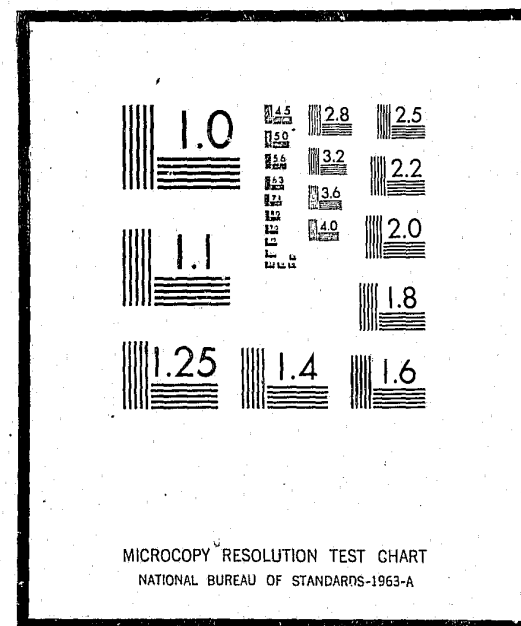


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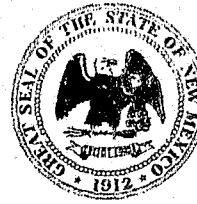
STATE OF NEW MEXICO

GOVERNOR'S
ORGANIZED CRIME
PREVENTION COMMISSION

1975
ANNUAL REPORT

Santa Fe, New Mexico

January 1976



THE GOVERNOR'S ORGANIZED CRIME PREVENTION COMMISSION

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MAILING ADDRESS
P.O. Box 1805
ALBUQUERQUE, N.M. 87103

January 1976

The Honorable Jerry Apodaca, Governor
State of New Mexico

The Honorable Members
New Mexico State Legislature

There is enclosed the Commission's report for the calendar year 1975.

As you know, 1975 was a critical year for this Commission. There has been confusion concerning its powers and duties, its objectives, and concern expressed on such matters as maintenance of files and dissemination of information. In this report, we have endeavored to follow a format which will provide the concerned official and citizen highlights of the history and activities of the Commission which should clarify many of the questions or misconceptions. Several other reports on specific subjects have been prepared by the Commission staff and have been disseminated to the Governor and appropriate agencies.

We have been deeply impressed by the efforts of the staff working in an atmosphere which necessitated expenditure of extensive time in a defensive role. The dedication of the personnel has been most exemplary.

The Commission believes that substantial progress has been made under adverse conditions. A strong base has been established characterized with healthy policies and procedures, with an accumulation of most useful knowledge, several solid examples of organized crime deterrence, and most encouraging lines of communication inside and outside the State.

We believe that a sometimes overlooked accomplishment has been the Commission's distinct success in maintaining a non-political and firmly objective posture in discharging its responsibilities.

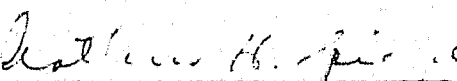
As we examine the status of organized crime within the country, further aggravated by the alarming nationwide breakdown of the fabric of our society,

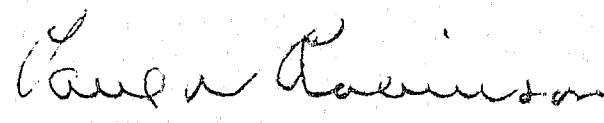
The preparation of this report was financially aided through a federal grant from the Law Enforcement Assistance Administration; however, the conclusions and statements expressed in the report do not necessarily attach to the responsibility of the Law Enforcement Assistance Administration or to the Governor's Council on Criminal Justice Planning.

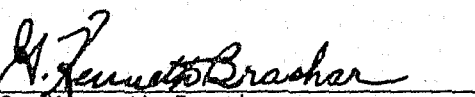
including the functioning of the Criminal Justice System, we do strongly recommend that we continue development of vigilance following an orderly and constructive course fully within the framework of the law.


