subcommittee to offer, on behalf of the Chicago Crime Commission, any assistance and support that will enable this subcommittee to conduct a full and informative investigation into the effectiveness and usefulness of the Organized Crime Strike Force concept.

My name is John J. Jemilo, and I am the Executive Director of the Chicago Crime Commission. I have been a member of the law enforcement community for nearly 37 years. I was appointed as a police officer in the Chicago Police Department in September of 1952 and served in that department as a patrolman, sergeant, lieutenant, and captain. I was also assigned as the Director of Research and Development for a year and a half, and as Director of Training for four years. In addition, I was a Deputy Chief of Patrol for five years. I was then appointed the First Deputy Superintendant of Police responsible for Field Operations for four and a half years after which, on August 1, 1988, I was appointed as the Executive Director of the Chicago Crime Commission. In addition to my Chicago Law Enforcement experience I was granted a leave of absence from the Chicago Police Department and became a member of the U.S. Department of Justice in the Law Enforcement Assistance Administration. I served in the Washington, D.C. Office for one and a half years and for

four years was the Regional Administrator for Federal Region Five which included the states of Illinois, Indiana, Ohio, Minnesota, Wisconsin and Michigan. As a result of these experiences I believe that I am conversant with many of the crime problems confronting our citizens and the Criminal Justice System.

The Chicago Crime Commission was founded in 1919, by citizens and members of the business community who were concerned about organized crime and its growing influence in the business community. Over the past 70 years of its existence the Commission has often represented the voice of the people of Chicago in support of effective criminal justice services at the local, state, and federal levels. The Commission is well recognized for its relentless efforts to fight organized crime, both at the local and national levels.

The purpose of my testimony is to call to the subcommittee's, and public's attention the apprehension of the Chicago Crime Commission regarding the proposal to abolish the Organized Crime Strike Forces. The members of the Chicago Crime Commission share the concern expressed by President George Bush, U.S. Attorney General Richard Thornburgh, and members of Congress about the multitude of crimes committed against Americans throughout this country each year. These crimes range from simple theft, burglary, robbery and murder, to the manufacture, delivery and personal use of narcotics and dangerous drugs. We especially support the President and Congress in the efforts to control crime and win the drug war.

The Chicago Crime Commission believes, however, that in a number of major U.S. cities, and in particular in Chicago, there must be constant vigilance by both local and federal authorities over the members of organized crime. We believe that a group of professionals devoting their sole attention to the gathering of information regarding the criminal acts, conspiracies and enterprises of organized crime members is the most effective approach to achieving the greatest number of prosecutions and convictions of such individuals.

It is our strong conviction that only through a Strike Force commitment which provides a uniform, consistent and long term concentration of professional investigative and prosecutorial expertise extending beyond judicial districts will we ever be successful in the critical fight against Organized Crime or the "Outfit" as it is known in Chicago.

It is the Commission's belief that the Organized Crime Strike Force has succeeded in three areas: 1/ conducting multi-district investigations, 2/ attracting and retaining experienced prosecutors, 3/ handling Organized Crime investigations outside of Strike Force cities.

1. Conducting Multi-district Investigations

Over the last several years we have seen the bearing of fruit of literally decades of Organized Crime investigations conducted throughout the United States. A number of the more significant, high impact federal prosecutions

have been the result of multi-district, multi-Strike Force investigations nationally coordinated. Perhaps the best known in the Midwest was the prosecution in Kansas City of virtually the entire leadership of the Chicago, Kansas City and Milwaukee Organized Crime Families for their secret ownership of and skimming from Las Vegas casinos as well as the manipulation of loans from the Teamsters Central States Pension Fund in order to purchase their hidden interests. That investigation took more than eight years and included wiretaps, grand jury proceedings, and other investigative techniques in Chicago, Milwaukee, Kansas City, Cleveland and Las Vegas - all coordinated nationally by the Organized Crime and Racketeering Section of the Department of Justice and conducted in large part by the Kansas City and Chicago Strike Forces.

The Kansas City prosecution was preceeded by a prosecution in Chicago by the Chicago Strike Force of Teamsters President Roy Williams, Teamsters influence peddler Allen Dorfman, and Chicago "Outfit" boss Joseph "Joey the Clown" Lombardo for conspiring to bribe a United States Senator in an attempt to thwart legislation pending in the Senate to deregulate the trucking industry. Among the other results from that prosecution was the "turning" of Roy Williams as a government witness. Williams then testified in the Kansas City casino skimming prosecution, and later by deposition in the New York Teamsters civil RICO case, that during his years as a high ranking Teamsters official and trustee of the Central State Pension Fund, he had been controlled by the Kansas City Organized Crime Family.

More recently, the civil racketeering suit brought by the United States Attorney's Office in Manhattan against the Executive Board of the International Brotherhood of Teamsters and a number of organized crime figures has resulted in well deserved public attention and praise for the United States Attorney, but it should also be recognized that a great deal of the evidence upon which that case was based - evidence which demonstrated organized crime's control of the national leadership of the teamsters - came from Strike Force investigations in Brooklyn, Chicago, Cleveland, Milwaukee, Kansas City, Las Vegas and other cities.

2. Attracting and Retaining Experienced Prosecutors

Due to the career orientation of the Strike Forces, the non-political nature of the appointments of the Strike Force Attorneys-in-Charge, the leadership of the Organized Crime and Racketeering Section in Washington, D.C. and the nature and quality of their work, the Strike Forces have been able to recruit and retain experienced, sophisticated, professional prosecutors and to focus their work and training on conducting complex, long term organized crime investigations and trials. We've been particularly impressed by the ability of the Strike Forces to provide continuity to organized crime investigations, which sometimes take five or more years to investigate, by assigning a team of prosecutors to conduct the entire investigation and resulting trial.

The Chicago Strike Force is staffed with attorneys who average more than 14 years experience as prosecutors. The Attorney in Charge in Chicago, Mr. Gary Shapiro, has been a federal prosecutor for more than 17 years; his two deputies have more than 17 and 19 years of experience as federal prosecutors, and there are two former state prosecutors on the staff of the Chicago Strike Force who both tried numerous capital murder cases prior to their becoming federal prosecutors.

3. Handling of Organized Crime Investigations Outside of Strike Force Cities

One of the more troubling aspects of the Attorney General's merger proposal is its unrealistic attitude toward the handling of organized crime matters in cities other than where Strike Forces are currently located. As we understand the proposal, if organized crime matters arise in a city which does not have a Strike Force Office, the Attorney General, on the request of the local United States Attorney, will dispatch assistance from Washington, D.C. By contrast, as things now stand, if organized crime activities need to be investigated in Northern Indiana, for example, where organized crime figures constitute a faction of the Chicago "Outfit", or in Milwaukee, whose organized crime family is subservient to the Chicago "Outfit", the Chicago Strike Force which has handled these matters for more than twenty years, would conduct the investigation. It is difficult to believe that local U.S. Attorneys and members of local law enforcement agencies would have more confidence in prosecutors from Washington, D.C. totally unfamiliar with the local scene, than with the local Strike Force office which has worked with them for decades. It is also hard to believe that sensitive investigations would benefit from this strained process.

We further believe that a merger between the local U.S. Attorney's Office and the Organized Crime Strike Forces could result in reducing the number and quality of organized crime investigations and prosecutions. The single most important characteristic of the federal government's current organized crime program is the dedication and segregation of resources into the Strike Forces with just one clear cut goal - the eradication of the influence of organized crime. Unlike the United States Attorney's Offices, which within a given judicial district handle not only all criminal prosecutions for the federal government, but also represent the United States in federal court in all civil matters as well, the Strike Forces have only one assignment: to focus on organized criminal activities. The United States Attorney's Office, by their very nature, must not only accomodate frequent changes of United States Attorneys, but also frequent shifts in the local priorities of the United States Attorney. That's not to say that there is anything wrong with a shift and a change of priorities and goals, in fact, the United States Attorney's Office must be flexible enough to shift resources as the needs of their districts change. Be that as it may, as this year's emphasis on narcotics prosecutions in a particular district changes to next year's on possibly defense procurment fraud and possibly the following year to savings and loan frauds, priority, concentration, and sustained organized crime investigations could inevitably be lost.

I would like to state that these comments are by no means an attack on the integrity, dedication, and aggressiveness of our local U.S. Attorneys. It is simply that U.S. Attorneys have a wide range of crimes to prosecute, and many related tasks to perform depending on the importance placed on certain crimes and the priorities of the public and local officials to which the U.S. Attorneys must respond. Hence, if Strike Forces are abandoned and their organized crime specialists are assigned as U.S. Attorneys, it is very likely that their specialized and combined efforts in targeting the members of organized crime will be dissipated or at least diluted.

The Federal Organized Crime Strike Force in Chicago working in concert with local, county, state and Federal authorities and the local U.S. Attorney, has been especially successful in obtaining the conviction of the top Chicagoland Organized Crime members. These convictions were brought about primarily through the efforts of the Strike Force which over the years has developed tremendous expertise and experience in the methods of investigation, case preparation and successful prosecution of organized crime members. It is the Chicago Crime Commission's opinion that an agency with jurisdiction over a large number of criminal activities may not concentrate enough manpower and time to conduct the extensive and long term investigations necessary to strip away the insulating layers of deception that are used to conceal organized criminal activities.

The following cases illustrate the kind of successful prosecutions which have been accomplished by the dedicated and specialized attorneys of the Organized Crime Strike Force in Chicago:

United States v. Allen Dorfman, No. 81-CR-269, N.D. Ill., 5/22/81. This was an FBI investigation using extensive electronic surveillance which turned up a plot to bribe a sitting United States Senator while probing the "Outfit's" connection with the Teamsters. Allen Dorfman was, at the time, the principal conduit used to funnel money out of the gigantic Central States Pension Fund. His co-defendants included then Teamster president Roy Lee Williams, Chicago "Outfit" capo Joseph "Joey the Clown" Lombardo and two pension fund trustees. All were convicted on interstate bribery, mail fraud and conspiracy charges on December 15, 1982, following a two-month jury trial. On January 10, 1983, Dorfman was the victim of a gangland slaying. Following a study of his health, Williams was sentenced to ten years in prison and later testified as a Government witness. Lombardo was fined \$29,000 and sentenced to 15 years in prison on March 31, 1983.

United States v. Frank Peter Balistrieri, No. 81-CR-152, E.D. Wis., 10/1/81. This was a gambling prosecution against the Boss, Balistrieri, and underboss, Steve DiSalvo of the Milwaukee Organized Crime Family. Following a four-week jury trial they were convicted on October 9, 1983, of both illegal gambling and failure to file wagering taxes. On May 29, 1984, Balistrieri was sentenced to 13 years in prison in the extortion case; DiSalvo was to serve eight years. The case was another joint effort by the FBI and IRS based on an FBI electronic surveillance.

United States v. Frank Peter Balistreri, No. 81-CR-153, E.D. Wis., 10/1/81. This was an extortion prosecution of the Boss of the Milwaukee Organized Crime Family based upon an FBI undercover probe of his monopolistic control of the vending machine business in that area. Included as defendants were his sons, Joseph and John Balistreri, both attorneys. Following a jury trial, all were convicted on April 9, 1984, and sentenced on May 29, 1984. Frank Balistreri was sentenced to 13 years in jail and fined \$30,000. His sons were to serve eight years (subsequently reduced to five years) and were each fined \$20,000.

United States v. Joseph "Little Caesar" DiVarco, No. 83-955, N.D. Ill., 12/7/83. On September 27, 1984, Peter Dunias, a Chicago "Outfit" member, was convicted of extortion and on November 14, 1984, sentenced to six years in prison. Dunias had shaken down bar operators for protection. DiVarco was acquitted, but see No. 84-507, below.

United States v. Joseph "Little Caesar" DiVarco, No. 84-507, N.D. Ill. 6/27/84. This was a gambling and wagering tax evasion prosecution worked jointly by the FBI and IRS but founded primarily on FBI electronic surveillance. Following a six-week jury trial, DiVarco, a Chicago "Outfit" underboss, was convicted on January 9, 1985, and sentenced to imprisonment for ten years on March 19, 1985. He was jailed pending sentence and appeal under the Crime Control Act of 1984 following a two-day hearing. Also jailed was co-defendant Ronald Ignoffo, a suspected "hit man" for DiVarco. DiVarco was also fined \$60,000, the largest fine ever imposed in that district. DiVarco died in prison.

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United States v. Thomas Covello, Sr., No. 84-556, N.D. Ill., 7/18/84. This was a RICO/theft prosecution built around an FBI electronic surveillance brought against an Organized Crime-controlled "chop shop" operation in Chicago. Following a three-week jury trial, six defendants were found guilty of RICO charges, four of whom were also convicted of interstate theft charges. Twelve defendants pled guilty before trial. Sentences ranging from eight years (for Covello) down to five years' probation were passed on May 28, 1985. Also active in the investigation was the Chicago Police Department.

Civil Contempt: On April 21, 1986, Steve J. DiSalvo, former underboss of the Milwaukee crime family, was jailed for civil contempt for his refusal to comply with a court order relative to a grand jury. All time served pursuant to this commitment was to be in addition to that which he was awarded in No. 81-CR-152, above.

These cases are only illustrative, and not all inclusive, of the effectiveness of the Chicago Organized Crime Strike Force and do not convey the arduous and dedicated efforts that are essential to such successful prosecutions.

In conclusion the Chicago Crime Commission believes that if the current concept of the Organized Crime Strike Forces is abandoned, organized crime will revive in the forthcoming years to plague the stability of key urban areas and, indeed, make possible once again widespread corruption in government, business and in national labor organizations. Removal of the National Organized Crime Strike Forces could diffuse the accrued organized crime prosecutorial expertise and coordination, scatter the concentrated efforts and render the prosecutive potential considerably less potent.

Mr. SCHUMER. Our next witness is Mr. Good.
We have your statement. It will be read into the record.

**STATEMENT OF JOHN GOOD, BUSINESS RISKS INTERNATIONAL,
NEW YORK, NY**

Mr. GOOD. I would just like to relate to you on the prospective of the law enforcement on the street and how they perceive dealing with the prosecutors.

The biggest element is the experienced prosecutor being available for complicated cases. This was done through the strike force. Traditionally, assistant U.S. attorneys coming into the office were there to get their tickets punched, put 2 or 3 years in, make a connection and get out and get with a major law firm, making a lot of money.

In my 25 years of experience, I could count on one hand the number of people that I have known that have stayed in law enforcement for careers.

I think that what should be focused on more so than merging or keeping separate, is developing career paths for prosecutors. This is essential to good law enforcement, and it just doesn't exist right now.

I was very surprised to hear that the strike force attorneys were paid less than the U.S. attorney's office, because those are the people that everybody has said are the ones that make the major cases.

Crime is getting more complicated, more sophisticated. I think the expertise of strike forces, as has been mentioned, has to be expanded to keep the good people. I'm really very discouraged and disappointed to see the talent that's leaving the Government right now. It's a shame.

I consider it a distinct privilege having worked under both U.S. attorneys and strike forces. And if you have a professional U.S. attorney and a professional strike force chief, there's not going to be any turf battles. They are going to put both of their efforts together. Ed Corman and Tom Puccio were just the absolute epitome of the way that worked, and Ed McDonald carried on in his tradition.

They took the best of both offices and put them together. Tom was an excellent trial prosecutor, Ed was a legal genius, and they combined their talents and pooled the best talents from both of their office for the benefit of criminal justice. That's the way it should be done. People like that should have input into creating a system that's going to be the best and most productive.

I haven't seen many turf battles between organized crime and task force and U.S. attorneys' offices. There might be a little in-house competition, which is good—there should be in every agency a little in-house competition. But the biggest turf battles have been between U.S. attorneys' offices. They are the ones that are fighting for cases. And I've seen cases go down the drain because of that, not because of friction between the strike force office and U.S. attorney's office.

That's about all of my statement.

Mr. SCHUMER. So basically, Mr. Good, your view is that it is not the structure that matters as much as the people?

Mr. Good. Absolutely. Absolutely.
[The prepared statement of Mr. Good follows:]

BRI

BUSINESS RISKS INTERNATIONAL

TESTIMONY OF JOHN GOOD, FORMER FBI SPECIAL AGENT-IN-CHARGE

During my experience of 25 years with the Federal Bureau of Investigation I have had numerous opportunities to work with both the United States Attorney's Office and the Organized crime Strike Force. Although these two organizations have similar goals, it is my observation that the Strike Force is more often the successful entity.

This is evident for several reasons:

1. Experience and Expertise:

The one factor most responsible for successful prosecution in both prosecutors and investigators is experience. The Strike Force inevitably develops a group of attorneys grown experienced by a background of local prosecutions. These attorneys come to the Strike Force with a sense of career rather than seeking an interim position. They are initially more experienced than the average AUSA and are allowed to grow as prosecutors therefore they will develop the skill of prosecuting the more difficult and sophisticated cases.

2. Dedication and Continuity

Since the opportunity to the Strike Force is not gauged by a political atmosphere, candidates come to this position recognizing that they have the potential of developing a long career and thereby also seek meaningful promotions. This atmosphere tends to develop more dedicated personnel who will remain in a position so as to create a sense of continuity and responsibility too often with the change of political appointments, United States Attorney's do not remain in position long enough to be held responsible for their own actions and decisions. This continuity among Strike Force attorneys also aids to develop a trust with the seasoned investigators and creates a sense of dedication to clients.

3. Independence

Because the foundation of the Strike Force is not a political one, each attorney therein can develop his own sense of independence thereby attempting to forge new and sometimes innovative inroads in the prosecutive arena. The Strike Force attorney is more often a knowledgeable and experienced prosecutor. This background coupled with the freedom to try new methods creates a healthy and productive office. These attorneys are not hampered by the political restrictions one often finds in the United States Attorney's office.

A Strike Force is a specialist. When it works well with the United States Attorney's office it complements it rather than destroys it.

Mr. SCHUMER. Mr. Fuesel.

STATEMENT OF ROBERT R. FUESEL, EXECUTIVE DIRECTOR, FEDERAL CRIMINAL INVESTIGATORS ASSOCIATION, HINSDALE, IL

Mr. FUESEL. I will be very short, Mr. Chairman.

At this time I'd like to introduce Don Baldwin, executive director of the National Law Enforcement Council, who represents approximately 500,000 law enforcement officers of the United States.

Mr. SCHUMER. Welcome, Mr. Baldwin, glad you're here.

Mr. FUESEL. Mr. Chairman, my comments are made as a former IRS criminal investigator fighting organized crime in Chicago for 28 years. I am presently working for a company in Chicago made up of former FBI and IRS agents so I feel that I'm still on top of the subject.

I just want to recap a couple of things. Everything I came here to say in my long, lengthy speech has been said. I want to repeat, however, efficiency, which the Attorney General says he's doing this for, completely the opposite—and I think there were some arguments made on that today.

Turf—the U.S. attorney just has to follow the guidelines—no more turf battles.

Three, experience. Organized crime is a national menace. You need experience to fight it.

Last but not least, you've got to have it nonpolitical. The word "clout" was used so many times today—strike force attorneys are not worried about clout.

The National Law Enforcement Council met on the same argument with Attorney General Meese, we presented the same arguments. Result: no merger.

I also want to point out, on April 11, 1988, John C. Keeney, Acting Assistant Attorney General, Criminal Division, spoke before the Senate Permanent Subcommittee on Investigations for the Department of Justice, and eloquently made the case for the existence of the strike forces. That statement is part of my testimony.

Last but not least, Mr. Chairman, I urge this committee to expand these hearings and take the time to give it the serious thought that this problem deserves, because your decision to merge or not merge these strike forces will have a lasting effect on our country.

I can assure you if these strike forces are merged, it will do more to ensure that organized crime will survive than any other conceivable thing. You will be sending the wrong message to our country.

Thank you.

[The prepared statement, with attachment, follows:]

TESTIMONY OF ROBERT R. FUESEL, EXECUTIVE DIRECTOR
FEDERAL CRIMINAL INVESTIGATORS ASSOCIATION

Thank you Mr. Chairman and members of the sub-committee for the opportunity to testify. My name is Robert R. Fuesel. I accept your invitation to appear before your committee and give my views on the issue as to whether the Organized Crime Strike Forces should be merged with the US Attorneys Offices. I am the Executive Director of the Federal Criminal Investigators Association (F.C.I.A.), representing over 2000 Federal criminal investigators, and a member of the National Law Enforcement Council (N.L.E.C.), which represents 400,000 law enforcement officers. Before I retired in 1987, I was an IRS criminal investigator assigned to the Organized Crime Strike Force in the Chicago area for the past twenty-eight years. I am presently employed with The National Investigative Services Corporation (NISCOR) in Chicago, a firm consisting of former IRS and FBI agents specializing in investigating financial crimes.

Mr. Chairman, I ask that my prepared statement and my letter to the Attorney General, Richard Thornburgh, dated March 24, 1989, be incorporated and made part of my testimony, and in the interest of time I will address only those major points that I feel should be emphasized.

I assume Mr. Chairman, that you and members of this sub-committee have read the forty-one page memorandum of the Department of Justice, dated October 1, 1988, documenting the outstanding accomplishments and successes of the Strike Forces against major organized crime figures. My comments are those of a federal agent who has spent his entire career. 28 years,

fighting organized crime. I can assure you that the agents that I have talked with, both retired and those on active duty, agree with my comments. Before I proceed, I must say I find it extremely troublesome that the Attorney General has taken the position that he has, in light of a very comprehensive, accurate, recent statement by John C. Keeney, Acting Assistant Attorney General, Criminal Division, on April 11, 1988, before the Permanent Sub-committee on Investigations, Committee on Governmental Affairs in the United States Senate dealing with Organized Crime. He spoke as an official representative of the United States Department of Justice and eloquently makes the case for the Strike Forces.

One of the reasons given for the proposed merger is that it would be more efficient in the operation of the Department of Justice's fight against organized crime. If this idea was analyzed in a non-emotional manner one would see just the opposite is true. That if anything, it will seriously cripple the effectiveness of the Strike Forces. Organized crime, as we all know, is international in scope, extremely sophisticated in its method of operations and advised by the best legal talent, accountants and bankers. That being the case, it is crucial that we have experienced, dedicated law enforcement officers, prosecutors and investigators. You will not have this level of dedication and experience if the Strike Forces are merged into the US Attorney Offices. You will have the usual turnover, pressure of competing priorities, demands to address local needs

and the usual budgetary constraints, all of which will dictate how Strike Forces within those offices will perform. You will effectively be gutting the national effort in fighting organized crime.