Respectfully,

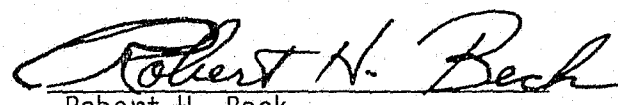
COMMISSIONERS:

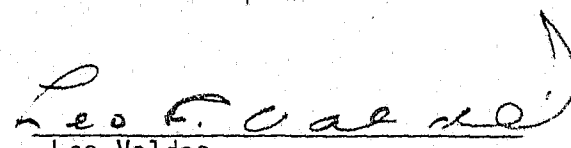

Arthur H. Spiegel, Chairman

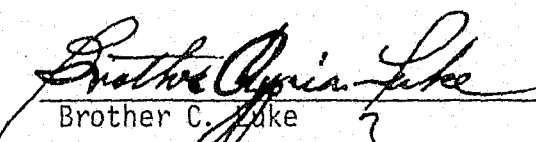

Paul W. Robinson

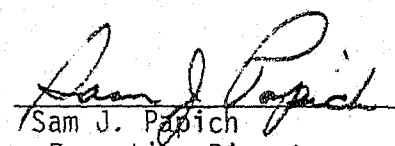

G. Kenneth Brashar


Charles C. Spann


Robert H. Beck


Leo Valdes


Brother C. Luke


Sam J. Papich
Executive Director

Executive Staff:

Sam J. Papich, Executive Director
William J. Tarangelo, Assistant Director

Legal Counsel:

C. Richard Baker

Investigators:

John R. Bradford
Fred L. White
Marvin L. Jones
Anthony F. Otero
Marvin L. Young
Val R. McClure

Ray Alt, Detective
Albuquerque Police Department

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I. 1975 - THE COMMISSION - A CONTROVERSIAL ISSUE

Beginning in January 1975, the Commission became a heated issue and during the Legislative Session there was serious doubt that it would survive. The principal attack centered on the alleged "secrecy" of the Commission's operations. It was implied that dossiers were being prepared entirely out of the scope of the Commission's powers; that rights of citizens were being violated; and very importantly that it was difficult to determine exactly what the Commission was doing because of its restrictive dissemination of information. It was obvious that the reports released in 1973 and 1974 did not meet the satisfaction of the critics. It was also quite clear that the Commission had not effectively communicated a satisfactory message.

The Commission found that many of the critics had not analyzed the Organized Crime Act which created the Commission. Many of them had but a vague conception of the Commission's powers and duties. Few had read the annual reports of 1973 and 1974. Standing out as a generally accepted criterion for evaluating the Commission's efforts was the question "What arrests have been made by the Commission?" It was and is quite clear that the Commission will always be confronted with this view even though its mission is not statutorily oriented in this direction.

The battle in the Legislature ended with the establishment of a Legislative Oversight Committee composed of the President Pro Tempore of the Senate, the Speaker of the House of Representatives and the Minority Leader of the Senate*. This Committee was empowered to

*Senator I. M. Smalley
Representative Walter K. Martinez
Senator John E. Conway

"maintain continuous review and appraisal of the activities" of the Commission and the investigations of the staff and to "make reports to the Legislature on the results of its review and appraisal." The statute does not authorize the Oversight Committee to examine the files of the Commission "without the express permission of the Commission."

The Commission survived but was immediately placed in a continuing defensive role. Probably no agency in the history of the State had been the subject of such examination and scrutiny. Discounting the expected opposition of individuals directly or indirectly associated with criminal activity, the many questions raised concerning the Commission emanated from a citizenry highly disturbed over alarming developments on the national scene - the spillover from Watergate, the exposés of alleged abuses on the part of federal investigative and intelligence agencies, and the "Big Brother" threat associated with intelligence collection. The atmosphere in the country certainly was a factor when one examined the Commission.

It was to the credit of the Commission that although critics were displeased with the amount of information released by the Commission, not a single complainant produced any evidence whatsoever indicating any form of unethical, irregular, or illegal acts on the part of the Commission or its staff. The Commission's record of impartial and non-political handling of its responsibilities was without blemish.

The 1975 experience further accentuated the gravity of the Commission's decision-making in discharging responsibility of informing the public and the Legislature most effectively but also being able to protect the constitutional rights of citizens, including those engaged in activities directed against the wellbeing of New Mexicans. The

Commission has been duly impressed that its handling of this responsibility far outweighs any other task.

It is the opinion of the Commission that because of the nature of the Commission's responsibilities, communication with the public and lawmakers will continually be a major responsibility, and rightfully so. The Commission will give this subject special attention in its monitoring of staff operations.

II. THE COMMISSION STAFF

Although the statute creating the Commission became law on March 29, 1973, the staff was not fully recruited until the end of July 1973. It became an operational entity at that time with an Executive Director, Assistant Director, a Legal Counsel, an Analyst, 3 investigators, 1 investigator detailed from the State Police, and 1 assigned from the Albuquerque Police Department and 4 secretaries/clerks. This amounted to a total of 11 employees on the staff plus 2 from other agencies who were not on the Governor's Organized Crime Prevention Commission's payroll.

The changes which have taken place have resulted in an increase of 1 employee. The organizational structure at present is: Executive Director, Assistant Director, Legal Counsel, 5 Investigators, 1 Administrative Officer/Investigator, 3 Secretaries/Clerks, 1 part-time Secretary, for a total of 12 full-time employees. There is still an officer from the Albuquerque Police Department who has part-time duties at the Commission.

The only employees who had any significant experience in the organized crime field were the Director and the Assistant Director. The Commission did not have the luxury of hiring experienced specialists. Training consisted of a two-week session in a California school and on-the-job training which proceeds on a continuing basis.

The progress made by the investigators has been very encouraging. Moving from a street crime orientation to investigating targets of a much more sophisticated and complex nature has been a process of gradual evolution. Because of the size of the staff, it was necessary that they

operate in utility roles, namely being able to move in any field, but also being adept at researching, analyzing and effectively reporting. At the same time, the secretarial staff has not only been engaged in normal secretarial duties, but has been exposed to research, analysis, streamlining administrative procedures, and being able to handle each other's duties. The staff has established a smooth-functioning base.

Looking into the future, there is a continuing need for further development of expertise particularly in the complexities associated with organized crime penetration of the business community. There is a need for improvement in the areas of research, analysis and reporting. Within the scope of resources available, the improvements will come with day-to-day experience but will require firm administration to avoid staleness. The attainment of the desired degree of professional skills will take much more time as the Commission moves through its development stage.

III. HISTORY OF THE COMMISSION'S FUNDING

The following is a brief narrative of the Commission's funding since its inception.

A. 61st FY (1972-1973): The Council received \$23,500 in February 1973, representing a 1971 L.E.A.A. bloc grant. The newly-formed Commission received \$23,900 in general appropriations from the Legislature and also received \$25,000, representing a 1972 L.E.A.A. bloc grant, in June 1973. The total revenues of both the Council and the Commission were \$72,400. Since the Commission did not become fully operational in this fiscal year, total expenditures were \$48,846, leaving an unexpended balance of \$23,554.

B. 62nd FY (1973-1974): In addition to the money carried over (\$23,554), the Commission was appropriated \$35,700 from the state general fund, received a 1973 L.E.A.A. bloc grant of \$50,000 and an L.E.A.A. discretionary grant of \$104,748 for a statewide intelligence unit. Total revenues for the year were \$214,002 and total expenditures were \$203,955, leaving an unexpended balance of \$10,047.

C. 63rd FY (1974-1975): In addition to the money carried over (\$10,047), the Commission was appropriated \$52,800 from the state general fund, received a 1974 L.E.A.A. bloc grant of \$75,000 and an L.E.A.A. discretionary grant of \$155,821. Total revenues for the year were \$293,668 and total expenditures were \$236,068, leaving an unexpended balance of federal funds of \$57,600 which have been carried over into the current 64th FY.

D. 64th FY (1975-1976): In addition to the money carried over (\$57,600), the Commission was appropriated \$137,500 from the state

general fund and received a 1975 L.E.A.A. bloc grant of \$50,000. Since there was no L.E.A.A. discretionary grant category that fit the needs of the Commission, no application was submitted. Total revenues for this fiscal year are \$245,100 and projected expenditures are anticipated to be \$266,300 which will result in a deficiency of \$21,200. A request for a supplemental appropriation has been submitted to cover this deficiency. An application has also been submitted to L.E.A.A. for a supplemental discretionary grant for the same purpose. In the event the L.E.A.A. grant is approved, the request for supplemental state appropriation will be withdrawn.