As an investigator who has spent his professional career addressing this fight, it's a long, difficult task developing confidential sources in the private and public communities, not to mention the gathering of information so crucial in investigating organized crime. Confidential sources are not willing to deal with someone who is passing through a US Attorneys Office on the way to a private practice. You cannot assign or expect young, aggressive, inexperienced Assistant US Attorneys to effectively battle the resources, expertise and the capabilities that are available to organized crime figures. Any knowledgeable law enforcement official will tell you that it takes many years to understand the complicated networking of individuals, companies, and fronts. It is one thing to try the run of the mill federal violation, it is another thing to develop a case over three to five years involving international figures, present it to a Grand Jury and have a successful prosecution. It's not hard to imagine, Mr. Chairman, the confusion you would cause with the changing of personnel in the middle of a complicated investigation of this nature. I think the US Attorneys will even agree this is very disruptive. In effect, you will be insuring unsuccessful prosecution and you might as well dismiss the case. The greatest asset we have today is the

organized crime prosecutors and investigators now carry in their heads. This will all be lost with the changing of personnel. I am sorry to say but many of the younger prosecutors and investigators have no perception of the hierarchy of the organized crime families and their backgrounds.

It took many years for this country to become aware of, admit and then become involved in fighting organized crime and it is my opinion, and the opinion of my fellow law enforcement officers, that this merger would be a giant step backward and undo all of the past outstanding successes that we've been able to accomplish in the mistaken belief that we're being efficient. There is an old adage, "If it's not broken, don't fix it." I think a dispassionate review of the records will indicate that the organized crime Strike Forces, with the limited resources that they have at their disposal, have done a magnificent job. Even in New York, with the outstanding successes that we read about concerning the US Attorneys office, if you analyze and look closely at those cases you will see that much of those facts were developed by Strike Forces there and across the country, over many years of tedious investigations.

We hear about turf or jurisdictional squabbling and this can all be avoided if the Department of Justice guidelines were to be followed and quit trying to grab headlines or let investigative agencies shop for favorable forums. Mr. Chairman, we urge this committee to expand these hearings and take the time to give it the serious thought that this problem deserves because your

decision to merge or not to merge these Strike Forces will have a lasting effect on our nation. I can assure you, if these Strike Forces are merged it will do more to ensure that organized crime will survive than any other conceivable thing. You would be sending the wrong message to the nation.

Mr. Chairman, it has been an honor for me to have the opportunity to address this sub-committee. I will be pleased to answer any questions at this time.

OCT 1 1988

STATEMENT OF FEDERAL
ORGANIZED CRIME STRIKE FORCE
ACCOMPLISHMENTS
1981-1988

Major Cases Awaiting Trial, Sentencing or
Decision on Appeal as of October 1, 1988

Boston Strike Force

United States v. Frank Cotroni, No. N-83-47, D. Conn., 7/14/83. Cotroni, boss of the Montreal faction of La Cosa Nostra (LCN), was indicted for heroin trading with Lucchese family member Michael Corcione. Following a guilty plea, Corcione received a four-year prison sentence on February 12, 1987. Cotroni, meanwhile, has successfully resisted extradition from Canada, where he is awaiting trial for murder.

United States v. Frank P. Oreto, No. 87-201, D. Mass., 6/8/87. Oreto, a convicted murderer, and ten other individuals, including a broker and a bank officer, were indicted for carrying on a large loansharking operation in Boston and environs. Trial is pending.

United States v. Peter Boylan, No. 87-342, D. Mass., 11/9/87. This is a RICO prosecution from a series of cases involving corruption in the Boston Police Department. In this case seven detectives, including one Sergeant of Detectives, were indicted for using their offices for profit. They accepted payments from proprietors and owners of licensed liquor establishments and in return warned them of impending inspections, interceded with any officer who issued the proprietors a citation and, on occasion, fixed cases before the Boston Licensing Board and Roxbury District Court. All defendants were convicted on September 13, 1988, after an eleven-week jury trial. Sentencing has been set for October 11, 1988.

United States v. Amedeo Santaniello, No. 88-218, D. Mass., 8/3/88. This is a RICO prosecution of an alleged illegal lottery in western Massachusetts which extended into the Albany, New York, area. Seven defendants await trial.

Brooklyn Strike Force

United States v. Salvatore Santoro, No. 85-00100, E.D.N.Y., 2/20/85. This RICO prosecution utilized a six-month FBI electronic surveillance in its investigative stage. It charged the underboss (Santoro) and a captain, Paul Vario, and several members of the Lucchese family, or of Vario's "crew" in that family, with domination of the air freight business at JFK International Airport on Long Island, New York. Included among those indicted were Lucchese family captain Frank Manzo and

veteran labor racketeer Harry Davidoff, vice president of Teamsters Local 851 and a principal subject of Senate investigations in 1957, 1967, 1972 and 1976. Also charged in the indictment were illegal insider stock trading and fraud in the purchase of municipal bearer bonds. Some \$200,000 in actual labor payoffs and \$500,000 in projected payoffs were charged, along with extortion of \$152,000. Trial began September 2, 1986, prior to which four of the ten defendants pled guilty. The case of Santoro himself had been severed for later trial due to his occupation in the trial of the so-called "Commission" case in Manhattan. See No. 85-139-R0 on page 37. On October 8, 1986, following one week of trial, five major defendants pled guilty. The one remaining, Harry Davidoff, was convicted by a jury on November 5, 1986. On December 10, 1986, Vario was sentenced to six years in prison to begin after the four years imposed in No. 83-289 on page 18. He died in prison. On December 12, Davidoff was given a prison term of 12 years, fined \$125,000 and subjected to a \$25,000 forfeiture. On February 5, 1987, Manzo was sentenced to 12 years, ordered to forfeit \$300,000, and fined \$25,000. Davidoff's conviction was reversed because of an irregularity in pretrial discovery and retrial is scheduled for October 1988.

United States v. Anthony Colombo, No. 85-00244, E.D.N.Y., 4/22/85. This is a RICO prosecution of members and associates of the Colombo family of the LCN based upon their involvement in a pattern of activity, including murder, attempted murder, extortion, drug dealing, home invasion robberies, postal thefts, mail and wire fraud, and dealing in stolen goods. The lucrative nature of the relatively unsophisticated activity is underscored by a forfeiture sought of \$3.6 million. The investigation included the Suffolk County District Attorney, the New York State Police, the FBI, the Postal Inspectors, the Bureau of Alcohol, Tobacco and Firearms, and the New Windsor Police Department. Defendants include the three sons of the late family boss, Joseph Colombo. Family members Anthony Colombo, Peter Ludovico and Philip Rossillo were charged with drug distribution and conspiracy, extortion, and interstate dealing in stolen property. Twenty-two of the family's more active associates were included in the indictment. To date, 23 defendants, including the Colombo brothers, have pled guilty. In late October 1986, Anthony Colombo was sentenced to 14 years in prison with fines and forfeitures totaling a half million dollars. Joseph and Vincent Colombo received five-year prison terms. Twenty other defendants received sentences ranging from 5 years probation to 14 years. One of the defendants drawing a prison sentence was attorney William F. X. Klan, who turned any of his clients showing wealth over to the tender mercies of the robbery crew. In one case, when the robbers did not find what Klan said was there, the crew raped and sodomized a woman while her husband was forced to look on. Klan received a seven-year sentence in a separate prosecution.

United States v. Joseph N. Gallo, No. 86-452, E.D.N.Y., 6/19/86. This is a racketeering prosecution of the Gambino family alleging the conduct of crime-for-profit over a period of 20 years. Named as unindicted co-conspirators are former bosses or prospective bosses Carlo Gambino, Paul Castellano, Anniello Dellacroce and Thomas Bilotti, all now deceased. Active defendants in the case include acting bosses Joseph Armone and Angelo Ruggiero, family counselor Gallo, captains Joseph Corrao, Robert Di Bernardo, James Failla, and Joseph Zingaro and soldiers Thomas Agro, Robert De Simone, Anthony Vitta and Louis Giardina. Also indicted were four associates, including Manhattan federal court clerk Mildred Russo, who was charged with supplying the family with secret or sealed court information for the previous 12 years.

The indictment charges the group with a pattern of racketeering activity including murder, extortion of local businesses, armed robbery, solicitation of labor union payoffs, loansharking, illegal gambling, and an attempt to bribe federal officials. Thomas Agro, a family soldier, pled guilty to this and another indictment in Miami (see also No. 83-8044 on page 32) on February 11, 1987. He died on June 27, 1987, before sentence. De Simone received a 5-year sentence following a guilty plea to bribery charges on May 1, 1987. Joseph Zingaro was convicted by a jury on July 9, 1987. Mildred Russo pled guilty on May 29, 1987 to obstruction of justice and received a five-year prison term. Corrao and Failla were acquitted after nine days of trial on June 11, 1987. Gallo, Armone, Giardina and Vitta were convicted after a three-month jury trial. Armone received a 15-year sentence on February 22, 1988. De Simone received a five-year sentence following a guilty plea to bribery charges on May 1, 1987.

United States v. Martin Schwimmer, No. 87-423, E.D.N.Y., 6/15/87. A grand jury returned a 145-count indictment, including a RICO count alleging 160 acts of racketeering, against Martin Schwimmer and Mario Renda, respectively, a financial consultant and the president and owner of First United Fund, Ltd., of Garden City, New York. The fund was a brokerage firm which administered investment of funds belonging to two area unions: Sheetmetal Workers Local 38 and Teamster Local 810. The indictment charged that the defendants diverted more than \$14 million and seeks forfeiture of: \$3 million in stocks and bonds; a 77-passenger jet aircraft; Rolls Royce and Corvette automobiles; and, of course, defendants' interested in First United Fund itself. The basic scheme was that the fund brokered investment of union money in certificates of deposit in 18 small banks and savings and loans in 10 states. These institutions allegedly paid \$14 million in "commissions" which the defendants placed in "off the books" accounts of the fund and spent on themselves or for bribes to union personnel. Joseph DeCarlo, Sr., the executive vice president of the fund, pled guilty to related conspiracy and tax charges on June 6, 1987. Renda pled guilty on May 26, 1988.

agreeing to a forfeiture of \$4,250,000. Renda is also charged in No. 87-20049 on page 7. 1/

United States v. Basil Robert Cervone, No. 87-579, E.D.N.Y., 8/18/87. This RICO indictment charges six union officers, six shop stewards, and eight contractors with labor bribery, bid rigging and collusion in the award of masonry construction contracts in the New York City area, including the renovation of Shea Stadium. The unions involved are Mason Tenders Local 13, Carpenters Local 531, and Laborers Locals 20 and 46 (concrete workers). The case began trial on September 6, 1988, following guilty pleas by four defendants.

Buffalo Strike Force

United States v. Anthony F. Guarnieri, No. 87-157, W.D.N.Y., 8/27/87. "Guv" Guarnieri, a capo in the Bufalino family from north central Pennsylvania, was indicted with LCN member Charles Sturniolo for dealing in silenced weapons. See No. 87-6105 and No. 87-6106 on page 33.

United States v. Angelo Amico, No. 87-177, W.D.N.Y., 10/1/87. Amico and four fellow LCN members were indicted on RICO charges based on an alleged systematic extortion of a "street tax" from illegal gambling operators, and operation of three such businesses themselves, in Rochester, New York. The case is based on a warranted electronic surveillance conducted by the FBI over a period of 120 days. All major defendants were retained in jail pending trial after a hearing in which a tape of a State of New York interception was played which indicated Amico was the LCN's acting boss in Rochester. Donald Paone pled guilty on January 26, 1988, and received a three-year sentence. Trial for his codefendants is scheduled for October 28, 1988.

United States v. Angelo Amico, No. 87-178, W.D.N.Y., 10/1/87. In this indictment, Amico and one other are accused of tax evasion.

United States v. George A. Inserra, No. 88-104, N.D.N.Y., 5/25/88. In this RICO indictment several investment counselors and brokers are accused of using labor union money to purchase stocks, selling it to themselves or cohorts if it rose in value and completing transfer to the union only if it fell in value. The defendants allegedly realized a profit of \$240,000. The funds (the New York State Teamsters Conference Pension and Retirement Fund and Health and Welfare Fund and the Upstate Teamsters Pension and Retirement Fund) allegedly lost \$129,000. Trial is pending.

1/ Schwimmer was convicted on October 28, 1988 of racketeering conspiracy, 6 counts of corp. and personal tax evasion, 1 count of conspiracy to defraud the United States and 75 counts of receipt of employee benefit fund kickbacks.

Chicago Strike Force

United States v. Frank Panno, No. 86-329, N.D. Ill., 4/3/86. This is a prostitution case based upon an FBI undercover operation whereby its agents took over a business processing credit card invoices for prostitution services. The indictment charges Panno and six others with operation of four of the Chicago area's major outcall prostitution services: Chicago Continental, Fantasies Unlimited, Playgirls Escorts and Butterfly Enterprises. Panno and one other were convicted after a three-week jury trial on October 20, 1986. The remaining defendants pled guilty. Panno was sentenced to four years in prison. Fines totalling \$230,000 and forfeitures of over one half million dollars were ordered. This undercover operation resulted in indictment of 58 defendants, 53 of whom have been convicted to date. Among the convicted are four members of the Cook County Sheriff's Police, including the commanders of the vice and intelligence units. Trial evidence showed that the original investment in the bordello had been made by Loren Stern (sentenced to 3 years), an attorney (a former prosecutor for Cook County, Illinois, and the Dade County, Florida, Organized Crime Task Force) and heir to a Chicago juke box fortune. When he failed to pay LCN's "street tax" on such activities, he was forceably pushed aside by Panno. The operation utilized a stable of 100 prostitutes and kept track of the accounts (and sexual preferences) of 4,000 customers using micro-computers. Panno's conviction was affirmed on appeal.

United States v. Victor P. Spilotro, No. 86-331, N.D. Ill., 4/24/86. This extortion prosecution was also the result of the above FBI undercover operation named "Safebet". In this case Michael and Victor Spilotro, both brothers of Anthony Spilotro and the former being an operative of jailed LCN captain Joseph Lombardo, were charged with attempting to collect a street tax on behalf of "the Company" or "the Outfit" from a prostitution operator who turned informant. Michael Spilotro was murdered on June 14, 1986. Victor Spilotro pled guilty on May 26, 1987, and was sentenced to six months' work release on July 17, 1987.

United States v. Herman Kaye, No. 87-47, N.D. Ill., 1/21/87. Kaye and Harry W. Woodward, associate director and executive director, respectively, of Goodwill Industries of Chicago, were the defendants in this RICO indictment which charged diversion of real estate donated to Goodwill into dummy corporations controlled by Kaye and Woodward. It also charged that defendants sold off Goodwill realty in sham sales to the corporations which immediately resold at a profit. Woodward pled guilty and agreed to forfeit \$177,000 on July 8, 1987. He was sentenced to prison for eight years and ordered to pay \$400,000 in restitution. Kaye fled and was finally run to ground in Las Vegas, Nevada, on December 17, 1987. His trial is pending.

United States v. Anthony Leone, No. 89-80, N.D. Ind., 8/19/88. In this RICO indictment, Leone and five others are charged with

running a numbers game in Gary, Indiana, which allegedly attempted to buy protection from undercover officers posing as corrupt policemen.

Cleveland Strike Force

United States v. Reuben Sturman, No. 85-133, N.D. Ohio, 6/27/85. This is a tax evasion prosecution of the nation's largest pornographer and "rubber goods" producer (Doc Johnson Enterprises). Sturman is free on bond supplied, in part, by Hustler magazine publisher Larry Flynt. Evasion of \$3 million in taxes is charged. Trial is scheduled for February 20, 1989.

United States v. Salvatore T. Busacca, No. 86-81, N.D. Ohio, 4/30/86. Busacca was formerly the president of Teamster Local 436 and was the architect of widespread racketeering by and looting of that union over the last decade. Evidence introduced at his sentencing indicated Busacca had the endorsement of the LCN for the Teamster position he held. He embezzled \$60,000 from the union and took \$35,000 in bribes and kickbacks during the period covered by the indictment. He was convicted of RICO offenses following a 16-week jury trial on August 21, 1987, and was sentenced to a 10-year prison term, ordered to forfeit \$41,500, his union office, pension and welfare benefits, and was served with an \$80,000 IRS jeopardy assessment. Fifteen other officials and hangers-on of the union have also been convicted.

United States v. Jackie Presser, No. 86-114, N.D. Ohio, 5/16/86. This was a prosecution of former Teamsters president Presser developed by the Labor Department's Office of Labor Racketeering. In it Presser was charged along with two others of defrauding Teamsters Local 507 and Local 19 of the Bakery Workers Union by extracting over \$700,000 illegally from the union treasuries through payments to "no show", ghost employees. Presser died on July 9, 1988, before trial. The remaining defendants are scheduled for trial on October 11, 1988.

United States v. William E. Dileno, No. 88-001, N.D. Ohio, 1/8/88. This is RICO prosecution of a gambling and loansharking ring allegedly operating in the "Little Italy" section of Cleveland and controlled by LCN. Forfeiture is sought of the principal location, "The Card Shop" (which figured prominently in the Licavoli prosecution, set out on page 24 of this report).

United States v. Lenine Strollo, No. 88-118, N.D. Ohio, 4/20/88. This is a gambling and corruption prosecution of a Cleveland gambling ring allegedly operating with the protection of local police. Included among the defendants are "a Mahoning County Sheriff's Lieutenant and the former Chief of Police of Beaver Township. The indictment charges control of "stag" card games, poker machines, and a lavish "carpet joint" casino in the area.

Detroit Strike Force

United States v. Charles F. Collins, No. 84-20715, E.D. Mich., 12/21/84. On September 19, 1986, a jury convicted Collins, the administrator of a Teamsters welfare fund; Francis Richard "Dick" Fitzsimmons, son of the late Teamster president; Sol C. Schwartz, a provider of claims services to the fund; and Roger Towne, the Michigan owner/manager of companies providing health care services to the fund. The RICO indictment, which charged that Schwartz and Towne had paid off Collins and Fitzsimmons to gain business from the fund, resulted from a joint effort by the FBI, Department of Labor, and Internal Revenue Service. The trial had lasted for eight months. On March 3, 1987, Collins was sentenced to seven years in prison and ordered to forfeit \$29,320. Fitzsimmons was jailed for five years, ordered to forfeit \$11,000 and was fined \$5,000. Schwartz also received a five-year sentence and was fined \$10,000. Towne is to serve three years. He was ordered to forfeit \$106,000 and fined \$25,000.

Kansas City Strike Force

United States v. Mario Renda, No. 87-20049, D.D.K.S., 6/10/87. This was a prosecution for frauds committed against the Indian Springs State Bank and Coronado Federal Savings and Loan. Renda placed \$11 million from First United Fund (see No. 87-423 on page 3), into the banks on their agreement to make loans to people working with the First United group. That group put together 52 false loan applications from non-qualified people who acted on behalf of Renda, et al., in the mistaken belief that Renda would repay the loan. Renda pled guilty and is awaiting sentence. Two other defendants were convicted after a two-month jury trial. Two others are still in the process of extradition from foreign countries to which they fled. Both banks failed.

Las Vegas Strike Force

United States v. Dominic Spinale, No. 86-95, D. Nev., 7/15/86. This is an illegal gambling case based upon an FBI electronic surveillance. Spinale, Boston LCN captain Donato Anguilo and two others are charged with interstate gambling with reference to furnishing the Las Vegas "line" to a Boston bookmaking operation via phone calls from Las Vegas' Stardust Hotel and Casino. A second indictment charges essentially the same activity by other defendants in regard to a second book allegedly run by Anthony St. Laurent in Providence, R.I., who has entered a guilty plea. Trial is pending in Spinale.

United States v. Thomas Oden, No. 88-36, D. Nev., 2/23/88. This RICO case charges a ring of 22 defendants with shipping Nevada's used slot machines to gambling dens in New York, New Jersey, Mississippi, Texas and California. Three defendants have entered guilty pleas. Trial is pending on the rest.

Miami Strike Force

United States v. Anthony Accetturo, No. 80-00331, S.D. Fla., 8/12/80. This was an interstate gambling, mail fraud and conspiracy case against a capo of the Luchese family, now resident in Florida to escape subpoena by the New Jersey Commission on Investigations. It involved fixing horse races at Calder Racetrack by using drugged horses. All defendants were convicted in 1981 save Accetturo. He succeeded in delaying his trial by feigning the symptoms of Alzheimer's disease, and his malingering was revealed only after extensive FBI video-taped surveillance and psychiatric testing. Upon finally being brought to trial, the trial was interrupted when a key Government witness suffered a heart attack and, later, died. A mistrial was declared, and a second trial is still pending. See also No. 83-6084-CR-ALH, below.

United States v. Robert Di Bernardo, No. 80-56-CR-EPSS12, S.D. Fla., 10/15/80. This was a pornography prosecution of a capo in the Gambino family who oversaw the family interest in that activity through his operation of Star Distributors Company in New York, New York. He was sentenced to five years' imprisonment and fined \$12,500. A later trial court decision vacating the conviction and dismissing the indictment was reversed by the Court of Appeals on November 13, 1985, thus reinstating the prior sentence. The trial court then ordered a new trial, which ruling was appealed. The appeal was argued on September 26, 1988, and decision is pending.

United States v. Anthony Accardo, No. 81-230-CR-ALH, S.D. Fla., 6/3/81. This is a RICO effort involving almost \$2 million in kickbacks from service providers to the Laborers Union leaders for welfare fund services. Some \$700,000 in kickbacks received by the union leaders were passed on to LCN leaders. Alfred Pilotto, a captain in the Chicago family, was convicted and sentenced to 20 years in 1982. Accardo was acquitted. Three union leaders were sentenced to 15 years in prison. Four other defendants received terms ranging from 5 1/3 years to eight years. Santo Trafficante was also indicted in this case, but, as reported below, died before being brought to trial. Four final industry defendants were convicted on April 29, 1987, after a 3 1/2-week jury trial and received 10-year prison sentences. Appeals are pending.

United States v. Anthony Accetturo, No. 83-6084-CR-ALH, S.D. Fla., 4/15/83. This is a tax evasion case held up by Accetturo's alleged medical problem. See No. 80-00331, above. A magistrate had once recommended dismissing the indictment on the grounds that the government acted outrageously in pursuing Mr. Accetturo. The district court refused to follow the magistrate's recommendation, but later dismissed one of the two counts because the government targeted the preparer of his tax returns, who was also Accetturo's criminal defense attorney. A Government appeal

from that dismissal resulted in reinstatement of the dismissed count. Trial is set for December 5, 1988.

United States v. Joseph Covello, No. 87-6117, S.D. Fla., 6/10/87. In this case, offenses involving sports bookmakers in south Florida are addressed. Covello and self-proclaimed LCN member Richard Del Gaudio were convicted by a jury on March 31, 1988. Sentence is pending.

United States v. Joseph Armone, No. 87-6249, S.D. Fla., 12/27/87. LCN capo "Piney" Armone was indicted with four LCN members and others in this RICO prosecution alleging the operation of a Gambino family gambling and loansharking operation in Florida. Armone was acquitted on September 23, 1988, by a court ruling. (He returned to prison to continue a 15-year sentence imposed in a Brooklyn Strike Force case.) David "Fat Dave" Tacovetti, Daniel Mariano, Joseph Della, Frank Carrozza, Daniel "Danny the Baker" Samella and seven others were convicted after a 34-week trial. Sentencing has been set for November 14, 1988. This group had over \$350,000 in loans outstanding at interest rates of 3% to 5% per week. Trial is pending.