A summary of the foregoing is as follows:

<u>REVENUE SOURCE</u>	<u>61st FY (1972-1973)</u>	<u>62nd FY (1973-1974)</u>	<u>63rd FY (1974-1975)</u>	<u>64th FY (1975-1976)</u>
General Fund	\$23,900	\$ 35,700	\$ 52,800	\$137,500
Bloc Grants	48,500	50,000	75,000	50,000
Disc. Grants	-0-	104,748	155,821	-0-
Prior Year Carryover	-0-	23,554	10,047	57,600
Totals	<u>\$72,400</u>	<u>\$214,002</u>	<u>\$293,668</u>	<u>\$245,100</u>

An appropriation request and operating budget of \$326,800 has been submitted for the 65th FY (1976-1977) which represents an increase of \$60,500 over the prior fiscal year. The bulk of this increase is in the personal services category. There has been no increase in the number of personnel but the salaries of the personnel have risen due to the state government salary increases and the annual merit increases of each employee. The balance of the increase in the request is due to inflationary factors and the increased rates of per diem and mileage. The entire appropriation request will consist of state general fund

as the use of federal funds as seed money terminates at the end of the current fiscal year.

IV. OPERATIONAL PHILOSOPHY OF THE COMMISSION

To place the present status of the Commission in proper perspective, it is useful to briefly review its origin. The Organized Crime Act, which created the Commission, was signed by the Governor on March 29, 1973, after study conducted by the State Police, the Governor's Criminal Justice Planning Council and the New Mexico Council on Crime and Delinquency convincingly established the need for an agency to give special attention to organized crime. The concern manifested in New Mexico was well identified with a nationwide expression for action against a threat which was undermining the economic, social and even the political stability of the nation. This was the beginning and must be used as a fundamental point of reference.

The Commission's responsibilities must be and are predicated on the law as set forth in the Organized Crime Act. The language could invite questionable deviation but the Commission has religiously endeavored to implement operations which adhere to the statute's clearly specified powers and the Commission's best interpretation of the original intent of the lawmakers.

The various misconceptions of the Commission's true mandate can be understood bearing in mind that approaches to combating organized crime on a national level continue to be varied and replete with differences on the subject of organizational structure and operational philosophy. The very definition of organized crime poses continuing disagreement. Therefore, if citizens of New Mexico have not understood and accepted a clear-cut conception of the Governor's Organized Crime Prevention Commission, it is not a unique situation but one which must be

considered as almost an inherent obstacle in establishing acceptance.

The Commission's interpretation of the intent of lawmakers was not that the staff become a squad of investigators concentrating on street crime or in any way competing with the existing law enforcement agencies. To discharge its statutory responsibilities, the Commission, like any organization, examined the law and proceeded to structure itself and its staff of employees under the following framework:

A. Organization

1. Administration - The management of the fiscal, personnel, purchasing, budgeting, maintenance, recording and filing, and reporting requirements of the Commission.

2. Intelligence - The collection, collation, evaluation, filing, analysis, and dissemination of intelligence relating to organized crime.

3. Investigation - The conduct of investigations of the activities of specific individuals or organizational crime targets. These investigations are conducted by the Commission alone or in cooperation with local, state, or federal agencies.

4. Research and Analysis - Inquiry, research, study, and analysis of the operations and effectiveness of the various components of the criminal justice system with reference to organized crime.

5. Assessment and Planning - Assessment of the extent, scope, direction, and level of organized crime and the development of comprehensive organized crime control planning for all components of the criminal justice system.

6. Coordination - The development and operation of organizations, methods, and lines of communication to increase the degree of coordination and cooperation among the agencies in combating organized crime. For

example, this Commission has been instrumental in the formation and the operations of the Organized Crime Committee which consists of the heads of police agencies in the State; in the promotion of joint investigative efforts by police agencies against major criminal groups; and in promoting various other forms of coordination.

7. Reporting - The preparation and dissemination of reports to the Governor, and Legislature, law enforcement agencies, prosecutive agencies, and the public, relating to all of the foregoing categories. These reports range from comprehensive annual reports on organized crime to reports on individual cases.

B. Operational Guidelines

The thrust of the Commission's efforts has been to attack organized crime wherever it may be detected, but doing so ethically and legally. This has been accomplished by the following:

1. Where there is evidence to warrant prosecutive consideration, the matter is channeled to the Attorney General, a District Attorney, or federal agencies.

2. Where counter-action can be exercised by a regulatory agency, we coordinate with such agency.

3. Where entree of an organized crime threat can be prevented by orienting or advising citizens or business firms, it is done in conformance with the law.