United States v. Carmelo F. Cocchiario, No. 87-6248, S.D. Fla., 12/27/87. Loansharking is also alleged by the Dacavalcante family in this RICO indictment. Defendant Carmello "Melio" Cocchiario is the brother, and Rosario "Russ" Cocchiario, also indicted, is the son of Frank Cocchiario (see No. 81-482 on page 31). Trial is scheduled for December 12, 1988.

United States v. Ralph Lamattina, No. 88-0184, S.D. Fla., 3/21/88. In this indictment three defendants are accused of passport violations and harboring a fugitive LCN member.

Newark Strike Force

United States v. David Friedland, No. 85-332, D.N.J., 9/19/85. David Friedland was a second generation political power in New Jersey and counsel to Teamsters Local 701 pension fund until his conviction in April 1980, of taking \$360,000 in kickbacks in return for \$4 million in loans from the fund. He was given a seven-year sentence which was ultimately affirmed on appeal. He approached the government about cooperation in corruption cases and managed to avoid prison, which enabled him to commit the crime charged in this indictment. Since his conviction disqualified him from having anything more to do with union funds, he approached fellow former state legislator Joseph Higgins, who set up Omni Funding, Inc., a corporation whose business was to manage \$20 million in Local 701 assets. Friedland was a silent partner in this business. Omni obtained this business by paying off the new counsel of the fund (who was a former state and federal prosecutor). Friedland and Higgins then loaned \$7 million to shell businesses which they controlled. Another \$8.6 million was loaned to Angus Stone Douglass, who kicked back part of the proceeds to Friedland and Higgins.

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Shortly before this indictment was returned, Friedland staged his own drowning while scuba diving in the Bahamas. The accident was most unconvincing, and federal authorities followed his trail to London, Paris, Venice, Kenya, Spain, Hong Kong, and Singapore. Meanwhile Higgins and Stone Douglass had entered guilty pleas, and Higgins had received an eight-year prison sentence. The union official had been convicted by a jury and awarded four years. On December 17, 1987, Friedland was found and arrested on the Maldives Islands using a Costa Rican passport in a false name. He immediately claimed conversion to Islam and demanded asylum under Maldivian law. It was denied, and he was returned to the U.S. in custody.

Friedland is now serving his 1980 sentence, and plead guilty to the present case on September 29, 1988. Sentencing is scheduled for October 1988.

United States v. Michael Taccetta, No. 86-218, D.N.J., 6/11/86. This is a false tax return and conspiracy case worked by the IRS and arising out of an alleged "bust-out" bankruptcy scheme perpetrated against Caramata Petroleum Company, Inc., and its pension plan and trust funds. Taccetta and Robert Caravaggio are charged with diverting the entire \$182,000 corpus of the pension trust plus \$75,000 from the corporate bank account to their own use, failing to declare it on their tax returns. Trial is pending.

United States v. John DiGilio, No. 86-340, D.N.J., 11/3/85. This was a RICO prosecution of labor racketeers and their allied businessmen. United Terminal (UTI) was retained by Sealand Services (Sealand), one of the world's largest shippers, to handle Sealand's stevedoring in Bayonne, New Jersey. Part of the shipments handled by UTI were so-called "mini-bridge" cargo arriving in New Jersey from California by rail. As to this cargo, Sealand required that it be handled by longshoremen rather than warehousemen, the latter working at a cheaper rate. UTI, however, utilized the cheaper warehouse labor and then mollified the International Longshoreman's Association (ILA) by funneling payoffs to ILA officer Donald Carson, who was slated at that time to become the president of the International. The cash for this was generated by paying false invoices submitted by B&A Reefer Service, a dummy corporation controlled by prominent Genovese family associate Anthony Gallagher. Indicted in this bribery scheme were Gallagher and UTI board chairman Milton Held, president David Richman, vice president Harold Friedman, and one other. Indicted for extorting an additional \$27.50 per container handled from UTI were DiGilio, John Barbato and Gallagher. Finally, the three UTI executives were indicted for mail fraud for collecting money to pay longshoremen from Sealand, then using their payments to the union officer to allow them to substitute the cheaper labor of the warehouse employees on mini-bridge freight.

On April 16, 1988, a jury convicted Gallagher and Carson while acquitting DiGilio. On May 26, 1988, DiGilio's body was

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found floating in the Hackensack River off Carlstadt, New Jersey. Carson was sentenced to 7 years in prison and Gallagher to 12 years. Held and Friedman of UTI received probationary sentences following guilty pleas. Barbato, who was severed from the case following a heart attack, entered a guilty plea on September 14, 1988 and was fined \$10,000.

United States v. Michael Taccetta, No. 86-385, D.N.J., 12/18/86. This is a prosecution for illegal possession of a firearm by a convicted felon. Trial is pending.

United States v. Milton Parness, No. 87-458, D.N.J., 12/17/87. This extortion indictment charges Parness (the first defendant ever indicted for a RICO violation) and LCN personalities Danny Cilenti, and Vincent "Fish" Cafaro with the extortionate takeover of a sand and gravel company. Named as unindicted conspirators are Anthony "Fat Tony" Salerno and Matthew "Matty the Horse" Ianiello. Trial is pending.

United States v. Louis Anthony Manna, No. 88-239, D.N.J., 6/23/88. This RICO indictment charges LCN leader "Bobby" Manna and 10 other Genovese family members with a plot to murder the boss of the Gambino family. A total of 15 defendants are awaiting trial.

New Orleans Strike Force

United States v. Fabio Ochoa-Vasquez, No. 86-65, M.D. La., 7/22/86. This is a contract murder, obstruction of justice and civil rights prosecution of Ochoa, Pablo Escobar-Gaviria and Rafael Cardona-Salazar for allegedly ordering the killing of federal witness Adler B. Seal, who was cut down by machinegun fire in a Baton Rouge parking lot on February 19, 1986. The alleged shooters in the incident were convicted on murder charges in the Louisiana courts. Seal had been scheduled to testify against the brother of Ochoa and against Escobar in a Miami federal court prosecution of cocaine offenses. Extradition from Colombia, South America, is pending.

New York Strike Force 2/

United States v. Paul Castellano, No. SS-84-CR-63-NTD, S.D.N.Y., 3/30/84. This is a RICO prosecution of the "crew" working directly for Castellano, late boss of the Gambino LCN family. It was worked by the New York City police, FBI, and the Kings County District Attorney. The RICO indictment alleges that the crew

2/ The New York Strike Force is a part of the United States Attorney's Office, S.D.N.Y., and is not part of the OC&R Section. It works closely with this Section, however, and receives the same opportunities for training and program reviews accorded every other Strike Force.

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operated for Castellano's benefit through its "captain", Anthony Frank "Nino" Gaggi, and a since-murdered "street leader", Roy DeMeo. Predicate acts alleged include 26 murders, loansharking, perjury and witness bribery, drug trafficking (25 lbs. of cocaine, 23 tons of marijuana, a half-million quaaludes), organized auto theft, and firearms offenses. Castellano was slain during one trial, which resulted in the conviction of six defendants on March 5, 1986. Gaggi and the remaining defendants are presently on trial.

United States v. Carmine Persico, No. S-84-CR-609, S.D.N.Y., 10/24/84. This was a joint effort of the New York City police and the FBI with aid from the Brooklyn Strike Force in which over 30 electronic surveillances were utilized. Charged are Persico, boss of the Colombo family; Gennaro "Gerry Lang" Langella, the underboss; family counselor Thomas DiBella and family capos Dominic "Donny Shacks" Montemarano, Anthony "Scappy" Scarpati, John "Jackie" DeRoss, Andrew Russo and Frank "Beansie" Melli. Three family soldiers were included in the remaining five defendants. The indictment alleges RICO violations based upon extortion, loansharking, bribery and labor bribery in the infiltration and use of several unions: Local 6A of the Laborers; Locals 6 and 100 of the Hotel Workers; and Locals 707 and 617 of the Teamsters, among others. These unions were then used to extort labor peace payments from the construction and food service industries in the city of New York. Following indictment, Persico and Montemarano were fugitives until run to ground in Wantagh, Long Island, on February 15, 1985. On June 13, 1986, all the above-named defendants save Montemarano (who was convicted later) and DiBella were convicted and remanded to jail pending sentencing. The trial had lasted eight months. Sentences were given as follows on November 17, 1986:

Carmine Persico:	39 years
Gennaro Langella:	65 years
John DeRoss:	12 years
Andrew Russo:	14 years
Anthony Scarpati:	35 years

The sentences were affirmed on appeal in October 1987.

United States v. Anthony Salerno, No. 86-CR-245, S.D.N.Y., 3/21/86. This is a RICO prosecution of the hierarchy of the Genovese crime family based upon an FBI electronic surveillance and numerous "turned" witnesses. The indictment charged family boss Anthony "Fat Tony" Salerno; captains Vincent "Fish" Cafaro, Vincent Di Napoli and Giuseppe "Pepe" Sabato; and members Louis Di Napoli, Carmine DellaCava, and Thomas Cafaro, along with Cleveland family member John "Peanuts" Tronolone, Gambino family member Alphonse "Funzi" Mosca, and Lucchese family member Neil Migliore and numerous mob associates with a full spectrum of racketeering activities. These included bid rigging in the New York concrete construction industry through control of key

labor unions by bribery of officers of those unions; extortionate payments (made through Salerno's wife) from numerous local businesses; running the numbers and sports wagering in certain areas of New York; and murders which advanced the mob's interests. Forfeitures sought include numerous syndicate-owned or -controlled businesses. By the time of trial the indictment included charges of bid rigging on the Trump Tower and the Javitts Convention Center in Manhattan, the latter a \$30 million project. Nine defendants, including Salerno, Ianniello, the Napolis and Migliore, were convicted on May 12, 1988, following a 13-month trial. 3/

United States v. James Coonan, No. 87-CR-249, S.D.N.Y., 3/26/87. This is a RICO prosecution of alleged independent crime group said to work closely with other such groups, including the Gambino family of the LCN. Headed by "Jimmy" Coonan, the so-called "Westies" were said to have dominated the "Hells Kitchen" area of Manhattan's west side. According to the indictment, their activities included murders, kidnapping, loansharking, extortion, illegal gambling, counterfeiting, and fraud. Coonan and his wife, Edna, were also charged with tax evasion. Coonan and seven others were convicted on February 24, 1988, following a jury trial.

Philadelphia Strike Force

United States v. Nicholas Caramandi, No. 86-524, E.D. Pa., 12/23/86. On December 23, 1986, Nicholas Caramandi pled guilty to the indictment charging him with extortion and a one count information charging RICO/murder (involving three murders and one attempted murder). Caramandi, an admitted LCN member whose prime function was to collect an LCN "street tax" from non-LCN racketeers operating in Philadelphia, pled guilty on December 23, 1986, and agreed to testify against mob boss Nicodemo Scarfo. See No. 86-453, on page 40.

United States v. Thomas Del Giorno, No. 87-00001, E.D. Pa. 1/5/87. On January 5, 1987, in Philadelphia, Pennsylvania, former LCN captain Del Giorno entered a plea to a one count information charging him with RICO/murder for his participation in one murder and four conspiracies to murder. Del Giorno's sentencing has been postponed pending his cooperation and testimony against other mob operatives, including syndicate boss Nicodemo Scarfo. See No. 86-453, on page 40.

3/ On October 13, 1988, 77-year-old Salerno, who is presently serving a 100-year sentence, was sentenced to an additional 70 years in prison, was fined \$376,000 and ordered to forfeit half of the racketeering proceeds in the case estimated to exceed \$30 million. Ianniello (68) was sentenced to 13 years consecutive to the 6-year sentence he is presently serving.

United States v. Nicodemo Scarfo, No. 87-00258, E.D. Pa., 6/17/87. Scarfo was again indicted with 28 other defendants, including many of Scarfo's lesser LCN commanders, on drug charges based on an alleged attempt to monopolize Philadelphia's trade in amphetamines. Scarfo and the LCN hierarchy were acquitted on December 12, 1987. In a separate trials, many other defendants were convicted, including Ralph Staino. "Junior" Staino, a member of Philadelphia LCN, was the mob's main man in obtaining P2P, a precursor chemical necessary for the manufacture of amphetamine powder. The Philadelphia area has long been the most active market in amphetamines, and the LCN succeeded in cornering that market. Angelo DiTullio had been one of the most active P2P importers, purchasing it in Belgium and importing it in the tanks of air compressors and gas braziers. Despite being shaken down by LCN for a "street tax" for protection of his operation, Staino stole a new load of P2P from DiTullio in August 1986 and took over DiTullio's illegal business. Following his indictment, Staino went to ground in the Dominican Republic until his arrest in January 1988. He was convicted by a jury on July 15, forfeiting \$100,000 to the Government. Sentence is pending. The facts of the case caused Belgium to place P2P on its banned substance list. Twenty-two defendants, including DiTullio, have been convicted in various cases centered around this ring.

United States v. Nicodemo Scarfo, No. 88-3, E.D. Pa., 1/11/88. LCN boss Nickey Scarfo and 18 LCN members are charged in this RICO indictment, detailing the Philadelphia family's involvement in drug, extortion and gambling offenses and 14 murders and attempted murders in support thereof. Defendants in the case include underboss Philip Leonetti, former underboss Salvatore "Chuckie" Merlino, capos Joseph "Chickie" Ciancaglini and Francis "Paffy" Ianarella and former capo Lawrence "Yogi" Merlino. Trial is in progress.

Major Cases Concluded since January 1981

Boston Strike Force

United States v. Francis Curcio, No. N-82-4, D. Conn., 1/13/82. This was a loansharking prosecution of "Pat Franny" Curcio, the mob's most active and influential LCN member in New Haven, Connecticut. The conviction was obtained of Curcio and his brother, Gus, despite constant attempts to disrupt the trial via intemperate outbursts, feigned heart attacks and alleged auto accident injuries. See No. 84-47 on page 16. Three other participants pled guilty. Both Curcios were sentenced to serve 10 years on January 24, 1984.

United States v. Frank T. Marrapese, No. 82-049B, D. R.I., 5/19/82. This was a prosecution of an attempt by Marrapese, by his own admission the number three man in the New England LCN, to

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fence recliner chairs stolen in the Alexandria, Virginia, railroad yards. Marrapese quickly entered a plea after a witness whose testimony Marrapese tried to falsify came to the FBI. The subornation conversation was thereafter recorded in full on a body-concealed recorder worn by the cooperating witness. On February 11, 1983, Marrapese was sentenced to 10 years in prison.

United States v. Gerard Ouimette, No. 82-63B, D. R.I., 8/18/82. This was the prosecution of one of the leaders of a particularly violent independent organized crime faction closely aligned with the New England LCN for an assault with an automobile on an FBI agent. Following a guilty plea, Ouimette was sentenced to three years in prison and fined \$15,000 on February 11, 1983. See also No. 85-D14B, below.

United States v. John T. Cicilline, No. 83-37, D. R.I., 5/12/83. This was a prosecution of Frank Marrapese and his attorney for the attempted subornation of perjury in No. 82-049B, above. On October 1, 1985, Marrapese was convicted after a one week jury trial. His attorney was acquitted. Marrapese was sentenced as a Dangerous Special Offender on December 18, 1985, to 15 years in prison to be served after the 10-year prison sentence imposed in No. 82-049B, above.

United States v. Gennaro Angiulo, No. 83-235-N, D. Mass., 9/19/83. This case was built upon an extraordinary series of electronic surveillances conducted by the FBI. The information obtained enabled the investigative team to literally pull dust-covered files on unsolved murders from the shelves of area prosecutors and fit the appropriate defendants to them. A RICO prosecution of the group as a mob resulted in conviction of all save one defendant, who was convicted on lesser charges, in a jury verdict returned February 26, 1986. The eight-month trial was the longest in the history of this Federal district.

Charged in a twenty-count indictment were Gennaro Angiulo, leader of the Boston branch of the LCN, and underboss of the New England family; capos Illario Zannino, Donato Angiulo and Samuel Granito; member Francesco Angiulo; and Michele Angiulo, a close associate. Another indicted leader died before trial.

The indictment alleged predicate acts (and substantive violations) involving six murders, two conspiracies to murder, loansharking, various illegal gambling businesses, interstate racketeering, obstruction of state law enforcement, and obstruction of justice.

In addition, the indictment sought the criminal forfeiture to the United States of several parcels of real estate and buildings, more than \$380,000 in cash, \$300,000 in stocks, notes and bonds, and a yacht.

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On April 3, 1986, sentences were awarded as follows:

Gennaro Angiulo: 45 years' prison and a \$120,000 fine;
Donato Angiulo: 20 years' prison and a \$40,000 fine;
Samuel Grainto: 20 years' prison and a \$35,000 fine;
Francesco Angiulo: 25 years' prison and a \$60,000 fine;
Michele Angiulo: 3 years' prison and a \$5,000 fine.

In addition the property, worth approximately \$4 million, was forfeited to the United States. On March 6, 1987, a jury convicted Zannino, and he was sentenced to 30 years in jail.

United States v. John Gregory Ardito, No. 84-47, D. Conn., 8/30/84. This case was one of serendipity in which a plot to disrupt the extortion trial of New Haven mob leader Francis "Fat Franny" Curcio was uncovered during an electronic surveillance in New York City. LCN capo Ardito was overheard agreeing to supply drugs to Curcio which would cause symptoms of the heart attack which Curcio planned to feign during his trial. Following conviction for obstruction of justice in May 1985, Ardito was sentenced to five years in prison in July. For Curcio's fate, see No. N-82-4 on page 14. For a second prosecution of Ardito, see No. B-85-72 on page 17.

United States v. Richard E. Gambale, No. 84-293, D. Mass., 9/18/84. Six mob operatives, including three mob members, were indicted in this RICO prosecution charging loansharking, illegal gambling, a murder conspiracy and obstruction of justice. Mob soldiers Richard Gambale and Peter Limone pled guilty to racketeering, murder conspiracy, loansharking and obstruction of justice. Mob associate John Orlandella pled guilty to racketeering, loansharking and illegal gambling. Soldier John Cincotti was convicted of racketeering, murder conspiracy and illegal gambling following a twelve-week trial, which resulted also in the convictions of two more mob associates. Gambale received a sentence of eight years in prison. Orlandella received six years.

United States v. First National Bank of Boston, No. 85-52, D. Mass., 2/7/85. The plea entered by this bank on the date this information was filed led to a \$500,000 fine and an increased resolve on the part of the banking community to abide by the terms of the Bank Secrecy Act. The bank failed to report \$1.2 billion dollars of currency transactions with foreign banks. (In addition, the bank admitted in a press release failing to report approximately \$1.7 million dollars of currency transactions involving members of the Angiulo family. This currency was brought into the bank in paper bags and used to purchase cashiers' checks.) This was an IRS investigation, with participation by the Customs Service, and was only one of a series involving other financial institutions in roughly the same conduct.

United States v. Gerard T. Ouimette, No. 85-D14B, D. R.I., 2/20/85. Illegal gun dealing was later charged against the same individual prosecuted in No. 82-63B on page 15. Following conviction by a jury in June 1986, Ouimette was sentenced to 18 years in prison and fined \$10,000 as a Dangerous Special Offender.

United States v. Francesco J. Scibelli, No. 85-399, D. Mass., 10/29/85. This was a RICO prosecution of the Massachusetts branch of the Genovese crime family for various illegal gambling offenses. Scibelli is a capo in that family. The indictment charges the Scibelli faction of the Genovese LCN family with violating the RICO statute by conducting unlawful junket trips to the Dunes Hotel in Las Vegas, Nevada, by concealing the LCN's hidden interest in said junkets, and by taking over by force and operating illegal gambling businesses in western Massachusetts, upstate New York, and northern Connecticut. Forfeiture of \$738,000 in illegal junket receipts was sought. On October 27, 1987, Francesco Scibelli and his two member brothers, Albert and Anthony, pled guilty along with three other LCN members and two non-member workers. Francesco Scibelli was sentenced to serve six years in prison on December 30, 1987. Adolfo Bruno, his second in command, received five years. The remaining LCN members received sentences ranging from two to four years.

United States v. Salvatore C. Basso, No. B-85-72, D. Conn., 12/12/85. This was a RICO prosecution of the Connecticut "regime" of the Genovese crime family. Defendants included John G. "Buster" Ardito, the leader of the group, and supervisors Basso and Vincent J. Pollina. The organization was conducted to profit by illegal gambling and unlawful collection of the debts resulting therefrom. Basso and all co-defendants pled guilty in October 1986. Ardito was sentenced to ten years in prison. Pollina received a nine-year sentence; Basso, eight years.

United States v. Anthony G. Rosetti, No. 86-2, D. Conn., 6/27/86. This was a RICO prosecution of a mob-run company fraudulently administering the dental plans of most Teamster locals in Connecticut. Indicted were Rosetti, secretary-treasurer of Local 191 of Bridgeport; Vincent S. Pisano, secretary-treasurer of Local 443 of New Haven; Fred J. Roberto, retired secretary-treasurer of Local 191; Mario Salvatore, president of Local 191; Peter Susca, secretary-treasurer of Local 1035 of Hartford; George Lamontagne, president of Local 677 of Waterford; Phillip Guarnaccia, secretary-treasurer of Local 493 of New London; and Carol Rizzieri, who shared a residence with Genovese family captain John "Buster" Ardito until his incarceration in 1985. The basic scheme involved the awarding of generous contracts for administering the dental plans to a company headed by Rizzieri in return for which massive amounts of dental care not covered by insurance, much of it cosmetic, were given to the union officers.

On May 13, 1987, Pisano and Rizzieri were convicted of embezzlement from the union and RICO offenses. Salvatore Susca and all other defendants pled guilty between March and May 1987. Sentences were as follows:

Rossetti	3 months' jail, \$24,000 restitution;
Pisano	18 months' prison; \$13,700 restitution;
Roberto	2 years' probation; \$6,000 restitution;
Rizzieri	6 months' prison;
Salvatore	2 years' probation, \$5,000 restitution;
Susca	2 years' probation; \$2,600 restitution;
Lamontage	1 years' probation; \$3,000 restitution; and
Guarnaccia	2 years' probation, \$1,000 restitution.

All convictions were affirmed on January 25, 1988.

United States v. Carol Rizzieri, No. 87-17, D. Conn., 2/26/87. This is a conspiracy to defraud the IRS brought against Rizzieri and two "no show" employees of her company: Dennis Paterra, a New York resident with a homicide conviction, and Walter Edwards, an erstwhile private detective resident in New Jersey. The salaries of both had been fraudulently deducted as a business expense. Rizzieri pled guilty on September 10, 1987, and on February 19, 1988, was sentenced to 5 years' probation to begin after her sentence in Number 86-2, above.

United States v. E. F. Hutton Co., Inc., No. 88-036, D.R.I., 5/6/88. This was a violation of the currency reporting laws involving Hutton Company and two of its brokers. One, Stephen Fusco, had a client list that read like a Who's Who in Organized Crime. Fusco sent firm secretaries to various banks around Providence with cash to buy cashier's checks in amounts of less than \$10,000 (the minimum amount to trigger a reporting of the transaction). When they returned, he used the checks to buy bearer bonds (which do not carry the name of the owner). The interest coupons from the bonds were cashed using fictitious names. When one secretary complained about this procedure, Fusco threatened to throw her out a window. Fusco died before the investigation was completed. Hutton Company paid a \$1,010,000 fine after entering a guilty plea on May 16, 1988.

Brooklyn Strike Force

United States v. Paul Vario, No. 83-289, E.D.N.Y., 6/22/83. On February 9, 1984, Paul Vario, a powerful captain in the Lucchese LCN family, was convicted by a jury of making false statements to federal prison and parole authorities and conspiracy to defraud the government. Vario had importuned a Long Island nightclub owner to falsely report to these authorities (in lieu of extortion payments made up to that time) that mob operative Henry Hill was a manager of one of his clubs. Hill testified for the government, detailing a 25-year partnership in crime with Vario, including robbery, loansharking, illegal gambling, and extortion. On April 2, 1984, Vario received a four-year prison term. On August 16, 1984, the conviction was affirmed on appeal. Vario died in prison.

United States v. Prince Carpentry, Inc., No. 84-00188, E.D.N.Y., 3/20/84. This was the companion mail fraud and tax case to No. 85-036, below. Prince utilized union clout to set itself up in a monopoly position to participate in a bidding club with other favored drywall contractors. Pleas of guilty were accepted in May 1984, resulting in a term of probation for the owner and fines upon him, his firm, and his wife totaling \$63,000 plus restitution totaling \$663,000 from all concerned.

United States v. Gennaro Langella, No. 84-408, E.D.N.Y., 9/7/84. This was a perjury and obstruction of justice case against "Jerry Lang" Langella, underboss of the Colombo family, who was, at the time, the acting boss of the family due to Carmine Persico's incarceration. The charges stemmed from Langella's denial that Persico, then on federal parole, had attended an underworld meeting with such luminaries as Simone DeCavalcante, John Riggi, and Thomas DiBella at which Persico was arrested by the FBI and United States Marshals on May 6, 1981. Langella was convicted by a jury and received a 10-year prison sentence on March 4, 1985. Langella had falsely sworn that Persico had accidentally blundered into the meeting thinking it to be of the Italian-American Civil Rights League.

United States v. Standard Drywall Corp., No. 85-036, E.D.N.Y., 1/14/85. RICO charges in this instance were brought against one of the participants in a scheme to utilize the Carpenters Union to impose a monopoly situation over drywall subcontracts let by the New York construction industry. The union would enforce the terms of its contract only against companies not paying off union officials. Meanwhile, paying companies were allowed to pay wages lower than union scale, making up the difference to the employees by paying them in cash "off the books" (thereby avoiding pension, welfare, tax withholding, unemployment, and social security contributions) and certifying some employees as being "unemployed", leading to fraudulent payments by state unemployment offices. Companies granted these privileges then formed a "bidding club" and divided up the business available. A guilty verdict following trial of Carpenters District Council vice president Arthur Giangrande was returned February 18, 1986. Pleas were entered by all remaining defendants. This case is only one of several designed to break up this unsavory alliance. On June 6, 1986, Giangrande was awarded a prison sentence of two years. Giangrande's conviction was affirmed on appeal on October 22, 1986. See also, No. 84-00188, above.

United States v. Philip Rastelli, No. 85-00345, E.D.N.Y., 6/10/85. This was a prosecution of the boss (Rastelli), underboss Nicholas Marangelo, and the acting boss, Joseph Massino, of the Bonnano crime family for RICO and labor racketeering in the domination of the moving and storage industry in New York City and environs. It also included related charges of arson, robbery, and mail fraud. Seventy-three payoffs totaling in the millions obtained from such illustrious payees as the New York Islanders hockey team and the New York Coliseum were included in

the charges. The conspiracy essentially monopolized the moving industry among four prime conspiring companies: Deluxe Vans, Guardian Worldwide, Schwartz Moving, and Wagner Moving. They decided which of them would obtain any job, and Local 814 disposed of any possible competition. As a result, even the federal government was forced to use the system. GSA once paid \$142,000 for the move of an FBI office into which was built a payoff of \$3,500 which went to labor and organized crime leaders. Following a guilty plea by Genovese family member Anthony Ficarotta all major defendants were convicted on October 15, 1986, at the end of a six-month jury trial. On January 16, 1987, sentences were passed. Rastelli was sentenced to 12 years in jail and ordered to forfeit \$29,111; Marangelo received 8 years in prison and forfeited \$9,579. Massino was awarded 10 years in prison. The moving company executives convicted are to serve four years each and Ficarotta was jailed for seven years.

United States v. Michael Franzese, No. 85-00755, E.D.N.Y., 12/19/85. This was a RICO prosecution of a criminal organization specializing in the infiltration of legitimate business. Named after its leader, the Franzese Group is alleged to have controlled or owned some 18 corporations, including auto dealerships, a service station, a motion picture production company, and a popular discotheque. Numbered among the victims of frauds charged in the indictment are Beneficial Finance Corporation, Chevrolet Motor Division, The Health and Welfare Fund of the Allied Security Union, numerous banks with credit card programs, Mobil Oil Company, Apple Bank for Savings, Union Indemnity Insurance Company, and the State of New Jersey. Finally, six defendants are charged with conspiracy to defraud the United States of tax revenues. In addition to Franzese, group members Louis Fenza, Frank Castagnaro, and Frank Cestero are charged along with five other defendants. On March 21, 1986, Franzese and four others pleaded guilty. On July 1, 1986, Franzese was sentenced to serve 10 years in prison. In addition the court ordered forfeiture of nearly \$5 million and restitution in the amount of \$10 million. Fenza and Cestero were awarded five-year prison terms; Castagnaro eight years. As to the others, sentences averaged two years in prison.

United States v. Salvatore Reale, No. 86-302, E.D.N.Y., 4/28/86. On April 14, 1987, Salvatore Reale pleaded guilty to conspiracy to extort sums of money from a freight forwarding company at JFK Airport in this prosecution. He was sentenced to serve 5 years probation and pay a \$10,000 fine. Reale promised that in exchange for the money, the company would not experience any labor problems from Teamsters Local 295, which represents truck drivers and warehouse personnel in the air freight industry, while failure to pay would subject the company to a forced suspension of operations in New York. See also No. 83-8044-CR-ALH on page 32.

United States v. James Angellino, No 86-00549, E.D.N.Y., 9/10/86. This was a simple case of dealing in hijacked television equipment brought against Angellino and Joseph Tomasello, the two remaining ruling captains of the Colombo family. On December 1, 1986, both defendants were convicted. On February 19, 1987, both were sentenced to a year in prison and fined \$10,000.

Regarding John Franzese: On October 20, 1986, Franzese, one of the most powerful capos in the Colombo crime family, was ordered to return to prison following revocation of parole granted on his 1968 conviction for bank robbery. Franzese had originally been sentenced to 50 years in that prosecution but had been paroled in 1978. This marked the second time his parole had been revoked. Violations proved in 1982 had resulted in his return to prison for another year and one-half at that time. The 67-year-old Franzese, father of Michael Franzese (See No. 85-00755, above), now has an optimum parole date of April 22, 1994.

United States v. Mario Biaggi and Meade Esposito, No. 87-151, E.D.N.Y., 3/16/87. This was a prosecution of United States Congressman Mario Biaggi and Meade Esposito, the former Brooklyn Democratic leader, on bribery, conspiracy, and obstruction of justice charges arising from their efforts to salvage the Coastal Dry Dock and Repair Corporation, which received over \$80 million a year from the United States Navy to repair and refurbish ships and which paid Esposito's insurance brokerage firm almost \$2 million a year in premiums. Esposito was at one time one of the most powerful political figures in New York City, having had a hand in naming 42 judges and other high appointees in city government. The bribery scheme was detected during a court-authorized interception of a conversation between Frederick "Fritz" Giovanelli and Esposito. Both defendants were convicted by a jury on September 22, 1987. On November 5, Biaggi was sentenced to serve 30 months in prison. He resigned from Congress following a second conviction in Manhattan. Esposito received a sentence of 2 years' probation and \$500,000 fine. The convictions were affirmed on appeal on August 1, 1988.

Buffalo Strike Force

United States v. Samuel J. Russotti, No. 82-156, W.D.N.Y., 11/8/82. This RICO prosecution was part of three different prongs of a design to capitalize on a mob war to reduce organized criminal influence in Rochester, New York. See also United States v. William Barton, No 79-68, (pre-1981) and United States v. Thomas Taylor, No. 84-126, below. A cooperative effort between State and local police led to conviction in state court of the hierarchy of the Rochester LCN in 1977. When they went to prison, they turned their operations over to a group later labelled "Team B". After a year in prison, they were released following vacation of the conviction. Upon their return, they found that "Team B" was reluctant to relinquish control of the rackets and started a systematic bombing of

gambling clubs controlled by Russotti, et al., A/K/A "Team A". Meanwhile yet a third group, "Team C", attempted to take advantage of the situation by taking control themselves. Team B was successfully prosecuted in 1979, and in March 1980 LCN members William Barton, Rosario Chirico, Dominic Celestino, Frank Frassetto and Angelo Vaccaro were awarded prison terms ranging from 10 to 30 years for RICO and other charges related to their use of explosives and firearms in the mob war. This case resulted from a BATF and Rochester Police Department investigation in which the FBI participated. The Russotti prosecution embraced acts of murder, arson, extortion and obstruction of justice by the hierarchy of the Rochester family since 1971 and included the facts of the aborted state prosecution. Conviction followed a month and one-half jury trial and resulted in 40-year sentences for five leaders and two members of the LCN in December 1984. These included boss Russotti, underboss Richard J. Marino, counselor Rene Piccarreto, capos Thomas E. Marotta and Joseph R. Rossi and members Anthony M. Colombo and Donald J. Paone. In June 1987, the Supreme Court refused to hear an appeal in the case.

United States v. Thomas Taylor, No. 84-126, W.D.N.Y., 5/15/84. This was a prosecution of one of the leaders of "Team C" (see No 82-156, page 21) for trafficking in cocaine. On November 21, 1985, Taylor was sentenced to serve three years in prison following a plea. Taylor had been sentenced along with his faction co-leader, Thomas Torpey, to 25 years to life in state court in April 1985. That conviction was for the murder-for-hire of LCN captain John N. Fiorino on December 17, 1981, during the mob war detailed in No. 82-156.

United States v. J. Michael Robilotto, No. 86-43, N.D.N.Y., 4/24/86. Robilotto, a business agent, and stewards Louis D. Spagnola and Anthony V. Civitello of Teamsters Local 294 in Albany, N.Y., received prison sentences of nine, six and four years, respectively, for shaking down a Universal City Studios crew filming "Ghost Story" in 1981. Evidence showed they had demanded \$110,000 in "meal money" for union drivers, of which they pocketed \$60,000. They also insisted that "cover drivers" be hired to insure labor peace. All such drivers did no work, were friends or relatives of Robilotto or Civitello and were not union members. Finally, the evidence showed that Robilotto and Spagnola had used \$500,000 in union funds to buy certificates of deposit in a bank which then loaned \$540,000 to them, much of which was used to pay gambling debts Robilotto and Spagnola owed to Las Vegas casinos. Some \$275,000 in restitution is included in the defendants' sentences.

United States v. Lee Alexander, No. 87-137, N.D.N.Y., 7/16/87. In this case the former mayor of Syracuse, New York, was accused of massive corruption and masking of the proceeds by investing bribes received through intermediaries in debt instruments payable to "bearer" rather than a named individual, or in gold.

The bribes purportedly represented 10% of all city contracts and totaled \$1.5 million. Alexander pled guilty on January 6, 1988, and was sentenced to serve ten years in prison and to pay a \$100,000 fine and restitution of \$202,000.

Chicago Strike Force

United States v. Allen Dorfman, No. 81-CR-269, N.D. Ill., 5/22/81. This was an FBI investigation using extensive electronic surveillance which turned up a plot to bribe a sitting United States Senator while probing the mob's connections with the Teamsters. Allen Dorfman was, at the time, the principal conduit used to funnel money out of the gigantic Central States Pension Fund. His codefendants included then Teamster president Roy Lee Williams, Chicago LCN capo Joseph "Joey the Clown" Lombardo and two pension fund trustees. All were convicted on interstate bribery, mail fraud and conspiracy charges on December 15, 1982, following a two-month jury trial. On January 10, 1983, Dorfman was the victim of a gangland slaying. Following a study of his health, Williams was sentenced to ten years in prison. He testified as a Government witness in No. 83-00124 on page 27. Lombardo was fined \$29,000 and sentenced to 15 years in prison on March 31, 1983.

United States v. Frank Peter Balistrieri, No. 81-CR-152, E.D. Wis., 10/1/81. This was a gambling prosecution against the boss (Balistrieri) and underboss (Steve DiSalvo) of the Milwaukee LCN family. Following a four-week jury trial they were convicted on October 9, 1983, of both illegal gambling and failure to file wagering taxes. On May 29, 1984, Balistrieri was sentenced to serve 13 years in prison and fined \$30,000 concurrent to the same sentence in the extortion case (No. 83-CR-153, below); DiSalvo was to serve eight years. The case was another joint effort by FBI and IRS based on an FBI electronic surveillance.

United States v. Frank Peter Balistrieri, No. 81-CR-153, E.D. Wis., 10/1/81. This was an extortion prosecution of the boss of the Milwaukee family based upon an FBI undercover probe of his monopolistic control of the vending machine business in that area. Included as defendants were his sons, Joseph and John Balistrieri, both attorneys. Following a jury trial, all were convicted on April 9, 1984, and sentenced on May 29, 1984. Frank Balistrieri was sentenced to 13 years in jail and a \$30,000 fine. His sons were to serve eight years (subsequently reduced to five years) and were each fined \$20,000. See also No. 83-00124 on page 27.

United States v. Joseph "Little Caesar" DiVarco, No. 83-955, N.D. Ill., 12/7/83. On September 27, 1984, Peter Dunias was convicted of extortion and on November 14, 1984, sentenced to six years in prison. Dunias had shaken down bar operators for protection. DiVarco was acquitted, but see No. 84-507, below.

United States v. Joseph DiVarco, No. 84-507, N.D. Ill. 6/27/84. This was a gambling and wagering tax evasion prosecution worked jointly by the FBI and IRS but founded primarily on FBI electronic surveillance. Following a six-week jury trial, DiVarco was convicted on January 9, 1985, and sentenced to imprisonment for ten years on March 19, 1985. He was jailed pending sentence and appeal under the Crime Control Act of 1984 following a two-day hearing. Also jailed was codefendant Ronald Ignoffo, a suspected hit man in DiVarco's employ. DiVarco was also fined \$60,000, the largest fine ever imposed in that district. DiVarco died in prison.

United States v. Thomas Covello, Sr., No. 84-556, N.D. Ill., 7/18/84. This was a RICO/theft prosecution built around an FBI electronic surveillance brought against an LCN-controlled "chop shop" operation in Chicago. Following a three-week jury trial, six defendants were found guilty of RICO charges, four of whom were also convicted of interstate theft charges. Twelve defendants pled guilty before trial. Sentences ranging from eight years (for Covello) down to five years' probation were passed on May 28, 1985. Also active in the investigation was the Chicago Police Department.

Civil Contempt: On April 21, 1986, Steve J. Di Salvo, former underboss of the Milwaukee crime family, was committed for civil contempt for his refusal to comply with a court order relative to a grand jury. All time served pursuant to this commitment was to be in addition to that which he was awarded in No. 81-CR-152, above.

Cleveland Strike Force

United States v. James Licavoli, No. CR-79-103, N.D. Ohio, 5/3/79. This RICO conspiracy prosecution resulted from the mob murder by the Cleveland LCN of rival gang leader Danny Green. An alert citizen picked up the license number of the car fleeing the area following the car bombing of Green, and prompt and effective action by the FBI and local police ran the false registration back to one of the culprits. He capitulated, and the entire plot eventually unravelled. Indicted were mob boss Licavoli, capo Anthony Liberatore, and several members and associates. Following a three-month jury trial, all defendants were convicted. In July 1982, Licavoli was awarded a prison sentence of 17 years; Liberatore, 14 years. Licavoli and one of the mob members died in prison.

United States v. Thomas J. Sinito, No. CR-81-58, N.D. Ohio, 4/10/81. This was a RICO/loansharking and tax prosecution of one of the Cleveland family's more ambitious street captains who was running a loansharking operation using his appliance sales business as a front. His victims included numerous businessmen whom he later tried to manipulate: a jeweler was asked to fence stolen jewelry; a car dealer furnished the auto used in a mob killing; etc. Following a two-week jury trial, Sinito was

convicted of loansharking, RICO and filing false tax returns. On October 16, 1981, he was sentenced to serve 18 years in prison and fined \$20,000.

United States v. Joseph Charles Gallo, No. 82-119, N.D. Ohio, 7/6/82. This RICO prosecution was of seven defendants including Cleveland underboss Angelo Lonardo (later developed as a witness--see No. 83-00124 on page 27), two young street captains, Thomas Sinito and Gallo, and several members of an independent and ghoulish "Westside" organization which had aligned itself with the LCN to control all drug trading in Cleveland. Drug kingpin charges were also included, and all save Sinito were convicted after the prime mover for the so-called "Westside" faction, one Carmen Zagaria, turned himself in at the site of his mother's grave, led police authorities to the burial places of two mob victims, pled guilty and testified during a trial that detailed six murders and murder plots. Lonardo and Gallo were sentenced to life without parole, but Lonardo's sentence was later reduced due to his extensive cooperation with the government. Sinito pled guilty to conducting a continuing criminal drug enterprise and, on July 11, 1986, had four years added to a previous sentence of 18 years. (See No. CR-81-58, above). The verdicts were affirmed on appeal in May 1985. Zagaria was awarded a ten-year sentence on April 7, 1987, forfeiting \$1.5 million in property to the Government. See also No. CR-85-252, below.

United States v. Michael A. Ferrara, No. CR-83-101, N.D. Ohio, 4/7/83. This was a prosecution of a mob associate who made a physical threat upon the brother of the prosecutor in No. 82-119, above. He was caught by swift and effective investigation by the FBI days after the threat was made. On August 5, 1983, Ferrara was sentenced to five years in prison following conviction by a jury.

United States v. John Montana, No CR-83-184, N.D. Ohio, 7/11/83. This was a fraud and theft prosecution of an influential Cleveland LCN member who participated in a murder-for-hire plot hatched by the wife of a wealthy Chicago industrialist to lure him to an abandoned Cleveland nightclub where he was killed. Montana participated in the planning and extended the scheme by lulling the victim's business associates, sending letters previously written by the victim but unsent, to the associates, thus enabling the plotters to lay hands on more of the victim's assets before his death was discovered. Following a ten-day jury trial, Montana was convicted and sentenced to five years in prison on March 29, 1984. On December 10, 1985, an Ohio State Court sentenced Montana to 32 years to life for his part in the plot. His Federal conviction was affirmed on appeal on August 15, 1986.

United States v. John F. Absher, No. CR-85-252, N.D. Ohio, 11/22/85. This was a RICO/drug prosecution of the marijuana distribution ring connected with the Cleveland organized crime

family. See No. 82-119, above. Absher pled guilty on May 23, 1986, and was later awarded a prison term of 14 years. The remaining defendants convicted received sentences ranging from six to thirteen years.

United States v. Paul Lester Wilson, Jr., No. 86-720, N.D. Ohio, 4/24/86. This was a gambling prosecution of a major Toledo, Ohio, gambling and debt collection organization with some local political influence. Following a plea of guilty, Wilson fled to Mexico, but was later apprehended by Mexican police and returned in October 1987. He pled guilty to this indictment and bond jumping on December 21, 1987, and was sentenced to serve a total 14 years in prison on February 8, 1988. IRS has filed tax liens of \$170,000 against his assets.

Detroit Strike Force

United States v. Raffaele Quasarano, No. 9-80644, E.D. Mich., 11/15/79. This prosecution for RICO/extortion resulted from a joint effort of the FBI and IRS. Two powerful capos of the Detroit family, Quasarano and Peter Vitale, shook down a cheese manufacturer and cut themselves in for a half interest in his business, one of the largest producers of Italian specialty cheeses in the country. (The Detroit mob was ruled, at the time, by a council of six capos.) Pleas were entered to the RICO charge and, in January 1981, each was sentenced to 4 years in prison and fined \$10,000. The extorted stock was declared forfeit.

United States v. Giacchino Gagliano, No. 80-80659, E.D. Mich., 4/30/81. This DEA case, a companion to one indicted in S.D.N.Y., was probably the first to involve Sicilian immigrants in massive heroin importation. Here, 23 kilos of heroin were found concealed in a shipment of furniture from Sicily to Detroit. Following a guilty plea, Gagliano was sentenced to prison for eight years on August 4, 1981.

United States v. Vito Giacalone, No. 86-80418, E.D. Mich., 6/5/86. This is an illegal gambling prosecution against LCN street boss Vito Giacalone, capo Michael Santo Polizzi, Jack V. Giacalone and eleven others. Both Giacalones and three others were indicted for racketeering conspiracy offenses (collecting unlawful debts) committed in connection therewith. On January 7, 1987, Polizzi plead guilty and on January 15 was sentenced to three years in jail. In June 1987, all remaining defendants pled guilty. Vito and Jack Giacalone received prison terms of 5 and 3 years, respectively. Vito was fined \$10,000. The convictions were affirmed on appeal on August 5, 1988.

Kansas City Strike Force

United States v. Carl DeLuna, No. 81-00107, W.D. Mo., 11/5/81. This interstate racketeering and stolen property indictment dealt

with the hierarchy of the Kansas City family. Mob leaders DeLuna and Carl Civella were charged and convicted of conspiracy, interstate gambling and transportation of stolen property based on the skimming of cash receipts of Las Vegas' Tropicana casino. The case was built on the same electronic interceptions which supported the other DeLuna case, No. 83-00124, below, and resulted in seizure of \$80,000 in skim from the courier as he exited the plane in Kansas City. Kansas City mob boss Nicholas Civella was indicted in this case, but he died shortly after receiving a compassionate parole from a prison term he was serving on a prior conviction. DeLuna was sentenced to 30 years in prison and fined \$120,000. Civella was awarded a prison term of 30 years and fined \$80,000. Both were ordered to participate in \$295,000 in restitution to be paid the casino.

United States v. Clarence M. Smaldone, No. 82-216, D. Colo., 9/24/82; United States v. Eugene Smaldone, No. 82-215, D. Colo., 9/23/82; United States v. Paul C. Villano, No. 82-217, D. Colo., 9/24/82. In this series of prosecutions (dealing with extortion, loansharking and extortion, respectively) worked jointly by the FBI and IRS, the entire leadership of the Denver LCN pled guilty in October 1982 in return for an agreed sentence of ten years in prison and a \$20,000 fine, which sentence was imposed in December 1982.