4. Where there is need for legislative remedy, we so recommend.

5. Where there is need for additional resources, we so recommend.

6. Where coordination of resources is needed, we do give emphasis to involvement in such coordination.

7. Where orientation and/or education is needed, we do get involved.

8. Where there is need for constructive organizational changes, we do so recommend.

In addition to the foregoing, the Commission has interpreted and accepted legislative intent to actively respond to responsibilities set forth in the statute reading:

"The Commission shall conduct investigations in connection with:

1. the faithful execution and effective enforcement of the laws with reference to organized crime; and
2. the conduct of public officers and public employees in matters connected with organized crime."

It is in this extremely sensitive and delicate area that relates to corruption or serious system defects which always will breed controversy. The Commission's philosophy is simply described that by minimizing corruption or seeds of corruption the chances of organized crime flourishing are greatly reduced.

In summary, the operational philosophy is hinged to: (1) the attack attitude; and, (2) reducing the encroachment of organized crime within the governmental structure, and ensuring effective enforcement of laws. It is the belief of the Commission that its present mandate is geared to these two guidelines.

V. OVERVIEW - ORGANIZED CRIME IN NEW MEXICO

From time to time a voice will be heard that there is no organized crime in New Mexico and the threat is belittled. Although its existence may have been publicly discounted in some circles three years ago, there is little reason for dispute in 1975. There is a job to be done and the effort must be of a continuing nature requiring specialized attention.

Previous Commission reports have highlighted the nature of organized crime activity and recommendations were made requiring action not only by this Commission but also by other agencies. There have been successes involving the input of the Commission and other agencies but many of the cited target areas in 1973 and 1974 continue to exist and new threats have appeared.

A. Illicit Drug Traffic

Law enforcement agencies including this Commission have accumulated more quality intelligence on drug traffickers than ever before. Seizures have increased and there is the encouraging trend toward increasing attention to heroin traffic. The expanded knowledge has left no doubt in the minds of law enforcement agencies that drug traffic is well organized. It is also the assessment of this Commission that despite improving effectiveness we collectively are not putting a serious dent into heroin traffic moving across the border from Mexico. We are encountering a task of mammoth proportion and of a scale that cannot be effectively countered by existing financial and personnel resources available to local and State agencies. The Commission furthermore has no reason to believe that we can anticipate some new federal program that will change the tide. From all indications, it appears that the best that New Mexico agencies can achieve is containment with the hope that the scope of the heroin traffic will not increase. The

Commission again repeats that law enforcement agencies should give top priority to combating heroin traffic. DEA recently announced that approximately 85% of illicit heroin coming into the U.S. originates in Mexico. The Commission's emphasis on this priority appears to be clearly justified.

In its 1974 report, the Commission reviewed the drug traffic problem and submitted action-demanding and concrete guidelines for a plan to counter drug traffic. The major recommendation asked for the establishment of a Drug Abuse Strategy Council, a badly needed vehicle to coordinate the fragmented resources of the State. The Commission urges that serious attention be given to its recommendation and that it be used as a springboard for a planned statewide strategy.

B. Fencing Operations

The soaring property crime rate is indication enough to demonstrate that the fencing market is thriving. There is some belief that there may be one, two, or three groups who dominate the field. This is incorrect. The State is plagued with a large number of groups or gangs and the investigation of each does absorb time and manpower not available to agencies for prolonged periods.

A mobile team or task force that can move anywhere in the State to supplement the small law enforcement capability in most communities and can attack the large volume of cases is vitally needed. A constructive step taken to shore up State capabilities was the statewide organized crime intelligence committee established through the office of the Governor's Organized Crime Prevention Commission.

Operations directed against fences are costly and there is a reluctance to strike at a major target because of the cost, the long period of investigation, and the ever-existing risk of failure. Agencies must have statistics

to demonstrate effectiveness to legislators, councilmen, commissioners and the agencies are victims of such philosophy.

The Commission is working with other agencies placing emphasis on innovative approaches which can be implemented with a low cost to the taxpayer. An example of an operation in this direction was the joint operation of this Commission and the Albuquerque Police Department involving the use of two undercover agents who operated a storefront. Thirty-nine burglars were indicted in April 1975. To illustrate the burden placed on the system, the undercover operation, lasting for approximately three months, is not yet a finished task. Cases are still being prosecuted as of December 1975, and as prosecution proceeds, the services of involved officers continue to be required on a time-absorbing frequency.