United States v. Carl DeLuna, No. 83-00124, W.D. Mo., 9/30/83. This interstate racketeering prosecution was also based on electronic surveillance conducted by the FBI on telephones and locations the mob believed secure (attorneys' offices, pay telephones, etc.) located in five different judicial districts in which skimming from numerous Las Vegas casinos was discussed (see also No. 81-00107, above). The coup in this case was seizure of coded (but easily decoded) books and records of the mob, showing receipt and disbursement of the funds, from the DeLuna home. In addition to showing disbursement to the skim participants, these records showed expenditures for the operations of the Kansas City syndicate, such as payments to the families of jailed members and plane tickets for conferences with mob higher-ups in other cities. The case, originally weakened by the death of cooperating witness Joseph Agosto, was strengthened by testimony obtained from jailed Cleveland underboss Angelo Lonardo (See No. 82-119 on page 24). Former Teamster president Roy Lee Williams also testified to his long subservience to the Kansas City LCN. See No. 81-CR-269 on page 22.

All defendants were charged with conspiracy and interstate racketeering through hidden ownership of Las Vegas Teamster-financed casinos. They were:

Carl DeLuna, acting boss, Kansas City family;
Family member Peter Tamburello;
Carl Thomas, casino manager;

Anthony Chiavola, Jr., and Sr., Chicago police officers and skim couriers;
 Joseph "Joey Doves" Auippa, boss, Chicago family;
 John "Jack the Lackey" Cerone, underboss, Chicago family;
 Joseph "Joey the Clown" Lombardo, leader, Chicago family;
 Anthony Spilotro, Chicago family representative in Las Vegas;
 Angelo La Pietra, leader, Chicago family;
 Milton Rockman, financial advisor, Cleveland family;
 Frank Balistrieri, boss, Milwaukee family;
 John and Joseph Balistrieri, sons of Frank and influential LCN members.

The Chiavolas, Carl Civella and Peter Tamburello pleaded guilty prior to trial and were sentenced to five-year terms; Spilotro was severed due to a heart condition and was later murdered. John and Joseph Balistrieri were dismissed by the court at the close of the government's evidence. Frank Balistrieri entered a guilty plea to two counts of the indictment and was sentenced to serve ten years. Carl Thomas agreed to testify for the government. All remaining listed defendants were found guilty by the jury on January 21, 1986, after a four-month trial.

On March 27, 1986, sentences were awarded as follows:

Carl DeLuna: 16 years in prison;
 Joseph Auippa: 28½ years in prison;
 John Cerone: 24½ years in prison;
 Angelo La Pietra: 14 years in prison;
 Milton Rockman: 24 years in prison;
 Joseph Lombardo: 14 years in prison.

In addition, each of the above defendants was fined \$80,000, ordered to pay over \$30,000 in restitution and assessed \$32,000 in court costs.

United States v. Peter Joseph Tamburello, No. 83-00126, W.D. Mo., 9/30/83. This was a false tax return prosecution of three other defendants in the Tropicana case, No. 81-00107, above, including the only defendant acquitted in that case: Nick Civella's driver, Tamburello. Tamburello, Carl DeLuna and Carl Civella pled guilty. DeLuna and Civella received a concurrent sentence. Tamburello was sentenced to five years.

United States v. Charles David Moretina, No. 84-00033-5, W.D. Mo., 2/10/84. This was a false tax return prosecution of an LCN member who was convicted of receiving a share of the Tropicana skim in No. 81-00107. He received ten years in this case.

United States v. Anthony Thomas Civella, No. 84-00032-5, W.D. Mo., 2/10/84. This RICO indictment was brought against four leaders and members of the Kansas City family alleging numerous

racketeering activities on their part. Carl DeLuna, Charles Moretina, Anthony Civella and Carl Civella pled guilty. DeLuna was sentenced to serve 15 years, Moretina and Anthony Civella, five years, and Carl Civella, ten years.

United States v. James S. Duardi, No. 85-00050, W.D. Mo., 3/28/85. This was a tax evasion prosecution of Duardi to which he pled guilty in May 1985 and received a consecutive sentence of five years.

United States v. James S. Duardi, No. 85-00089, W.D. Mo., 5/21/85. This was a loansharking case brought against one of the veteran LCN members in Kansas City. Duardi pled guilty in May 1985 and received five years' probation consecutive to other sentences.

United States v. James S. Duardi, No. 85-00088, W.D. Mo., 5/21/85. This is a companion case to No. 85-00089, above, in which Duardi was charged with illegal acquisition of explosives for use against a rival gang. Duardi pled guilty in May 1985 and was sentenced to five years in prison.

Las Vegas Strike Force

United States v. Anthony Spilotro, No. CR-LV-83-115, D. Nev., 9/13/83. This RICO prosecution was based upon Spilotro's involvement with a burglary and home invasion robbery ring involving a total of 18 defendants, including his brother Michael. Trial was successively pushed back from September 1985 to December 1985 due to open heart surgery performed on Spilotro. A mistrial caused by a hung jury was declared on April 8, 1986, following four months of trial. A retrial was set for June 16, 1986, but Spilotro and his brother, Michael, were murdered on June 14, 1986. All remaining defendants entered guilty pleas almost immediately thereafter. Sentences ranged from probation to eight years in prison.

United States v. Trans-Sterling, Inc., No. 84-83, D. Nev., 1/10/84. This case involved skimming in Las Vegas' Stardust casino. Accused in the case were Louis Joseph Salerno, Frederick Pandolfo and Larry Franklin Carpenter. The three combined to forge documents showing delivery of chips to gaming tables which were never, in fact, delivered; an equivalent amount of cash was then removed "out the back door". Convicted of filing false tax returns, Salerno and Pandolfo received three-year prison terms on February 25, 1987. Carpenter received one year.

United States v. Herbert Blitzstein, No. 85-130, D. Nev., 8/6/85. This was one in a series of cases in which Blitzstein, the prime mover in Las Vegas for the late Chicago LCN captain Anthony Spilotro, was accused of credit card fraud and other offenses. Following a jury verdict of guilty in this case on March 18, 1987, Blitzstein entered guilty pleas in two other cases. In one, No. 85-127, he was charged with additional credit card fraud. In the second, No. 87-4, he was accused of tax evasion.

Blitzstein was sentenced to eight years in prison on August 31, 1987.

United States v. Ben Schmoutey, No. 85-206, D. Nev., 12/3/85. This is a labor racketeering prosecution of Schmoutey, a trustee of the Culinary Workers and Bartenders Health and Welfare Trust Fund. The indictment charged a conspiracy among the defendants to siphon off assets from the fund by approving administrative expenses amounting to one-half of all payments received by the fund. On May 30, 1987, a jury convicted Schmoutey. He was sentenced to five years in prison on August 6, 1987. The case was affirmed on appeal on May 6, 1988.

Los Angeles Strike Force

United States v. Dominick Brooklier, No. 79-126-TH-A, C.D. Cal., 5/15/80. This RICO prosecution resulted from an FBI undercover investigation and charged extortion and murder in the prosecution of the business of the Los Angeles LCN family. Included among the defendants were the boss, Dominic Brooklier; underboss Samuel Sciortino; former boss Louis Dragna; and capo Michael Rizzitello. Charged in the indictment was the slaying of former capo and FBI informant Frank Bompensiero. After a 2½-month jury trial, all defendants were convicted on the RICO count, and all but Dragna and Sciortino of the extortion. In January 1981, sentences were imposed: Brooklier and Sciortino, four years in prison; Dragna, two years; and Rizzitello, five years.

United States v. Carlos Marcello, No. 81-720, C.D. Cal., 7/23/81. This interstate bribery prosecution resulted indirectly from the FBI's BRILAB undercover investigation. An electronic surveillance in New Orleans picked up evidence of a plot by New Orleans family boss Marcello and Los Angeles underboss Sciortino to bribe the Federal judge sitting in the Brooklier prosecution (see No. 79-126-TH-A, above) by giving the judge a valuable work of art in return for favorable consideration during the trial. The judge was alerted by the Government, and the offer was never made; but Marcello, Sciortino and a Los Angeles soldier were convicted of obstruction for their parts in the affair. Marcello was sentenced to 10 years' consecutive to his sentence in No. 80-274-G on page 34. Sciortino had five years added to his sentence in No. 79-126-TH-A. The soldier was to serve three years.

United States v. Vito Dominic Spillone, No. 84-693, C.D. Cal., 7/12/84. This was a situation in which a Chicago LCN member attempted to move in on loansharking in legal California card clubs. Local police and sheriffs contributed to the evidence used to convict Spillone on RICO, loansharking and firearms charges on October 2, 1985, following a month-long jury trial. On February 3, 1986, Spillone was sentenced to a prison term of ten years.

United States v. Russell J. Masetta, No. 87-425, C.D. Cal., 5/14/87. This prosecution is an outgrowth of an FBI undercover operation, code named DRAMEX, which involved operation of a motion picture production company, GAR-MAN productions. The company paid Masetta and LCN capo Luigi Gelfuso \$10,000 to obtain "labor peace" for its activities. Both defendants pled guilty. Gelfuso received a sentence of five years on May 23, 1988. Masetta, the son-in-law of LCN boss Peter Milano and an organizer for Teamster Local 848, received a 4-month jail sentence on August 9, 1988.

United States v. Peter John Milano, No. 87-439, C.D. Cal., 5/21/87. Milano was indicted as the boss of the Los Angeles family of the LCN, whose operatives were charged with a pattern of 24 racketeering acts of cocaine dealing, extortion, loansharking, attempted murder and obstruction of justice. Also indicted were underboss Carmen Joseph Milano, captain Luigi Gelfuso, Jr., and eleven others. By July 1988, all defendants had entered guilty pleas. On May 16, 1988, Peter Milano was awarded a prison term of six years; Gelfuso, 10 years. Carmen Milano was jailed for six months.

United States v. Michael Anthony Rizzitello, No. 87-459, C.D. Cal., 5/28/87. Rizzitello, a proven member of the Los Angeles LCN family and only recently released from prison, was indicted for attempting to sell \$1 million of bonds issued by Montgomery County, Maryland, which had been stolen from a New York bank in early 1983. Rizzitello was acquitted by a jury on October 1, 1987.

Miami Strike Force

United States v. Frank Anthony Cocchiaro, No. 81-482, S.D. Fla., 11/4/81. This was a massive bankruptcy fraud worked by the Postal Inspection Service which involved a powerful New Jersey LCN member. Cocchiaro received a ten-year sentence in March 1982 after conviction in a jury trial. He died in prison.

United States v. Santo Trafficante, Jr., No. 83-27-CR.T.15, S.D. Fla., 3/31/83. This was a RICO prosecution of Florida's alleged LCN boss, Trafficante, backed up by an FBI undercover operation, "Coldwater", and extensive electronic surveillance. Also indicted were Bonanno family members John "Boobie" Cerasani and Benjamin "Lefty Two Guns" Ruggiero; Vincent "Jimmy East" Ciraulo, a Lucchese family member; and Joseph Donahue, formerly a captain in the Pasco County Sheriff's Office. Involved in the investigation was Dominick "Sonny Black" Napolitano, a Bonanno family capo who was the victim of a gangland slaying before indictment. The group was attempting to organize the rackets in northwest Florida on behalf of New York's Bonanno and Lucchese families in partnership with the local Trafficante family, and to that end had set up high stakes gambling clubs, a bookmaking operation and a loansharking business under the aegis of Donahue.

The basic scheme expanded to include plans of bribery of state officials to obtain a dog track license.

Donahue was an early suicide. A jury trial of three other LCN associates began at that time but ended after they entered guilty pleas. A total of nine defendants pled guilty. Trafficante and Ciraulo went to trial. Ciraulo pled guilty before the Government rested. The court almost immediately acquitted Trafficante, a ruling which the government appealed. On March 17, 1987, Trafficante died following open-heart surgery. Ciraulo was sentenced to two years in prison on August 14, 1986. Execution of this sentence was suspended until October 1988 to allow Ciraulo to undergo open-heart surgery.

United States v. Frank Abbando, No. 83-8044-CR-ALH, S.D. Fla., 8/8/83. This RICO prosecution dealt with a Gambino and Colombo family competition to gain control of the rackets in Palm Beach County, Florida. It was unearthed by an FBI undercover operation, "Homerun", so named because one of the loanshark victims was beaten with a club similar to a baseball bat. Abbando pled guilty to the RICO charge. Gambino soldier Salvatore Reale was convicted following a 24-month jury trial in May 1984. Reale was sentenced to 20 months in prison and a \$15,000 fine in July 1984. Abbando was sentenced in August 1985 to one year in prison. Riviera, Florida, police chief William Boone Darden was convicted in a second jury trial and sentenced to six years in prison. Gambino family member Thomas Agro, dying of cancer, was severed, later pleading guilty in Brooklyn, New York. See No. 86-452 on page 3. Following a three-week jury trial, Anthony Ruggiano was convicted on April 2, 1987. Ruggiano, a senior captain in the Gambino family, was sentenced to serve 13 to 40 years in prison on April 7, 1987.

United States v. Harold Joseph Rosenthal, No. 84-14A, N.D. Ga., 1/19/84. This FBI and DEA collaboration dealt with a ring which included two LCN members, Philip Bonadonna (Genovese family) and Charles Alaimo (Gambino family), who financed the venture. The ring was prosecuted for importing five tons of cocaine, the largest cocaine case prosecuted until that time. It was jointly prosecuted by the Atlanta Field Office of the Organized Crime and Racketeering Section and the Organized Crime Drug Enforcement Task Force (OCDETF) from the United States Attorney's office in Atlanta. Bonadonna was convicted with Rosenthal (a Federal escapee at the time of the offense) after a jury trial lasting almost three months. In November 1984, Rosenthal was sentenced to life without parole and fined \$425,000. Bonadonna received 40 years in prison with no possibility of parole and was fined \$255,000.

United States v. Dominic Santarelli, No. 84-854, S.D. Fla., 12/11/84. This was a tax evasion and mail fraud prosecution of this LCN-associated loanshark. Santarelli was approached for

seed money by codefendants setting up an abusive, off-shore tax shelter scheme. Later, Santarelli extorted his way into a one-third share of the illegal profits of the shelter. In excess of \$1.4 million of these profits had been traced to Santarelli. A jury convicted Santarelli on April 21, 1986. On June 11, 1986, Santarelli received a three-year prison sentence in addition to the extortion sentence and was fined \$10,000. The scheme's promoters received sentences of 13 and 18 years. See No. 84-855, below, for the extortion aspects of this affair.

United States v. Dominic Santarelli, No. 84-855, S.D. Fla., 12/11/84. This was an extortion prosecution of Santarelli and an associate, Dante Grassi, in the takeover of a tax shelter scheme. They were convicted after jury trial in March 1985. On May 7, 1985, after a three-day Fatico hearing, Santarelli was sentenced to 14 years in prison and fined \$10,000; Grassi is to serve 18 years.

United States v. Carl Louis Coppola, No. 86-185, N.D. Ga., 5/8/86. This was a RICO and drug kingpin prosecution of LCN associate Coppola and Juan DiBiase and ten other persons for a drug conspiracy which included murder and robbery in its repertoire of crimes. Coppola was convicted by a jury on April 24, 1987 and sentenced to 55 years in prison. DiBiase is a fugitive.

United States v. Anthony Guarnieri, No. 87-6105, S.D. Fla., 5/27/87. This is a prosecution of Bufalino family captain "Sonny" Guarnieri for infringing trademarks by selling counterfeit Rolex, Gucci, Piaget and Corum watches in Ft. Lauderdale. Guarnieri was convicted and given a probationary sentence to follow a jail term imposed in No. 87-6101, below.

United States v. Anthony Guarnieri, No. 87-6106, S.D. Fla., 5/27/87. In this prosecution, Guarnieri, Stanley Repucci and Anthony "Sonny" Pelosi were accused of conspiring to distribute marijuana. Guarnieri pled guilty on May 13, 1988, and received a two-year prison sentence. See also No. 87-157 on page 4.

United States v. Joseph Indelicato, No. 87-0383, S.D. Fla., 6/9/87. In this indictment, six defendants, including 3 members of American and Canadian families of LCN, were charged with laundering almost \$6 million in drug profits. All were acquitted.

United States v. Elton J. Gissendanner, No. 87-417, S.D. Fla., 6/22/87. On November 12, 1987, Gissendanner, at the time of his indictment the Executive Director of the Florida Department of Natural Resources and Chief of the Florida Marine Patrol, pled guilty to obstruction of justice. Gissendanner had knowingly sent a false letter of commendation to a Federal judge in an attempt to influence the sentence of a convicted drug dealer. He was sentenced to serve 18 months in prison.

Newark Strike Force

United States v. Salvatore Profaci, No. 84-215, D. N.J., 8/2/84. This was an FBI investigation of infiltration of legitimate business in which electronic surveillance was used. Before completion, investigators from the Department of Labor and IRS were involved. The indictment charged Profaci, a capo in the Colombo family (and son of the former boss of that family, Joseph Profaci), with RICO and fraud in the operation of numerous companies (Deran Marketing, Metropolitan Marketing, EOD Services, Fiber Supply Industries and Anco Fiber Corp.) by bribing a vice president of the A&P Food Stores, James T. Gow, to sell the chain's waste boxboard to Profaci concerns. A&P paid Profaci companies \$3 million in brokerage fees of which \$100,000 was kicked back to Gow. The jury acquitted on the RICO charge but convicted on mail fraud counts. On December 20, 1985, the following sentences were passed: Profaci, 4 years in prison; Gow, 2 years. Both were fined \$2,000. The convictions were affirmed on appeal on November 6, 1986.

United States v. Michael Taccetta, No. 85-292, D.N.J., 8/19/85. This was a RICO prosecution of Anthony Accetturo, the head of the Luccese family in New Jersey now resident in Florida, (See No. 80-00331 and 83-6084 on pages 7 and 8) and his New Jersey surrogates, Michael and Martin Taccetta, along with 23 other defendants in Newark, New Jersey, and Florida. The indictment alleged that the group engaged in a widespread criminal practice including mail fraud, extortion, gambling and drug dealing. The case resulted from a 4-year investigation by the FBI using electronic surveillance and numerous searches which turned up \$250,000 cash, 13 guns, counterfeit credit cards, stolen property, gambling and loanshark records and over a kilo of cocaine. On August 26, 1988, all defendants were acquitted.

New Orleans Strike Force

United States v. Carlos Marcello, No. 80-274-G. E.D. La., 6/17/80. This RICO/bribery case grew out of the FBI's BRILAB undercover probe in which two agents worked with convicted labor racketeer Joseph Hauser to set up a shell insurance company and then obtain insurance business through bribery. Hauser's contact in New Orleans was mob boss Carlos Marcello. Marcello, in return for a promised fee, managed to place the medical insurance for the civil servants of the State of Louisiana with Hauser. Marcello was convicted of a RICO offense after a five-month trial, the evidence consisting largely of tapes of intercepted conversations. On January 13, 1982, Marcello was sentenced to seven years in prison. Another tape from the same series of interceptions led to No. 81-720 in Los Angeles set out on page 30.

United States v. Joseph Robert Provenzano, No. 83-510-A, E.D. La., 11/15/83. This was an obstruction case for an assault on a grand jury witness by Provenzano during investigation of case No. 84-103, below. Following a jury conviction Provenzano was sentenced to two years in prison and fined \$20,000 on February 29, 1984.

United States v. Richard H. Kimmel, No. CRG-83-68, N.D. Miss., 12/14/83. This was a mail and bankruptcy fraud prosecution. Kimmel, the brother-in-law of Chicago mob figure Joseph Ferriola, whose only prior experience was as a hairdresser, bought out the country's largest manufacturer of steel lockers, Medart, Inc., and systematically diverted its assets and defrauded its creditors. Kimmel was convicted by a jury and on December 17, 1984, sentenced to six years in prison.

United States v. Joseph Robert Provenzano, No. 84-103, E.D. La., 3/20/84. This was a RICO prosecution involving arson fraud and interstate extortion by "Junior" Provenzano, a member of a longtime LCN family in New Orleans, and seven other defendants. It was worked by the FBI using electronic surveillance and undercover techniques and turned up six actual arsons, three additional arson conspiracies, and two extortions, including an actual assault on a cooperating witness wearing a body recorder. Provenzano was convicted after a three-week jury trial and was sentenced on January 23, 1985, to pay a \$50,000 fine and serve seven years in prison followed by five years on parole. On February 13, 1986, this conviction was affirmed on appeal. See also No. 85-451, below.

United States v. Vincent Bruno, No. 85-451, E.D. La., 12/13/85. This was a fraud prosecution of "Junior" Provenzano, and Orleans Parish Deputy Sheriff Vincent Bruno, (the nephew of Carlos Marcello and a Teamster leader who caused cancellation of the Mardis Gras in 1979 by calling a police strike) for swindling the parents of a felony defendant out of \$10,000 to "fix" their son's case. Although Bruno granted the prisoner-son numerous favors in jail, the defendants kept the money and the victim's son was awarded five years in prison for his offense. Following a jury conviction, Provenzano had his previous sentences increased by three years for this offense. Bruno was awarded 18 months in prison.

New York Strike Force

United States v. Gaetano Badalamenti, No. 84-236, S.D.N.Y., 4/19/84. This was the so-called Pizza Connection heroin case worked by the FBI with assistance from DEA and IRS. It charged 35 defendants with RICO and conspiracy to import heroin. Nine defendants are also charged with participation in a continuing criminal enterprise. Eleven defendants are believed to be members of LCN or the Mafia. The investigation involved many components of the Department. The Newark Strike Force ran down

the money laundering aspects of the group's activities; Philadelphia Strike Force obtained the only hand-to-hand buys of heroin made in the case; and Detroit Strike Force handled the midwest aspects of its operations, where the group obtained some of the heroin involved. Trial began on September 30, 1985, with the Southern District of New York trial team including the Attorney-in-Charge of the Newark Strike Force.

On December 6, 1986, the body of defendant Gaetano Mazzara was dumped on a street in Queens close to the residence of codefendant Salvatore "Toto" Catalano. On February 11, 1987, defendant Pietro Alfano was shot and maimed in a crowded street in Greenwich Villiage. Three gunmen were later arrested. On March 2, 1987, all defendants save Vito Badalamenti, son of Gaetano, were convicted by a jury. Badalamenti, formerly boss of the Cinisi Mafia and chairman of the Sicilian Mafia commission, was sentenced to 45 years in prison and a \$125,000 fine. Salvatore Catalano, a member of the Ciminna Mafia family and a "street boss" of the Bonanno family of LCN, was given 45 years in jail and fined \$1.1 million. Salvatore Lamberti, a member of the Borgetto Mafia family, was sentenced to serve 20 years and fined \$50,000. Francesco Castrono, a member of the Bagheria Mafia family, is to serve 25 years and was fined \$350,000; Francesco Polzzi, a captain in the DeCavalcante LCN family, received 20 years in prison and a fine of \$50,000. Other sentences meted out were:

Salvatore Mazzurco, purchaser and distribution in the operation: 35 years and fined \$50,000;

Guiseppe Lamberti, one of the narcotics buyers for the organization: 35 years and fined \$150,000;

Filippo Casamento, who carries a prior drug conviction and operated as a wholesaler for the operation: 30 years and fined \$75,000;

Salvatore Greco, who helped transmit the money for the organization: 20 years and fined \$200,000;

Giovanni Ligammari, one of the financiers of the group: 15 years and fined \$50,000;

Salvatore Evola, of Temperance, Michigan, who pled guilty during trial: 15 years;

Giovanni Cangliosi, the Sicilian negotiator who helped assemble one heroin deal: 12 years and fined \$50,000;

Emanuela Palazzolo of Milton, Wisconsin, a close and active worker for the midwest group: 12 years and fined \$50,000;

Salvatore Salamone, the organization's armorer (see also No. 84-00150, page 40): 5 years; and

Giuseppe Trupiano, a reluctant watchman over one shipment of drugs: 1 year.

All sentenced defendants were also required to pay a total of over \$3 million to the narcotics rehabilitation fund.

United States v. Matthew Ianniello, No. S-85-CR-116-EW, S.D.N.Y., 2/19/85. This was a RICO prosecution fronted by the FBI with assistance from IRS. It charged "Matty the Horse" Ianniello with concealing his interest in numerous New York bars and restaurants, in fraud of New York licensing and taxing authorities, and skimming from the proceeds for purposes of tax evasion. In December 1985, Ianniello and eight codefendants were convicted of RICO offenses. Ianniello was sentenced to serve six years in prison in the spring of 1986. Some \$2 million in forfeitures was ordered, and a civil suit was filed to allow the Government to take control of yet another restaurant involved in the affair.

United States v. Anthony Salerno, No. S-85-CR-139-RO, S.D.N.Y., 2/26/85. This was the so-called "Commission Indictment" embracing the operations of the heads of New York's five families in RICO charges. The investigation, headed by the FBI, also involved the New York State Organized Crime Task Force, the New York Police Department and the Kings County District Attorney. The evidence was pieced together from various electronic surveillances conducted over a period of time. The indictment charged organized crime activities run by five New York families and charged the following persons: "Fat Tony" Salerno, boss of the Genovese family; Paul "Mr. Paul" Castellano, boss of the Gambino family and underboss Aniello "Neil" Dellacroce; Anthony "Tony Ducks" Corallo, boss of the Luchese family, underboss Salvatore "Tom Mix" Santoro and counselor Christopher "Christie Tick" Furnari; Philip "Rusty" Rustelli, boss of the Bonnano family; and boss Carmine Persico and acting boss Gennaro "Gerry Lang" Langella of the Colombo family. Also charged was Colombo family member Ralph Scopo, president of the Concrete Workers District Council of the Laborers Union, and Bonanno family member Anthony "Bruno" Indelicato.

The indictment charged the "Commission" was formed in 1981 to mediate disputes among and coordinate the actions of the families. It alleged the participants set up a bidding club among cooperating concrete contractors using the Laborers Council to drive out competitors (See No. 85-036 and No. 85-00188 on pages 18 and 19 for similar schemes); resolved family disputes and gave recognition to newly-elevated bosses; utilized murder to maintain order among families; and approved initiation of new members, among other things. Descending to specifics, the indictment charged extortion of \$1,272,000 in 30 months from six

concrete companies; approval of the 1979 murder of MANANO leader Carmine "Lilo" Galante and the 1981 murders of family capos Alphonse "Sonny Red" Indelicato, Dominic "Trin" Trinchera and Philip "Philly Lucky" Giaccone, among others. Castellano was murdered and Dellacroce died after indictment. All major defendants were convicted on November 19, 1986. On November 19, 1986, Salerno, Persico, Langella, Corallo, Santoro, Furnari and Scopo all received 100-year prison sentences. Indelicato was sentenced to serve 40 years. The convictions were affirmed on appeal.

In connection with this trial, Joseph Bonanno (see No. 79-01701-WAI-SJ, page 40) was jailed for civil contempt from September 1985 to November 1987. Bonanno had refused to testify at the trial concerning the inner-workings of the commission, of which he wrote extensively in his 1983 autobiography, A Man of Honor.

United States v. Chang An-Lo, No. SS-85-CR-874, S.D.N.Y., 1/24/86. This was a RICO prosecution based on an FBI and New York Police Department undercover "sting" operation directed against the hierarchy of the all Asian "United Bamboo," or "Bamboo Union". In the course of the operation, 100 undercover agents were actually initiated into the organization, and much of the evidence consisted of consensual audio and video tapes of the defendants themselves. The defendants included Chang, alias "White Wolf", the gang's leader in this country; Chen "Yellow Bird" Chih-Yi, their national head of finance; Tung Kuei-Sen, the gang leader in California; and Lam Tso, the New York City leader. The defendants were charged with acts of racketeering which involved trading in heroin, cocaine and marijuana, illegal gambling and the murder of a journalist. All defendants were convicted. Chang was sentenced to 20 years in prison; Chen and Tung to 20 years and Lam to 25 years.

Philadelphia Strike Force

United States v. Frank Narducci, No. 80-00213, E.D. Pa., 7/14/80. The reputation of the police officer developed in the Mazzio case, No. 80-291, below, led to bribe offers from other racket elements. One of these was a table gambling game run by Frank Narducci, a capo in the Philadelphia family. A RICO/gambling case led to his conviction on April 30, 1981, following a jury trial. He was the victim of a gangland slaying on January 7, 1982. See also No. 81-00049, below.

United States v. Augustine Mazzio, No. 80-291, E.D. Pa., 9/8/80. "Gussie" Mazzio was one of the premier mob numbers bankers in Philadelphia, having inherited his territory from the late mob boss, Angelo Bruno. The case was worked on an undercover basis by the FBI using a Philadelphia policeman posing as a corrupt officer. An approach to the officer had been made on behalf of Mazzio and was immediately reported to the officer's superiors,

who referred it to the FBI due to Pennsylvania's laws against use of consensual recordings. During the operation only the officer's partner and two superiors, one of whom retired before completion of the investigation, knew of the case. Payments were channeled through an actually corrupt officer, Samuel Sliwoo, were finally arranged, and a RICO indictment of Mazzio resulted once Mazzio started making the payments directly. Mazzio was convicted after a two-week jury trial and, on March 6, 1981, sentenced to three years in prison and fined \$2,000. Sliwoo was jailed for one year.

United States v. Phillip Testa, No. 81-00049, E.D. Pa., 2/19/82. This case was originally intended to encompass all of the hierarchy of the Philadelphia LCN. However, boss Angelo Bruno and several of his top capos were slain before the indictment was returned, and underboss Phil Testa and capo Frank Narducci were indicted but murdered before the case went to trial. The prosecution was a RICO case stitched together from many separate investigations which preceded it. The Philadelphia LCN was shown to control two numbers banks, several table gambling games and loanshark operations and to have participated in the planned bankruptcy of a new car dealership during which several automobiles were supplied gratis to LCN members and hangers-on. Convicted were LCN capo Joseph Ciancaglini, Pasquale Spirito, (a member who was murdered after sentencing), and LCN member Harry Picchero (later convicted in State Court for the gangland slaying of consigliere Frank Monte in May 1982). On June 21, 1982, Ciancaglini was sentenced to ten years in prison, Picchero was sentenced to nine years and Spirito was sentenced to eight years.

United States v. Vito Buzzetta, No. 81-358, E.D. Pa., 12/9/81. This heroin distribution case was one of the first to involve persons with known Sicilian connections; three of five defendants barely spoke English. It was an undercover effort by DEA, and all defendants were convicted following a jury trial in April 1982. Buzzetta was sentenced to 17 years in prison followed by 2½ years' special parole on November 19, 1982.

United States v. Raymond Martorano, No. 82-00011, E.D. Pa., 1/23/82. This was another DEA investigation which resulted in the indictment of LCN member Martorano (father of George, see No. 83-00314, below) and two others for an unsavory alliance between the LCN and the local K & A Gang to monopolize the Philadelphia trade in amphetamines. Martorano was sentenced to 10 years on June 30, 1982. The leader of the K&A Gang, John Berkery, remained a fugitive until June 1987, when he was apprehended by the FBI in Rochester, New York, during a drug deal. He had hidden for five years in Ireland. Berkery was convicted by a jury on August 3, 1987. He was sentenced to 15 years in prison on October 29, 1987.

United States v. George Martorano, No. 83-00314, E.D. Pa., 8/19/83. This was an undercover probe of an organization run by

the son of a Philadelphia LCN member which dealt in heroin, cocaine, marijuana and quaaludes. Twelve of 14 defendants were convicted, including Martorano. He was sentenced to life without parole on September 20, 1984. The sentence was vacated on appeal due to the trial court's failure to follow rule 32. Resentencing is pending.

United States v. Cosmo Aiello, No. 84-00321, E.D. Pa., 7/30/84. This was a conspiracy and mail fraud in which an LCN member contracted out manufacture of vast numbers of sport shirts made to look like Izod La Coste "Alligator" shirts. Thousands of counterfeit shirts were sold to retail outlets and subsequently to consumers. Aiello pled guilty on October 10, 1984. He was the victim of a gangland slaying on October 14, 1984.

United States v. Salvatore Salamone, No. 84-00150, M.D. Pa., 10/16/84. This was an FBI investigation of the apparent armorer for the Badalamenti heroin dealers. See No. 84-236 on page 37. Six of the weapons Salamone illegally dealt in were found during searches of premises associated with the Badalamenti group. (Salamone is also a defendant in that case.) He was convicted by a jury and, on April 15, 1985, sentenced to serve 20 years in prison and fined \$35,000. The verdict was overturned on appeal, and retrial may be necessary.

United States v. Leland Beloff, No. 86-453, E.D. Pa., 1/5/87. Beloff, a Philadelphia City Councilman, Philadelphia mob boss Nicodemo Scarfo, mob member Charles Iannece and one other were charged with extortion, including an attempted \$1 million shake-down of major commercial developer Rouse and Associates. In a prosecution tried personally by United States Attorney Edward Dennis, Jr., Scarfo was convicted on May 7, 1987, and Beloff on June 2. The trials featured the testimony of long-time mob members Nicholas "Crow" Caramandi (No. 86-524) and Thomas Del Giorgio (No. 87-00001). Scarfo was sentenced to a prison term of 14 years. The convictions were affirmed on appeal.

San Francisco Strike Force

United States v. Joseph Bonnano, No. 79-01701-WAI-SJ, N.D. Cal., 4/26/79. This prosecution was for obstruction of justice for an attempt to cover up ownership of private businesses. Bonnano is the retired/exiled founder of the family bearing that name and was a resident of Arizona at the time his sons were operating the businesses in San Francisco. The investigation was by the FBI using a now-famous trash cover which had been conducted by Arizona authorities. Bonnano was convicted following a jury trial and sentenced to serve five years on January 12, 1981. See also No. S-85-CR-139-RO on page 37.

United States v. Jerome Gatto, No. 82-111, E.D. Cal., 7/17/82. An FBI investigation resulted in the indictment of Joseph Bonanno, Jr., son of the founder of the family of that name, for fraud. Following suppression of the evidence, a successful appeal to the circuit was prosecuted. Gatto then pled guilty and was sentenced to eight years in prison. On May 29, 1986, a jury convicted Joseph Bonanno, Jr., following an eight-week trial. Vincent Bonanno was acquitted. On November 12, 1985, Joseph Bonanno, Jr., was sentenced to four years in prison. His conviction was affirmed on appeal.



Department of Justice

STATEMENT

OF

JOHN C. KEENEY
ACTING ASSISTANT ATTORNEY GENERAL
CRIMINAL DIVISION

BEFORE

THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

CONCERNING

ORGANIZED CRIME

ON

APRIL 11, 1988

Mr. Chairman and Members of the Subcommittee, I am pleased to have the opportunity to appear before you today to discuss the efforts of the Department of Justice in our continuing battle against organized crime in this country.

We have scored tremendous victories against organized criminal groups over the past few years as a result of a national offensive that has been systematic and sustained. Through an extraordinary series of prosecutions across the country, the mob leadership in our major cities has been crippled. Boston, Buffalo, Chicago, Kansas City, Cleveland, Los Angeles, New Orleans, New York, Philadelphia -- all have seen La Cosa Nostra (LCN) bosses, underbosses and capos convicted, sentenced to long prison terms and stripped of their assets.

And our successes extend beyond individual convictions. The government is setting the agenda and the mob is on the defensive. Mobsters have been overheard on electronic surveillance lamenting the RICO statute and scorning their increasing inability to spend or conceal the proceeds of their crimes. They must go to extraordinary lengths to avoid electronic surveillance; they know they can no longer safely plan crimes in their cars, their favorite clubs, or even on the sidewalk. Power struggles are breaking out as boss after boss is convicted.

Perhaps the best indicator of the progress of our war against organized crime is that more and more racketeers facing stiff sentences are defecting from the ranks of organized crime to become federal witnesses against their former associates. Omerta, the Mafia code of silence, is being challenged by a new

canon: When the going gets tough, the smart change sides. The number and stature of convicted mobsters "flipping" to the government's side in recent years is unprecedented, and in itself demonstrates a significant weakening of the mob. The list of government witnesses includes such figures as long-time mob members Henry Hill, "Jimmy the Weasel" Fratianno, Angelo Lonardo, Thomas Del Giorno, and Nicholas Caramandi as well as former Teamsters president Roy Williams.

But, important as our successes have been, they are mere battles won in a war that continues to rage. Organized crime in this country is neither dead nor dying. La Cosa Nostra is a resilient and opportunistic group of criminals. Although it may never again amass the concentrated power it once wielded, it must not be underestimated. If we reduce our vigilance or ease the pressure, the criminals who make up the mob will grab back every inch we have taken away. The LCN is continually in the process of replenishing its ranks and diversifying into new areas. At the same time, newer organized criminal groups, such as the Chinese Wah Ching and the Japanese Yakuza, have emerged, ready to fill in the power vacuum caused by our offensive against the LCN hierarchy.

The challenge facing law enforcement today is to sustain our pressure on the LCN and at the same time prevent emerging organized criminal groups from acquiring a power base.

- 3 -

In my testimony today, I will first highlight the progress that the Department of Justice has made against organized crime in recent years. I will then discuss what I believe are the reasons for this progress and what we have learned from our successes. Third, I will discuss the challenges remaining for the future and our strategy to continue the successful fight against organized crime.

RECENT SUCCESSES

As you know, the cornerstone of the Department's organized crime program is the Organized Crime and Racketeering Section of the Criminal Division. The Organized Crime and Racketeering Section has established Strike Forces in fourteen cities across the country with significant organized crime problems. There are Strike Force Field Offices in ten additional cities. The Attorney-in-Charge of each Strike Force works closely with his United States Attorney to develop an organized crime enforcement plan for the district that achieves the optimum integration of all available resources. Close coordination of prosecutors and investigators in the Strike Force offices is encouraged. In developing and executing their district enforcement plans, the Strike Forces draw on the expertise of federal investigative agencies, including the FBI, DEA, the Department of Labor, the Internal Revenue Service, the Bureau of Alcohol, Tobacco and Firearms, the Immigration and Naturalization Service, the U.S. Customs Service, the U.S. Postal Service, and the U.S. Secret

Service, as well as state and local investigators and prosecutors.

Quite simply, the mission of the Strike Forces is to disrupt organized criminal enterprises by imprisoning their leadership and forfeiting their assets. Using the most sophisticated and intrusive investigative techniques, including electronic surveillance, undercover operations and aggressive use of the federal grand jury and the federal immunity statute, they are dedicated to building comprehensive Racketeer Influenced and Corrupt Organizations (RICO) cases against entire crime families. As the following survey of cities demonstrates, they have met with great success.

Family Prosecutions

Boston

In February, 1986, the Boston Strike Force convicted Gennaro Angiulo, head of the Boston branch of the Patriarca family of La Cosa Nostra, two capos and an associate on a RICO indictment that charged as predicate acts six murders, two conspiracies to murder, loansharking, gambling, and obstruction of justice. 1/ The eight-month jury trial, which was based in large part on tape-recorded evidence obtained during three months of electronic surveillance of Angiulo's criminal headquarters, was the longest in the history of the District of Massachusetts. Angiulo was sentenced to a term of 45 years, and property worth approximately \$4 million was forfeited to the United States. One year later, Ilario Zannino, the consigliere, whose case had been severed from

the other Angiulo defendants, was convicted of loansharking and gambling and sentenced to thirty years in prison.

Buffalo

In Buffalo, New York, where the first Organized Crime Strike Force was created in 1967, LCN boss Samuel Russotti, his underboss, consigliere, and several capos and associates were convicted in 1984 following a six-week trial. 2/ This RICO prosecution embraced predicate acts of murder, arson, extortion and obstruction of justice. Russotti and four other leaders received 40-year sentences.

Chicago and Kansas City

In 1986, Joseph Aiuppa, the boss of the Chicago LCN family, the underboss and three other Chicago LCN members were convicted by the Kansas City Strike Force in a landmark case which dramatically demonstrated LCN domination of the Teamsters Union and major Las Vegas casinos. 3/ The Aiuppa case laid out a conspiracy among four LCN families to use their influence with the Teamsters Central States Pension Fund in Chicago to obtain more than \$80 million in loans for the acquisition and improvement of Las Vegas casinos. The evidence was that they then "skimmed" the profits and distributed the skimmed money among the mob families in Kansas City, Chicago, Milwaukee and Cleveland. Aiuppa, who had never before been convicted of a serious offense, was sentenced to 28 years. Also convicted were Carl DeLuna, acting boss of the Kansas City family, Frank

Balistrieri, boss of the Milwaukee family, and Milton Rockman, financial advisor to the Cleveland family.

The Aiuppa case illustrates the challenges and the rewards of prosecuting organized crime on the national level. The prosecution was based on 4,000 hours of electronic surveillance conducted by the FBI in five different judicial districts. To ensure the necessary coordination among the different jurisdictions during this lengthy and sensitive investigation, the Department appointed a career attorney in the Organized Crime and Racketeering Section to oversee the case's investigative development.

The government's case was significantly bolstered by the testimony of two witnesses, Angelo Lonardo and Roy Williams, both of whom had previously been convicted in Strike Force prosecutions and decided to cooperate with the government in the face of long prison terms. In 1985, Lonardo, underboss of the Cleveland LCN family, had been convicted by the Cleveland Strike Force of violating the RICO statute and sentenced to a life term without parole. 4/ In 1982, former Teamsters president Williams had been convicted by the Chicago Strike Force and sentenced to ten years in prison for his role in a conspiracy to bribe a United States Senator in order to defeat legislation affecting deregulation of the trucking industry. 5/

The Kansas City prosecution demonstrates the advantages of long term, nationally coordinated investigations, the effectiveness of court authorized electronic surveillance as an

investigative tool, and the benefits of turning convicted defendants into government witnesses.

Cleveland

Also convicted with Angelo Lonardo, the Cleveland underboss who received a life sentence and testified in the Kansas City case, were two of his young street captains, Joseph Gallo and Thomas Sinito. 6/ Gallo received a life sentence, while Sinito had four years added to a previous sentence of 18 years. The boss of the Cleveland family, James Licavoli, had been successfully prosecuted by the Cleveland Strike Force in 1982. He received a 17-year sentence and later died in prison. 7/

Los Angeles

In 1981, Los Angeles mob boss Dominick Brooklier, his underboss, and two associates were convicted in a RICO prosecution and sent to prison, where Brooklier died in 1984. 8/

New Orleans

In 1981, New Orleans mob boss Carlos Marcello was convicted on a RICO indictment as a result of the FBI's BRILAB undercover investigation. 9/ Following a five-month trial, Marcello was sentenced to seven years in prison. He also received a ten-year consecutive sentence for a conspiracy to bribe the judge in the Brooklier case in Los Angeles.

New York

As you know, New York has been the site of unprecedented organized crime prosecutions over the past several years. In a series of RICO cases, the bosses of four of the five LCN families

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were convicted of racketeering and sentenced to long prison terms. The fifth boss was murdered before he went to trial.

Foremost among the New York prosecutions was the so-called "Commission" case prosecuted by the United States Attorney for the Southern District of New York. 10/ This RICO prosecution charged the bosses of each of the five families with being members of an organized crime "Commission" which coordinated the criminal activities of the five families and mediated disputes which arose between the families. Three bosses, two underbosses and one consigliere were convicted in November 1986, and sentenced to 100 year prison terms, as was Colombo family member Ralph Scopo, president of the Concrete Workers District Council of the Laborers Union. The fourth boss, Paul Castellano, was murdered prior to the trial. Bonanno family boss Philip Rastelli was severed from the case because he was on trial in another prosecution.

In addition to the Commission case, each New York LCN family has recently been the subject of at least one major RICO prosecution. In June 1986, the leadership of the Colombo family, including boss Carmine Persico, underboss Gennaro Langella, and four capos, were convicted in a RICO prosecution involving labor racketeering. 11/

Philip Rastelli, boss of the Bonanno family, and several other family members were convicted in a RICO prosecution by the Brooklyn Strike Force in October 1986, following a six-month jury trial. 12/ The charges in that case involved labor racketeering

in the domination of the moving and storage industry in New York City and also included related charges of arson, robbery and mail fraud. Rastelli was sentenced to 12 years in prison.

The Luchese family was the target of a RICO prosecution by the Brooklyn Strike Force in 1986. 13/ Ten Lucchese members and associates were charged with dominating the air freight business at John F. Kennedy Airport in New York. Nine of the ten defendants pled guilty and the tenth was convicted following a jury trial. The defendants received sentences of up to twelve years.

The Gambino family, the largest of the five New York families, has been the subject of numerous federal prosecutions. In June 1986, sixteen members and associates of the Gambino family were indicted by the Brooklyn Strike Force. 14/ Eleven of the fifteen defendants were convicted, including the consigliere, Joseph N. Gallo.

After nine months of trial, a second RICO prosecution involving the Gambino family recently resulted in a mistrial on a motion by the government which alleged attempts to tamper with the jury. 15/ In a rare proceeding, nine Federal judges from the Eastern District of New York sitting en banc found that the government had properly raised questions of jury tampering, thereby clearing the way for a retrial.

Finally, in March 1987, John Gotti, who became boss of the Gambino family following the murder of Paul Castellano, was

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acquitted of RICO charges by a jury sitting in the Eastern District of New York. 16/

The fifth New York family is the Genovese family. Six members of the Genovese family and several associates are currently in the final phase of a trial in New York on a RICO indictment which charges a wide range of racketeering activities, including a charge that Anthony Salerno and others controlled the election of the president of the Teamsters Union. 17/

One final New York prosecution that deserves particular mention is the so-called "Pizza Connection" heroin prosecution. 18/ The indictment in that case charged 35 defendants with participating in an international heroin ring which imported over a metric ton of heroin and resulted in the transfer of over \$50 million in proceeds to the Sicilian mafia through Swiss bank accounts. The Newark, Detroit, and Philadelphia Strike Forces and the Organized Crime Unit of the United States Attorney's Office for the Southern District of New York all participated in the investigation of the case, which culminated in a 17 month trial in the Southern District of New York. Eighteen of the nineteen defendants who went to trial were convicted and received sentences of up to 45 years.