The arrests of the burglars in the above described operation did not break an "organized crime ring", but separate from the removal of hardened burglars from the streets a vast amount of intelligence was acquired for future operations directed against major targets. It was a needed beginning. Two useful products emanating from the exercise are a manual for law enforcement agencies and an overall report, both prepared by this Commission. These should be useful to members of the criminal justice system and concerned citizens.

Since the fence must be fed by the thieves, fencing would be deterred by reducing the number of burglars. The number of repeaters who go the merry-go-round from arrest to court to early release and to the streets imposes a burden on law enforcement which appears to be never ending. Certainly the criminal justice system is not functioning effectively.

C. Penetration of the Business Community

Some refer to this subject as white collar crime or economic crime. Many businessmen downplay fraud perpetrated against citizens because violence is not involved. Even in the courts throughout the country, we see an astonishing tendency to impose extremely light sentences on the bank officials or the official of a company who has embezzled, deceived, or defrauded. Because so many of them come from the upper strata of society, they are not placed in the criminal mold. Society excuses this by stating, "They made mistakes.". This attitude strikes at the core of so many of the American society's problems today and continues to be a contributing factor to the continued loss of billions of dollars by businesses and institutions. There is also the sad note that the average citizen never appreciates how it hits him unless it is his money deposited in the bank or institution that has been milked by unscrupulous wheeler-dealers.

A modification of the above attitude was recently presented by a reputable businessman who stated, "If a man or a firm brings \$5,000,000 into New Mexico, I do not give a damn what the source is as long as the money is going into the New Mexico economy.". Lamentably, he gives no thought to nationwide experience in those cases where "dirty money" has brought "dirty people" and new problems to a state or community.

The Commission has spent much time investigating developments in the land development field examining encroachment of organized crime. Much of this work has been coordinated with the office of the Attorney General, federal agencies, and agencies outside of the State. A very important recommendation made by this Commission in 1974 was a proposal to create an inter-agency committee designed to develop needed communication, coordination, and exchange of information among regulatory agencies including this Commission.

It was recommended that the Attorney General head this group. We recently were advised that steps are being taken to form the committee.

1. Morris Shenker

An intriguing personality has entered the land development field in New Mexico. This is Morris Shenker, a prominent St. Louis criminal attorney, who over the years has been a controversial figure as a defender of notorious individuals, as counsel for Jimmy Hoffa, and as a conduit for funding from the Teamsters Pension Fund and the St. Louis Pipefitters Pension Fund. His operations have touched several areas of the country, but for the most part have been concentrated in St. Louis and Southern California. Within the last year, he acquired controlling interest in the Dunes Hotel and Casino in Las Vegas and he also operates a large land development enterprise in Nevada under the name of Sierra Charter, Inc. In the spring of 1975, his S & F Corporation in New Mexico obtained controlling interest in the extensive land holdings of the D.W. Falls Land & Development Corporation, Inc.

The Shenker access to the aforementioned pension funds is enough to warrant concerned attention. To smear the pension funding completely as unsound, dangerous, etc., is an erroneous assessment. However, the history of notorious examples of mishandling of pension money including violations of the law and association with organized crime figures demands watchdog monitoring. Federal concern in this sector is evidenced by a recently instituted special task force of the Department of Labor.

How much pension fund support from Teamsters and St. Louis Pipefitters prevails in New Mexico is unknown. Shenker is backed by the Pipefitters in his purchase of the D.W. Falls land. We do know teamster money went into the American Pail Corporation in Deming, the operation of which enterprise resulted in a Chicago indictment of several individuals, including

Allen Dorfman, already a once convicted trustee of Teamsters Pension Fund. All were acquitted. A recognized setback for the government was the murder of a key witness before the trial.

Investigation conducted by this Commission has revealed a maze of interlocking contacts throughout the country once representatives of or intermediaries of the pension funds get into action. Revealed is the presence of legal and fiscal expertise, very likely outmatching the capabilities in government structure. There is influence in very high places where pressures can be exerted. Above all, there is money to facilitate needed courses of action.

2. Horseracing

The horseracing industry continues to receive Commission attention. The records of the Alessios as covered in the 1974 report and their past affiliation with C. Arnholt Smith, the dethroned mogul of San Diego, undermines confidence in maintaining a financially sound horseracing operation. It would be useful to concerned citizens if they were informed of the status of negotiations between Kodiak Corporation and the Federal Deposit Insurance Corporation in the matter of the settlement of over \$5,000,000 borrowed by Kodiak from C. Arnolt Smith's U. S. National Bank which went into receivership. Additionally useful would be a sounder assessment of potential problems which New Mexico might experience from the operations of John Alessio in Mexico. Has the Alessio family satisfactorily separated operations in Mexico from those in New Mexico so that there are not financial entanglements which might jeopardize New Mexico interests? We seem to be in an era of examination and evaluation and the Commission feels that it is time to clear the air in those areas where there may be some question of credibility.

The financial condition of Santa Fe Downs as indicated by its recent petition under the National Bankruptcy Act and rumors of possible sale to new interests will remind the readers that in December, 1973 this Commission raised serious questions at a Racing Commission hearing concerning the change of ownership. These questions were never adequately answered. Are we now approaching some new problems? One of the personalities who allegedly is interested in purchasing the track has a background which clearly excludes him as a credible investor. This Commission has alerted appropriate officials. This is a concrete illustration that New Mexico enterprises suffering financial difficulties become extremely vulnerable to outside interests taking control concerning whom very little examination has been conducted regarding background and associations. Organized Crime figures are continually alert to such opportunities for infiltration.

This Commission will continue to maintain its interest in any area where the "track record" of an individual or a firm presents a potential threat. Reference is made to Emprise Corporation which does not operate in name in this State. As reported in 1974, New Mexico Sports Services, Inc., a subsidiary of Emprise, operated in New Mexico until Emprise Corporation was convicted in Federal Court for concealing its interest in a Las Vegas casino.

Despite this conviction, the Jacobs family, which controls Emprise, was still able to obtain necessary licensing through the establishment of a new corporation, controlled by the same family, in the name of New Mexico Sportsystems, Inc.

3. Savings and Loan Institutions

It was hoped that the Commission's 1974 report which highlighted

the risk of damage emanating from uninsured savings and loan associations and the pressure from the Banking Commission and news media, might have resulted in corrective action. The Commission cannot overemphasize the vital need to provide adequate protection for depositors. Compulsory federal insurance coverage for all savings and loan institutions appears to be a most logical step. The exposure to "rip-offs" without audits required by insurance coverage is most extensive in the savings and loan field and the unprotected operation is an enticing target for organized crime.

D. Labor Racketeering

The conviction of Eddie Urioste, New Mexico labor official, in a Colorado court for illegal use and possession of explosives was a shocking development for some people who have minimized the existence of strong-arm tactics or suggestion of possible violence as experienced in some labor circles in the country. It was not minimized by this Commission, which, in its 1974 report, referred to increasing arson and bombings in New Mexico. It is too early to acquire a full appraisal of the Urioste case, but there are some serious questions which merit answers, such as: Who trained Urioste? Have there been other similar missions? In New Mexico? Have other individuals been trained? Has he operated on his own or has he operated by direction?

The matter is currently being examined by federal authorities. The Commission will jurisdictionally follow developments.

E. Gambling

The Commission would have preferred to have given greater attention to gambling activities. Time and resources did not permit allocation of manpower to development of data to provide an adequate assessment.

As in the past, the most disturbing feature is the presence of the gambling element being also involved in other criminal activity, i.e., fencing, illicit drug traffic, and prostitution. The connections these hoodlums have outside of the State invite infiltration of additional crime and this regularly occurs. They live and operate in an underworld which taxes the resources of law enforcement agencies. They do provide the ingredients for development of organized crime in its very accepted sense. They certainly have the capability of creating alarming violence. An indicator in this direction was the murder of Pat Terrazas in September, 1975 which had all the earmarks of a typical gangland assassination. The setting and cast of characters suggested feuding between rival criminal groups. This murder has not yet been solved. It is not believed that this was an isolated occurrence and to the contrary there have been conflicts brewing in the gambling camp. Removing these hoodlums from the communities can be discounted.

If law enforcement agencies can contain these types from developing into dangerous gangs, they will have performed effectively within the confines of their available resources.