Philadelphia

Finally, in Philadelphia, a RICO indictment against Nicky Scarfo, boss of the Philadelphia mob, and eighteen other mob associates was returned on January 11, 1988. 19/ The indictment

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charges the defendants with participating in an eleven-year racketeering conspiracy which included ten murders, four attempted murders, and a variety of extortion, gambling, and narcotics offenses. This is a "second generation" mob prosecution in Philadelphia. A 1981 RICO prosecution resulted in the conviction of several leaders of the Philadelphia mob, although boss Angelo Bruno, underboss Phil Testa, and several top capos were slain before the case went to trial. 20/ Scarfo was also recently convicted of extortion and sentenced to a fourteen-year term in a 1987 prosecution. 21/

Industry Prosecutions

In addition to targeting for prosecution the leadership of LCN families, a second, more recent element of our strategy has been to remove organized crime from the marketplace by identifying and focusing our efforts on specific industries or sectors of the economy that have been corrupted, and in some cases, dominated by organized crime. This approach implements the recommendations of the 1986 President's Commission on Organized Crime which addressed organized crime's involvement in labor racketeering. It represents an important new step in the continuing evolutionary development in the government's tactical war against organized crime.

In the early years of fighting the LCN, our response to organized crime activities was basically a reactive one. A crime was committed and law enforcement tried to solve it. The next

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step in the evolution was the targeting of specific organized crime figures who were responsible for large numbers of crimes. This strategy was effective to a point but in some instances we found that mob leaders were replaced by those below them with little or no disruption to the functioning of the organization.

This realization led to the development of the enterprise theory of investigation and prosecution in which we target not individuals but whole criminal organizations or families, so that an entire chain of command is eliminated at one time. As we have just seen, this strategy has been used with considerable success.

However, given the increasingly sophisticated nature of our economy and the ability of organized crime to exploit it, even enterprise prosecutions are not enough. Our strategy has expanded to include the active scrutiny of our economy for particular sectors that have been corrupted by organized crime, followed by the targeting and attacking of that corruption on an industry-wide basis.

Organized labor has historically provided a vital power base through which the mob has placed a strangle hold on our economy. All too frequently, organized criminal groups have used their control of particular labor unions and the fear of labor unrest in particular industries to allocate business among contractors and firms from whom members of these groups have demanded and received payoffs.

One important aspect of the LCN "Commission" case in New York involved such an extortion scheme. 22/ In that case,

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mobsters used their domination of the local Concrete and Cement Workers Union to control the allocation of contracts to pour concrete on construction jobs in New York City. Operation of the bid-rigging scheme involved payoffs to the mob of up to 2% of the value of each concrete contract which exceeded \$2 million. The result of this scheme was in effect a 2% tax -- payable to the mob -- on the foundation of each large building project in Manhattan.

Two of the Commission defendants, Carmine Persico and Gennaro Langella, leaders of the Colombo family, had already been convicted in a separate prosecution which charged Colombo family members with the controlling concrete construction contracts below \$2 million, demanding and receiving payoffs of up to 1% of the contract price, and dominating certain local unions in New York affiliated with the Teamsters and Hotel Employees unions. 23/

Although he was not charged with personal participation in the construction bid-rigging "Club," Bonanno family boss Phillip Rastelli was convicted on October 15, 1986, of racketeering and extortion in a federal prosecution which detailed a twenty-year history of the Bonanno organized crime family's influence over the New York moving and storage industry. 24/ After a six-month trial prosecuted by the Brooklyn Strike Force, Rastelli and fourteen other defendants, including the entire leadership of Teamsters Local Union 814 in New York and executives of moving and storage firms, were convicted. A major

part of the racketeering activity consisted of a conspiracy among owners of moving and storage firms, union officials, and organized crime figures to make and receive payoffs of up to 5% of the contract revenue. In return for the payoffs, union help and organized crime muscle protected a bid-rigging scheme to monopolize government moving contracts in the New York metropolitan area. Indeed, it was determined during the investigation that a payoff to labor officials and organized crime figures had been built into the cost of a particular moving contract for which the Federal Government had paid \$142,000 in connection with the relocation of an FBI office.

The conviction on November 5, 1986, of Harry Davidoff, a Teamsters Local Union 851 official, through the efforts of the Brooklyn Strike Force demonstrated that the Lucchese organized crime family, through its control of two Teamster local unions, reaped millions of dollars in illegal profit from a wide variety of extortionate and other criminal activity. 25/ The racketeering conspiracy, which covered an eight-year period, charged the extortion or attempted extortion of more than \$1.5 million in labor peace payoffs from air freight companies at Kennedy Airport.

Moving back further in time, operation UNIRAC in the late '70's broke the cycle of mob corruption of the ports along the Eastern Seaboard. The UNIRAC prosecutions exposed the LCN's manipulation of the shipping industry through its infiltration of the International Longshoreman's Union and resulted in the

conviction of more than 130 businessmen, union officials and LCN members.

The series of casino-related prosecutions in Las Vegas and Kansas City were also "industry" prosecutions, although not originally highlighted in that manner. During the Kansas City skimming prosecution, the government presented evidence that certain LCN defendants used their influence with the Teamsters Central States Pension Fund in Chicago in order to obtain loans in excess of \$80 million for the acquisition and improvement of the casinos. During this trial, former Teamsters president Roy Williams testified that he accepted monthly payments of \$1,500 from the LCN between 1974 and 1981 as a result of his activities as a Pension Fund trustee and his help in arranging the casino loans. Williams, of course, had been convicted by the Chicago Strike Force for his role in a conspiracy to bribe a United States Senator in order to defeat legislation affecting the deregulation of the trucking industry. Among his co-defendants was Allen Dorfman, a former asset manager and insurance provider for the Central States Fund, who was murdered one month after being convicted.

Although it has received the most public attention, organized labor is not the only sector of the economy which has been exploited by organized crime. More and more, our investigations disclose that owners and managers of legitimate businesses have cooperated with organized crime in return for benefits such

as decreased labor costs, inflated prices, or increased share of a market.

For example, in 1985, Standard Drywall Corporation, one of the largest dry wall contractors in the New York metropolitan area, entered guilty pleas to criminal charges and agreed to make restitution of \$1 million to the United States Treasury, the State of New York, union-sponsored pension and welfare funds, and an insurance company which it had defrauded of payroll taxes, fringe benefit contributions, and unemployment insurance benefit payments, respectively. 26/ The scheme involved the employment of workers "off the books" over a three-year period, that is, for wages in cash and without taxes or fringe benefits being paid. The company's owners and more than twenty key employees have also been convicted in the case.

In 1981, Eugene Boffa, an owner of a nationwide labor leasing business, was convicted by the Philadelphia Strike Force, sentenced to twenty years' imprisonment and ordered to forfeit assets worth approximately \$250,000 and his interest in the leasing corporations as a result of his participation in a racketeering scheme to defraud employees of their benefits under existing collective bargaining contracts. 27/ The fraudulent scheme involved keeping labor costs down and silencing aggrieved employees by closing down business operations at particular locations, terminating employees' jobs, and then restarting new businesses at the same locations. Managers concealed from the employees the true identity of the new businesses which paid

considerably lower wages and benefits. At some locations, the union official representing the terminated employees was bribed to overlook this flagrant violation of employees' rights under their labor contracts.

In addition to the conviction of executives in the moving and storage industry as part of the Rastelli prosecution, the Brooklyn Strike Force's use of the "enterprise" approach resulted in the conviction of a powerful leader of the Colombo organized crime family, Michael Franzese, in connection with his racketeering activities in a wide variety of industry segments including; automobile dealerships, construction firms, movie production companies, oil and gasoline distributorships, and a union-sponsored employee benefit plan. 28/ Following his guilty plea, Franzese was sentenced to ten years' imprisonment, fined \$35,000, and ordered to forfeit \$4,748,112 and to make restitution to his victims in the amount of \$10 million. Among the victims were the States of New York, Florida, and New Jersey which were defrauded of millions of dollars in taxes through Franzese's distribution of bootleg fuel oil and gasoline.

In May 1987, the New Haven Field Office of the Boston Strike Force convicted the owner of a mob-run company which fraudulently administered the dental plans of most Teamsters locals in Connecticut. 29/ Under this scheme, select Teamsters officers received a host of expensive, cosmetic dental benefits to which they were not entitled, and, in turn, insured that the dental administrator's company turned a larger profit.

In a prosecution by the Newark Strike Force, in New Jersey, three officers of United Terminals, Inc., a stevedoring company, were indicted along with several mobsters and union officials for taking part in a scheme to utilize a lower-paid class of union employees at a shipyard in violation of union regulations. 30/

In September, 1986, the provider of claims service to a Teamsters welfare fund and the owner of companies providing health care services to the fund were convicted by the Detroit Strike Force in a RICO prosecution which charged that they paid off union officials to gain business from the fund. 31/ The union officials, one of whom was the son of the late Teamsters president Frank Fitzsimmons, were also convicted.

As these cases graphically demonstrate, while organized labor has been frequently victimized and exploited by organized crime, management has also been a fertile ground for mob corruption.

Civil RICO

While keeping the pressure on the mob with criminal prosecutions, we have also added the civil provisions of the RICO statute to our arsenal of weapons. Under Section 1964 of Title 18, the federal government is authorized to file civil RICO actions to prevent and restrain violations of the criminal RICO provisions. Civil RICO permits the government to remove organized criminal influence from enterprises which have been corrupted and exploited by organized crime. It is a valuable

tool, both as a follow-up and as an alternative to criminal RICO charges.

A civil RICO case can, in certain circumstances, present a more effective means of attacking the prohibited conduct than a criminal RICO prosecution. For example, under civil RICO treble damages and a wide variety of equitable relief are available. In addition, the burden of proof in a civil RICO case is a preponderance of the evidence, rather than beyond a reasonable doubt. Liberal rules of pleading are in effect for civil RICO cases, including the possibility of amending the complaint. Venue in civil RICO cases is governed by special provisions that are broader than those for ordinary civil suits. In a case where the government seeks only equitable relief, the defendant generally is not entitled to a jury trial. Civil RICO provides for the issuance of civil investigative demands by the United States prior to the institution of criminal or civil proceedings. Preliminary relief is also available to the government under civil RICO.

In civil action, unlike a criminal prosecution, the government has available to it the full panoply of discovery provided for by the Federal Rules of Civil Procedure, including depositions, interrogatories, and requests for production of documents.

Also of great significance are the flexible injunctive remedies available under the civil RICO statute. For example, a court can enter an order prohibiting a labor racketeer from

participating in the affairs of the union he corrupted. The court can bar members of an organized crime family from associating with each other or "making" new members. The court can order mobsters to make restitution to their victims or divest their interests in corruptly held businesses.

Probably the most dramatic civil RICO remedy imposed to date was placing the mob-corrupted Teamsters Local 560 into a court-supervised receivership and enjoining officials of Local 560 from future involvement in the affairs of the labor organization which they had dominated and controlled by means of criminal activity for more than twenty years. The Court of Appeals for the Third Circuit upheld the use of this remedy in a watershed opinion supporting the usage of the civil enforcement provisions of the RICO statute against labor-management racketeering. 32/

In the Local 560 case, the Newark Strike Force proved that mob members had continuously committed acts of murder, extortion, violence, and labor racketeering as part of their effort to seize and maintain control of Teamster Local 560 in Union City, New Jersey. Despite repeated arrests, prosecutions, convictions, and even lengthy incarceration of these racketeers, they returned again and again to their union offices with appalling audacity. At the time the RICO complaint was filed in 1982, these mobsters -- either directly or through friends and relatives -- utterly dominated the local's Executive Board, and had used their positions to gain access to union funds. As the district court

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put it, these "gangsters, aided and abetted by their relatives and sycophants, engaged in a multifaceted orgy of criminal activity."

Applying sanctions permitted by civil RICO, the district court enjoined the defendants from further acts of racketeering, removed all members of the Executive Board from their positions as trustees, created a temporary trusteeship for the union, and ordered a democratic election under governmental supervision following an eighteen-month cooling off period. The court described the granting of these extraordinary remedies as the use of a judicial scalpel to remove a "malignancy."

The Local 560 decision was particularly important in that it upheld the concept that union officers not convicted of criminal offenses under RICO can nonetheless be removed from office for having aided and abetted other convicted union officials to control and dominate the union through a pattern of extortion directed at union members' rights of free speech and democratic participation in labor union affairs. That is, the aiders and abettors of racketeering activity can be removed from their union positions even though they have not been criminally prosecuted and convicted of the underlying offenses by which the convicted officials inspired fear in the union membership.

Since this landmark decision, the Government has achieved other successes using civil RICO. In June 1986, shortly after final action by the Supreme Court let the Local 560 decision stand, federal prosecutors in New York City filed a civil RICO

complaint seeking appointment of a trustee to oversee the affairs of Local 6A, Cement and Concrete Workers Union. 33/ As I mentioned above in the discussion of the "Commission" case, the Cement and Concrete Workers Union had been infiltrated and exploited by the LCN to control construction contracts in New York.

The Local 6A litigation was resolved through a consent agreement entered into on March 18, 1987, by the union with the government. Under the terms of the agreement, the union will be supervised by a court-appointed trustee until 1990, when new elections will be held. In addition, several union officials were forced to step down and permanently barred from further participation in the union.

Other civil RICO cases have followed. After Genovese family capo Matthew Ianniello was convicted in a RICO prosecution which included among its charges the skimming of profits from Umberto's Clam House, the government filed a civil RICO lawsuit to divest Matthew Ianniello of his interest in the restaurant, bar him from further participation in the restaurant business, and place Umberto's Clam House under trusteeship while the civil case is pending. 34/ The judge agreed to place the restaurant under a trusteeship to prevent further skimming.

On August 26, 1987, the United States Attorney in Brooklyn filed a civil RICO case which charged the Bonanno LCN family with controlling Teamsters Local 814 and several businesses in the New York moving and storage industry. 35/ This case was a

follow-up to the criminal RICO prosecution by the Brooklyn Strike Force and sought to remove the present leadership of Local 814 and permanently bar the convicted mob defendants from any further union activity. On October 9, 1987, a consent decree was approved which provided for the immediate resignation of the current Executive Board and the appointment of a trustee by the court.

On October 15, 1987, the United States Attorney for the Southern District of New York filed a civil RICO suit against members of the Genovese organized crime family, union officials; and others in connection with the operation of the Fulton Fish Market in New York City. 36/ The complaint is designed to remove the Genovese Family's control over the operations of the Fulton Fish Market and Local 359, which the Genovese Family has controlled since the 1930's. The Fulton Fish Market, located in the lower Manhattan section of New York City, provides the majority of the fresh seafood in the New York metropolitan area, amounting to approximately one billion pounds per year. Local 359 has members employed by companies operating at or out of the Fulton Fish Market.

The complaint alleges that the Genovese Family, certain of its members, and officers of Local 359, United Seafood Workers, Smoked Fish and Cannery Union, United Food and Commercial Workers Union, AFL-CIO, CLC (Local 358) are conducting, and conspiring to conduct, a pattern of racketeering activity based on predicate acts including theft from interstate shipments, extortionate

credit transactions, interference with commerce by extortion, illegal gambling businesses, illegal labor payments, wire fraud and murder. The complaint follows a 1981 RICO prosecution in which Carmine and Peter Romano and others were convicted of labor-racketeering in connection with the operation of the Fulton Fish Market.

The relief sought includes injunctions against future RICO violations; divestiture of the Genovese Family members' businesses that are related to the Fulton Fish Market; an injunction against Genovese Family members, associates, and all present defendants prohibiting their re-entry into the commercial seafood industry; removal of union officials from office and appointment of a trustee; and appointment of administrators to direct the operation of the Fulton Fish Market.

On December 2, 1987, the United States Attorney for the Eastern District of Pennsylvania filed a civil RICO suit against Stephen Traitz, Jr., Business Manager of Locals 30 and 30B, United Slate, Tile and Composition Roofers, Damp and Waterproof Workers Association (Roofers Union), and other persons affiliated with the locals. 37/ The civil suit was filed immediately upon the criminal RICO convictions of Traitz and others for conducting the affairs of the Roofers Union through a pattern of racketeering activity. The evidence in the criminal case established that virtually the entire leadership of the Roofers Union was engaged in a variety of criminal activity including public corruption and extortion. For example, owners of roofing

companies within Local 30's jurisdiction were routinely called into the union office and threatened with violence if they did not make payments to the union. In addition, numerous judges and other public officials in the Philadelphia area were bribed by Traitz with money that was generated by kickbacks received from the law firm that provided legal services under the union's prepaid legal plan.

The civil RICO complaint in the Roofers Union case, which includes allegations beyond those established in the criminal trial, seeks to enjoin the convicted defendants from participating in the affairs of the union, and requests that a trustee be appointed by the court to oversee the union's affairs until elections of new officers can be held.

Let me emphasize that the government's objective in these cases is to help labor union members perceive that they can run their own organizations according to the democratic principles guaranteed in the Labor Management Reporting and Disclosure Act of 1959 and without domination by organized criminal elements. The goal is not to take away unions from the workers but to return them to the workers.

The civil RICO statute is an extremely effective and powerful tool when used in appropriate cases. It is appropriate, for example, when a receivership is the only means of repairing the extensive damage inflicted over a period of years by a career-criminal group -- damage which remains even after key

members of the group have been removed from union affairs and from society at large by criminal prosecution and incarceration.

The second arm of the civil RICO statute, the treble damages provision, has also been employed recently by the Department. Section 1964(c) provides that "any person injured in his business or property by reason of a violation of Section 1962 of this Chapter may sue therefor . . . and shall recover threefold the damages he sustains." The first action filed by the government under this provision was United States v. Barnette, filed in the Middle District of Florida in 1985. Barnette, which is still pending, was filed by the Department's Civil Division after the successful completion of a RICO prosecution which charged the defendants with defrauding the Department of Defense in connection with the awarding of laundry contracts. 38/ The suit seeks to recover for the government more than \$47 million in damages from two businessmen and three companies. We are also seeking an injunction that would divest the individual defendants of their interests in certain companies and bar them from doing further business with the government.

A second civil RICO suit for treble damages was filed in Brooklyn in 1985. In United States v. Shasho, the government's complaint alleges that more than thirty accountants, insurance adjusters and businessmen defrauded the Federal Emergency Management Agency of \$1 million by filing fraudulent insurance claims. 39/ Twenty-three of the defendants have previously been

convicted of criminal charges related to the scheme. The suit, which is still pending, seeks \$3 million in treble damages.

A third civil RICO case, United States v. Turoff, was filed in April 1987 by the United States Attorney in Brooklyn on behalf of the National Credit Union Administration. 40/ It charges four defendants with defrauding a federally insured credit union of \$1.2 million. The defendants, who have been convicted of criminal charges, owned a company through which they paid bribes to secure the rights to install electronic meters in New York City taxicabs. The investigation of these bribes eventually unraveled extensive corruption throughout New York City's transportation agencies.

Obscenity Prosecutions

Another focus of our attention in recent years has been organized crime's involvement in the obscenity industry. The Attorney General's Commission on Pornography concluded that the findings of a 1978 FBI analysis remained essentially correct in 1986, namely, that, "few pornographers can operate in the United States independently without some involvement with organized crime." Chief Daryl F. Gates, Los Angeles Police Department, testified before that 1986 national Commission as follows:

Organized crime infiltrated the pornography industry in Los Angeles in 1969 due to the lucrative financial benefit. By 1975, organized crime controlled eighty percent of the industry and it is estimated that this figure is between eighty five and ninety (85%-90%) percent today.

The California Attorney General's 1986 Organized Crime in California Report "estimates that nationwide revenues from pornography range from \$7 billion to \$10 billion annually, and organized crime is believed to be connected to most of this money."

Based on reports such as these, we created a special unit at the Department of Justice, the National Obscenity Enforcement Unit (NOEU), to implement an initiative against obscenity, organized crime and child sexual exploitation. The NOEU works with the Strike Forces in investigating and prosecuting obscenity crimes which have an organized crime connection.

REASONS FOR SUCCESS

Statutory Tools

The list of accomplishments which I have just recited indicates that we at the Department of Justice are making good use of the statutory tools with which the Congress has provided us. A large share of the credit for our success must go to you for responding when we have requested additional legislation to close loopholes in the criminal code or to change the statutory landscape to keep pace with a rapidly developing technological society.

One of the most significant weapons with which you have armed us, the RICO statute, needs little further discussion except to emphasize that recent amendments have made a good law even better.

The Comprehensive Crime Control Act of 1984 substantially strengthened the RICO forfeiture provisions. It codified the relation back doctrine under which the government's interest in forfeitable property vests upon commission of the act that gives rise to forfeiture. 18 U.S.C. § 1963(c). The Act also amended the forfeiture provisions to permit the government to seek a restraining order, before or after indictment, to preserve the availability of the forfeitable property. 18 U.S.C. § 1963(d). The Anti-Drug Abuse Act of 1986 further amended the RICO statute to provide for the forfeiture of substitute assets. This important statute also added obscenity offenses and money laundering offenses to the list of RICO predicates.

A second statute which has been vital to our success in fighting organized crime has been Title III of the Crime Control Act of 1968 -- the electronic surveillance statute. The contribution made by electronic surveillance to the investigation and prosecution of organized crime cannot be overstated. Simply stated, nothing is more persuasive to a jury than a tape of a mob boss ordering a hit or describing the chain of command of his criminal organization.

As with the RICO statute, recent amendments to the electronic surveillance statute have helped to keep investigators and prosecutors up to speed with technological developments and the increased sophistication of our targets.

The Electronic Communications Privacy Act of 1986 provides authorization for a "roving tap" that enables law enforcement

officers to intercept a target's criminal conversations without specifying the exact location to be bugged or telephone to be tapped in advance of the court order. 41/ Before the enactment of this amendment, an order authorizing electronic surveillance was required to indicate with particularity the telephone or location where the interception was to occur. This requirement proved impractical in cases where suspects met in parking lots and open fields, or move from hotel room to hotel room, to avoid being overheard by law enforcement. The new amendments also establish procedures for conducting intercepts of cellular telephones, digital readout beepers and electronic mail.

Another of the 1986 amendments about which we are enthusiastic authorizes state and local law enforcement officers to monitor an ongoing federal wiretap under the direction of a federal law enforcement officer without the need for going through the special deputization procedure. Over the years, state and local law enforcement officers, as members of joint investigative teams, have devoted many hours to manning federal wires that have led to successful organized crime prosecutions. We want to encourage these joint efforts and this should further that end.

A third recent statutory enactment which we anticipate will result in a significant number of prosecutions in the organized crime area is the Money Laundering Control Act of 1986. The Act created two new offenses, generically designated as "money laundering", which were codified at 18 U.S.C. §§ 1956 and 1957.

Section 1956 criminalizes virtually any dealings with the proceeds of a wide range of "specified unlawful activities" when those dealings are aimed at furthering the same "specified unlawful activities" or at concealing or disguising the source, ownership, location, or nature of the proceeds. Section 1957 creates a new offense entitled "engaging in monetary transactions in property derived from specified unlawful activity." In effect, this statute proscribes any knowing receipt of criminally derived funds when over \$10,000 is involved and a financial institution is utilized at some point. As a practical matter, these statutes give us the means to prosecute organized crime figures for spending their dirty money, depositing it, investing it, transferring it, or doing almost anything with it other than hiding it under their mattresses.

The 1986 Act also added a new crime to the Bank Secrecy Act entitled "structuring to evade reporting requirements." Section 5324 of Title 31 is specifically intended to overrule a line of cases initiated by United States v. Anzalone, 766 F.2d 676 (1st Cir. 1985). Under the terms of this statute, it is unlawful to cause or attempt to cause a domestic financial institution to fail to file a Currency Transaction Report (CTR) or file a CTR with omissions or misstatements. Further, and most significantly, it is now unlawful to "structure," "assist in structuring," or attempt to do either of the above with one or more domestic financial institutions. In addition to these new offenses, the Money Laundering Control Act authorizes both civil

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and criminal forfeitures relating to money laundering. Sections 1956 and 1957 as well as the currency reporting requirements of Title 31 have been made RICO and Title III predicates.

National Coordination

A second factor which has played an important role in the successful prosecution of organized crime is the coordination of our organized crime program on the national level through the Organized Crime and Racketeering Section of the Criminal Division. The battle against organized crime is being fought on many fronts. RICO cases often involve predicate crimes committed in more than one district. As a result of the review and coordination of RICO prosecutions at the national level, numerous organized crime defendants have been prosecuted in two or more RICO cases without any violations of the double jeopardy clause.

As the Kansas City skimming prosecution demonstrated, organized crime investigations also frequently involve electronic surveillance ongoing in different judicial districts simultaneously. If these investigations are not coordinated, the significance of leads may be missed and the potential for further prosecutions lost. Again the Kansas City case is a good example. It began as an investigation to prevent suspected gangland murders in the Kansas City area. During the course of the investigation, information was uncovered which eventually led to disclosure of the skimming activity and the involvement of organized crime figures from several cities. The investigation ultimately involved approximately 100 FBI agents.

National coordination is also important to informed decision-making as to the expenditure of resources.

Contribution of Local Authorities

A third ingredient in the formula for successful organized crime prosecution is the assistance and cooperation of local authorities. The Strike Force concept encourages federal prosecutors and agents to work closely with local authorities in developing organized crime cases. The fact is that local investigators and prosecutors have made immeasurable contributions to the successful prosecutions I have described in this testimony.

RICO prosecutions are frequently based in part on offenses which are normally prosecuted on the local level, such as murder or robbery. When such state offenses are incorporated into a RICO prosecution, the expertise of state investigators and prosecutors is indispensable. In several federal prosecutions, local prosecutors have been temporarily cross-designated as federal prosecutors to assist in the federal prosecution.

Local authorities also make a significant contribution by continuing to prosecute traditional organized crime moneymaking activities such as gambling and prostitution. If we are to win this war, we must squeeze the mob from both ends -- at the street level where the local expertise lies and in the syndicate boardrooms where we can take advantage of the FBI's expertise in undercover investigations and electronic surveillance. Organized

crime prosecution on the national level will not be successful if there is not aggressive prosecution on the local level as well.

These are some of the ingredients in the successful formula for fighting organized crime: effective laws, national coordination, and local cooperation. All three ingredients have played important roles in our success.

CHALLENGES FOR THE FUTURE

What, then, is our blueprint for the next few years?

First, we will keep the pressure on the LCN. The day that one mobster is put into jail is the day we start building our case against his possible successor. We will continue to pursue RICO prosecutions of entire LCN families and utilize the forfeiture provisions to the fullest extent possible.

Second, we will increase our scrutiny of industries to identify those that are infected by organized crime and we will continue to vigorously pursue every available means of liberating organizations or businesses which have been corrupted or taken over by the mob. In this regard, we are in the process of informing the United States Attorneys' Offices and the Strike Forces on the virtues of civil RICO and how it can be used effectively. The Criminal Division has published and distributed a manual on the use of civil RICO and the Organized Crime and Racketeering Section plans to sponsor a civil RICO seminar in conjunction with the Attorney General's Advocacy Institute. We are also drawing on the expertise of our Civil Division

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attorneys. Another avenue we are exploring is the prospect of using the antitrust laws as a method of loosening the grip of organized crime on our economy, a prospect about which Assistant Attorney General Rule of the Antitrust Division is enthusiastic. We have identified to the Antitrust Division areas where its analytical resources can be used to examine anti-competitive practices engaged in by the mob, such as bid rigging and price fixing -- practices that may be reachable under an antitrust theory even without evidence of violence or extortionate tactics.

Third, we will emphasize the early investigation and prosecution of non-traditional or non-LCN organized crime syndicates -- sometimes referred to as emerging groups. The increasing concern expressed by state and local authorities, particularly on the West Coast, prompted intensive study over the past year, by both the FBI and the Criminal Division, of the threat posed by Asian organized crime groups operating in this country. The results of that study have confirmed the severity of the threat posed by Asian organized crime groups and the need for federal involvement in some areas of the country.

Our attention is focused most closely on a few Chinese criminal groups now operating in the United States such as the Wah Ching on the West Coast, the Hip Sing in New York and the Ping On in Boston. These groups have evolved from street gangs that acted as lookouts for gambling games to powerful syndicates who sometimes employ the less developed Vietnamese gangs as their enforcers and whose criminal activities in this country rival

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(and in some instances surpass) the LCN in terms of diversity and violence. Their criminal portfolios include illegal gambling, loansharking, heroin trafficking, money laundering, contract murder, interstate prostitution and theft rings, and alier smuggling. And they are adopting the earmark of organized crime -- corruption of our public officials and institutions -- as their modus operandi.

To meet this growing threat we have tasked the Strike Forces with targeting Asian organized crime groups for prosecution using the enterprise theory that has proven successful in attacking the LCN. The Federal Bureau of Investigation, Drug Enforcement Administration, Immigration and Naturalization Service, Internal Revenue Service, Bureau of Alcohol, Tobacco and Firearms, and U.S. Customs Service all have pledged their support and cooperation in this new initiative and we will again draw on the expertise of state and local law enforcement authorities.

CONCLUSION

In conclusion, I would like to return to my initial theme. We have made progress against organized crime, but we cannot let up our pressure. The LCN must not be underestimated. We simply cannot slip into complacency because we have won significant victories. Only by sustaining our effort will we continue to reduce the threat from organized crime. It has been said that eternal vigilance is the price of liberty. Eternal vigilance is also the price we must pay for a society free from the parasite of organized crime.

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On behalf of the Department of Justice, I thank you for your wisdom in giving us powerful tools with which to fight organized crime, and I enlist your continued support in our efforts.

Footnotes

- 1/ United States v. Angiulo, No. 83-235-N (D. Mass. filed Sept. 17, 1983).
- 2/ United States v. Russotti, No. 82-156 (W.D.N.Y. filed Nov. 8, 1982), convictions affirmed sub nom. United States v. Paone, 782 F.2d 386 (2d Cir. 1986), cert. denied, 107 S. Ct. 269 (1987).
- 3/ United States v. DeLuna, No. 83-124 (W.D. Mo. filed Sept. 30, 1983), convictions affirmed sub nom. United States v. Cerone, No. 86-1439 (8th Cir. Oct. 8, 1987).
- 4/ United States v. Gallo, No. 82-119 (N.D. Ohio filed July 6, 1982)
- 5/ United States v. Dorfman, No. 81-CR-269 (N.D. Ill. filed May 22, 1981), convictions affirmed sub nom. United States v. Williams, 737 F.2d 594 (7th Cir. 1984), cert. denied, 470 U.S. 1003 (1985).
- 6/ United States v. Gallo, No. 82-119 (N.D. Ohio filed July 6, 1982).
- 7/ United States v. Licavoli, No. CR-79-103 (N.D. Ohio filed May 3, 1979), convictions affirmed, 725 F.2d 1040 (6th Cir.), cert. denied, 467 U.S. 1252 (1984).
- 8/ United States v. Brooklier, No. 79-126-TH-A (C.D. Cal. filed May 15, 1980), convictions affirmed, 685 F.2d 1208 (9th Cir. 1982), cert. denied, 459 U.S. 1206 (1983).
- 9/ United States v. Marcello, No. 80-276-G (E.D. La. filed June 17, 1980), convictions affirmed sub nom. United States v. Roemer, 703 F.2d 805 (5th Cir. 1983), cert. denied, 464 U.S. 935 (1983).
- 10/ United States v. Salerno, No. S-85-CR-139-RO (S.D.N.Y. filed Feb. 26, 1985).
- 11/ United States v. Persico, No. S-84-CR-809 (S.D.N.Y. filed Oct. 24, 1984).
- 12/ United States v. Rastelli, No. 85-345 (E.D.N.Y. filed June 10, 1985).
- 13/ United States v. Santoro, No. 85-100 (E.D.N.Y. filed Feb. 20, 1985).

- 14/ United States v. Gallo, No. 86-452 (E.D.N.Y. filed Sept. 21, 1983).
- 15/ United States v. Ruggiero, No. 83-CR-412 (E.D.N.Y. filed Sept. 21, 1983).
- 16/ United States v. Dellacroce, (E.D.N.Y. filed March 28, 1985). At the time of his death, Castellano was on trial with several co-defendants for RICO-related charges. His principal co-defendants were convicted in that case.
- 17/ United States v. Salerno, No. 86-CR-245 (S.D.N.Y. filed March 21, 1986).
- 18/ United States v. Badalamenti, No. 84-236 (S.D.N.Y. filed April 19, 1984).
- 19/ United States v. Scarfo, No. 88-0003 (E.D. Pa. filed January 11, 1988).
- 20/ United States v. Testa, No. 81-49 (E.D. Pa. filed Feb. 19, 1981), convictions affirmed sub nom. United States v. Riccobene, 709 F.2d 214 (3d Cir.), cert. denied sub nom. Ciancaqlini v. United States, 104 S. Ct. 157 (1983).
- 21/ United States v. Beloff, No. 86-453 (E.D. Pa. filed Jan. 5, 1987).
- 22/ United States v. Salerno, No. S-85-CR-139-RO (S.D.N.Y. filed Feb. 26, 1985).
- 23/ United States v. Persico, No. S-84-CR-809 (S.D.N.Y. filed Oct. 24, 1984).
- 24/ United States v. Rastelli, No. 85-345 (E.D.N.Y. filed June 10, 1985).
- 25/ United States v. Santoro, No. 85-100 (E.D.N.Y. superseding indictment filed June 13, 1986).
- 26/ United States v. Standard Drywall Corp., No. 85-036 (E.D.N.Y. filed January 14, 1985).
- 27/ United States v. Boffa, 688 F.2d 919 (3d Cir. 1982), cert. denied, 103 S. Ct. 1272 (1983).
- 28/ United States v. Franzese, No. 85-755 (E.D.N.Y. filed Dec. 19, 1985).

- 29/ United States v. Rossetti, No. 86-2 (D. Conn. filed June 27, 1986).
- 30/ United States v. DiGilio, No. 86-340 (D. N.J. filed Nov. 3, 1986).
- 31/ United States v. Collins, No. 84-20715 (E.D. Mich. filed Dec. 21, 1984).
- 32/ United States v. Local 560, International Brotherhood of Teamsters, 780 F.2d 267 (3d Cir. 1985), cert. denied, 106 S. Ct. 2247 (1986).
- 33/ United States v. Local 6A, Cement and Concrete Workers, Laborers International Union of North America, No. 86 Civ. 4819 (VLB) (S.D.N.Y. filed June 19, 1986).
- 34/ United States v. Ianniello, No. 86 Civ. 1552-CSH (S.D.N.Y. filed Feb. 12, 1986). See also 824 F.2d 203 (2d Cir. 1987).
- 35/ United States v. The Bonanno Organized Crime Family, No. CV-87-2974 (E.D.N.Y. filed August 26, 1987).
- 36/ United States v. Local 359, United Seafood Workers, No. 87 Civ 7351 (S.D.N.Y. filed October 15, 1987).
- 37/ United States v. Local 30, United Slate, Tile and Composition Roofers, Damp and Waterproof Workers Association, No. 87-7718 (E.D. Pa. filed Dec. 2, 1987).
- 38/ United States v. Barnette, No. 85-754-CIV-J-16 (M.D. Fla. filed May 16, 1985).
- 39/ United States v. Shasho, No. CV-86-1667 (E.D.N.Y. filed May 19, 1987).
- 40/ United States v. Turoff, No. CV-87-1324 (E.D.N.Y. filed April 29, 1987).
- 41/ 18 U.S.C. § 2518(11).

Mr. SCHUMER. Thank you. I want to thank all the panelists for their conciseness and their brevity. I have a couple of questions, particularly one question of Mr. Good because it was mentioned in your bio that you worked on the *ABSCAM* case.

Did that have anything to do with causing some of these problems? Because that strikes me—no pun intended—that was not an organized crime—

Mr. GOOD. I'll tell you how that case got started. I started that case as a simple undercover operation. I had been working with Tom Puccio for over 12 years. He had just taken over the strike force, and I had just taken over as senior resident agent in charge of the Long Island office.

So I went to him with my cases because I had a good relationship with him. When he saw that spreading into the area, he immediately brought Ed Corman and his staff into the picture and they worked that case together from start to finish.

Mr. SCHUMER. So there was no—

Mr. GOOD. No conflict whatsoever.

Mr. SCHUMER. The next question I have is, Mr. Good, given the fact we're going to have some different types of personalities in both jobs, which side would you come down on?

We have to make a decision, and the decision's a difficult one in this sense: Let us even say one leans in the direction of the strike forces ought to be maintained, as Mr. Good and Mr. Jemilo have mentioned. It does involve going against the Attorney General. It does involve, not just going against him, but something that many Members of Congress might regard as his prerogative in running the Department himself. We certainly have the legal power to do it but it's going to involve an extra argument.

Do you think it's worth undertaking?

Mr. GOOD. Absolutely. It has to be focused in on giving prosecutors that come in the opportunity to select a career as a prosecutor, that takes them out of the appointment system and give them the opportunity to not have to worry about the next U.S. attorney coming in, if he comes head of the strike force or the Chief of the Criminal Division.

Mr. SCHUMER. Another question I had for all three gentlemen, because we've heard a lot of things about U.S. attorneys today, and one of the problems mentioned is, they have sort of short—each one of you mentioned it in a different way—they have a shorter term perspective.

Would it make more sense to lengthen the term—this is not the subject of this hearing but it's relevant and for at least our education, maybe—would it make sense to lengthen the term?

Mr. GOOD. Not only to lengthen the term but to select the U.S. attorney or his chief deputy from a career path, not an appointment.

Mr. SCHUMER. OK.

Mr. GOOD. He could be the overall titular head, but have his staff made up of career people.

Mr. SCHUMER. Do you think the better U.S. attorneys are those who have served time in the—

Mr. GOOD. Absolutely. It takes so much time to get the experience as a trial counsel, to develop rapport with the other agencies.

When a law enforcement agent comes in and deals with 3 people on one case, and they're here today and gone tomorrow, there's no opportunity to develop a relationship of confidence and trust between you, and you have to do that.

Mr. SCHUMER. Would our other two panelists agree?

Mr. JEMILO. I totally agree with that, Mr. Chairman.

Mr. FUESEL. I totally agree with that, Mr. Chairman.

Mr. SCHUMER. I have no further questions.

Mr. Sangmeister.

Mr. SANGMEISTER. No, I don't really have any questions either, although I want to compliment you all for taking time to come here. I think you back up the prior panel that we had with the kind of background that we need. I think it just further shows, Mr. Chairman, that this committee ought to be acting in this area.

Those of you that work with the strike force—the previous panel was concerned that all this good talent is going to now start leaving their offices because of what's out there. Are you fearful of that also?

Mr. FUESEL. Definitely, sir, a 100-percent correct.

Mr. SANGMEISTER. So I think that also indicates, Mr. Chairman, somewhat, the urgency involved here.

Mr. SCHUMER. I understand that.

The gentleman from Illinois, those of you from Chicago should know, is a new member of the committee, but one who has become active and his voice is very well respected on this committee.

I just have one final question. Let's say we do determine we ought to keep the strike forces. Is there any system other than the guideline, that would be needed? Could DOJ do it? Can they do an adequate job?

Do we have instances of runaway strike forces that just go too far off on their own?

Mr. GOOD. I think that might have happened in the old days, but not anymore. The oversight that has overtaken the criminal justice now has pretty well control. Nobody can go out and do anything on their own anymore. The strike forces are more controlled than the U.S. attorney's office. The U.S. attorney can bring in an indictment like that. The strike force has to get Washington's approval and the U.S. attorney's approval. The U.S. attorney, in all essence now, has control over the strike force.

Mr. SCHUMER. Mr. Jemilo.

Mr. JEMILO. Mr. Chairman, I would just submit this—and I mention it in my testimony—that what I would suggest is that an effective evaluation program be set in place similar to—but I'm not pushing Prof. Mike Maltz's necessarily. But he spent a considerable amount of time putting together a 120-page report—

Mr. SCHUMER. An excellent job.

Mr. JEMILO [continuing]. Which would at least suggest ways to determine the effectiveness of these organized crime strike forces and then detect weaknesses, and then make recommendations for appropriate change. And if it's not that one, then maybe another one—but not by executive fiat it should be—by some calculated, well thought-out evaluation program.

Mr. GOOD. I think that's what they're missing the boat on.

Mr. SCHUMER. Mr. Fuesel, you can get the last word—or, are you in agreement?

Mr. FUESEL. I'll agree with my two colleagues.

Mr. SCHUMER. OK.

I want to thank all the panels. I truly think this was an excellent hearing in the finest sense of what a hearing should be all about, which is educating the Congress. So, gentlemen, thank you for your time.

Mr. JEMILLO. Thank you, Mr. Chairman.

Mr. SCHUMER. The subcommittee is adjourned.

[Whereupon, at 5:20 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD



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June 14, 1989

Hon. Charles Schumer
Chairman,
Sub-Committee on Criminal Procedure,
Committee on the Judiciary
U.S. House of Representatives
126 Cannon House Office Building
1st and Independence Avenue, S.E.
Washington, D.C. 20515

Dear Chuck:

I have been following your career with pleasure and admiration. I would therefore have very much enjoyed the opportunity to see you at hearings on the Organized Crime Strike Forces, but I cannot make it in person. I am therefore sending this letter instead. I should preface it by making clear, for the record, that my son is a Strike Force attorney and, also, that I am a lifetime friend of Attorney General Thornburgh. As you know I was Assistant Attorney General in Charge of the Criminal Division from 1978-1981 and I teach regularly about federal efforts to deal with organized crime, working closely with agents and prosecutors involved in those efforts.

I think it makes no sense at all to abolish the remarkably successful set of structures the federal government has used to pursue sizeable organized crime operations. There was talk of that a dozen years ago when the Attorney General was head of the Criminal Division. In the ensuing years there has

been an absolutely remarkable set of prosecutions from coast to coast and from Louisiana to Boston, bringing traditional organized crime down from a heady pinnacle in crime to a far more battered remnant. What has worked is a structure built on a set of concepts: sharp focus on only the most dangerous criminal targets; geographic coordination through central control in Washington; responsibility for assuring respect for civil liberties even in pursuing a widely hated group, guaranteed by Washington leadership; staffing by long-term career prosecutors; unusually close working relationships with the F.B.I. and other investigative agencies; and a reduced caseload allowing particularly intensive investigations.

Unless the Congress and the Executive are prepared to accept a conclusion that the United States no longer needs a federal capacity to deal with large and loyal criminal organizations which are prepared to use intimidation and corruption to secure themselves against the normal, everyday forms of police and prosecutorial investigation and trial, there is no justification for abandoning the truly remarkable structure that has provided that federal capacity for the last decade. I have yet to see a persuasive argument made for the proposed change; and there ought to be a good reason for trying to fix what is so far from broken and what is providing our nation with very important protections against powerful criminal challenges to the rule of law.

I suspect the primary reason for the proposal is that the U.S. Attorneys simply don't like having an independent

jurisdiction out there in the field, bringing cases that often command substantial public attention and which might, if credited to the U.S. Attorney, further personal ambitions. This seems to me to be a very bad reason. Federal law enforcement should be worried about protecting the safety of American citizens, not the comfort, pride, or jealousy of U.S. Attorneys. The U.S. Attorneys see that central value choice very clearly when local District Attorneys complain about federal prosecution of local public corruption, a rivalry that makes the local District Attorney look bad and the U.S. Attorney look good. The answer given by federal prosecutors -- and correctly -- is that the duplication and rivalry has had immense advantages for the citizens of our country, far outweighing in importance the cost to the pride of local District Attorneys. This is no longer a debateable issue, as the Congress's decision in overruling McNally makes clear. The same answer should be given when the U.S. Attorneys are expressing organizational jealousies about the role of the Strike Forces and mounting a highly organized political campaign to eliminate them.

The Organized Crime Strike Forces, including their Washington leadership, constitute a quite small part of the rapidly growing federal prosecutorial force. Moreover the proposal to end their independence from local U.S. Attorneys would still maintain a very high percentage of that very small force working on organized crime matters. There are

therefore no significant savings to be made in terms of dollars and positions -- surely no savings adequate to be worth the risk of abandoning a structure that has proved so successful in such an important mission.

There is talk of duplication of effort, but in practice the problem of coordination between the local Strike Force chief and the U.S. Attorney has been solved with remarkable ease and success over the last decade. Actual duplication of effort, which is only very rarely a problem, is very different from some limited overlap in jurisdiction and therefore some limited competition and rivalry. That there may be, but on the whole it is very healthy. I've done a great deal of work studying the law enforcement systems of other countries throughout the world. Federalism in the form of overlapping investigative and prosecutorial jurisdictions has served the United States very, very well. It has greatly reduced the costs of ineffectiveness, corruption, and an unwillingness to depart from traditional ways -- costs that have undermined the credibility of many nations' law enforcement efforts. Some rivalry in efforts to pursue the criminal organizations that can control the life of significant segments of our cities is a good thing, not a bad thing.

Finally, an argument that the U.S. Attorneys can do the job as well as the remarkable cadre of career prosecutors that has been built up in the Strike Forces seems to me to be implausible. They simply are unlikely to be able to provide

the type of investigative and prosecutorial skills that are needed. The U.S. Attorneys themselves are not career prosecutors in most cases. Occasionally, even in critical cities, they have turned out to be seriously defective prosecutors and leaders. They do not have the same long-term vision that the Strike Forces have had. It has sometimes taken decades to bring about the remarkable successes that have been accomplished; a U.S. Attorney cannot wait for even two or three years for results. The U.S. Attorneys do not work with each other; so if there is an organization that operates in a number of cities (even as close as Boston is to Providence) the U.S. Attorneys will not be able to coordinate the investigations well. The investment in resources, if put in the control of the U.S. Attorneys, will present a constant temptation to diversion for other more immediate purposes.

Please feel free to insert this letter in the record of your hearings. I think this is an important occasion for oversight. What is proposed is the elimination of a remarkable and extremely vigorous arm of federal law enforcement at a time when its efforts are still very much needed, and for reasons that are not remotely persuasive.

Sincerely,



Philip B. Heymann