F. Corruption

In every field of activity in which the Commission has probed since its existence, it has encountered elements of corruption of varying degree. As disclosed by experience throughout the country, organized crime only becomes truly powerful when it has penetrated the governmental structure. The Commission therefore has given special attention to leads and matters in this category. The nature of the activity has warranted close coordination with agencies inside and outside the State.

The Commission's efforts have largely consisted of initiating action, developing the case, and coordinating with agencies which have the authority to move toward prosecution.

Some of the targets in the corruption category are involved in activities which require long-range investigations - not months, but 1, 2, or 3 years. Furthermore, the complexity of financial transactions plus the out-of-state ramifications clearly place such targets outside of completely independent handling by this Commission. With its resources, it will continue to initiate, coordinate, support and where possible, deter.

The Commission has commented on the operational areas where it has given priority. It is not excluding the collection of intelligence and it does endeavor to measure the emergence of major activity of an organized nature in the fields of gambling, pornography, and prostitution.

VI. REVISIONS OF ORGANIZED CRIME ACT

An examination of the Commission's experience since 1973 and a review of activities in other parts of the country merit consideration of the following changes:

A. Investigative Jurisdiction

Since definitions of organized crime are so varied and controversial, the Commission recommends that its investigative jurisdiction be clarified. This can be accomplished by adding language to the Organized Crime Act to the effect that the Commission's investigations should be directed with particular reference to, but not limited to, organized crime, and to any matter concerning the public peace, safety and welfare, and public justice. It is the strong view of the Commission that exposure to potential abuse is extremely minimal because of recourse to relief in courts and because of monitoring capability through vehicles such as the Legislative Oversight Committee.

B. Subpoena Powers

The Act should be amended to permit the Commission to issue its own subpoenas and provide that enforcement action remain with the District Court.

C. Preservation of Testimony

The Act should be amended to authorize each Commission member and each member of its staff to administer oaths and affirmations and examine witnesses under oath and under affirmation.

VII. EVALUATION OF COMMISSION

The evaluation of the Commission's operations has been a subject of special attention ever since its inception. Since the Commission's activities do not lend to accumulation of statistics of the type which are heavily utilized in evaluating law enforcement agencies, ensuing developments have resulted in: (a) the establishment of Legislative Oversight Committee which will report to the Legislature; and, (b) the development of performance measures which are being utilized by the Department of Finance & Administration (DFA). As an added measuring tool, DFA sent questionnaires to agencies inside and outside of the State seeking data for further assessment of the Commission.

The Commission, in reviewing the activities of its staff for 1975, is highlighting the following accomplishments. The reader should measure these accomplishments in the context of the operational philosophy as discussed on page 9.

1. A very extensive investigation of the operations of a major organized crime figure was conducted which has provided: consolidated knowledge heretofore not available in New Mexico; recommendations for corrective action including legislation and presentation of findings for consideration of prosecutive action. The investigation not only included New Mexico, but several other states plus much research.

2. In the field of fencing operations, the Commission, together with the Albuquerque Police Department, instituted an undercover operation lasting approximately 3 months and resulting in the indictment of 39 individuals engaged in burglaries.

3. Participated with local and federal agencies in sensitive

illicit drug investigation which led to 27 arrests in Albuquerque, Espanola, Las Vegas, Santa Fe, and Tucumcari.

4. In its role as a deterrent to encroachment of organized crime, the Commission developed data which:

- a. Substantially influenced decision-makers from permitting undesirable personalities from obtaining control of a major financial institution.

- b. Disrupted a major heroin traffic network in New Mexico and Colorado.

- c. Disrupted development of a major security fraud swindle in New Mexico by cooperating with Alabama authorities. Evidence developed led to prosecution of two principals in Alabama whose activities involved transactions amounting to \$4 million. Investigation in New Mexico led to identification of victims, fictitious assets, and suspected co-conspirators.

5. The accumulation of knowledge regarding organized crime together with the system for processing and controlling data with strict adherence to protection of rights of citizens have provided a base heretofore non-existent.

6. The lines of communication established with over 100 agencies outside the State of New Mexico are providing the most essential elements for identifying and assessing encroachment of organized crime personalities or businesses.

7. In fulfilling its responsibility to ensure the faithful execution and effective enforcement of the laws, the Commission accomplished the following:

a. At the request of and in cooperation with the Attorney General, conducted an in-depth investigation of the state parole system and prepared a comprehensive report for the assistance of the Governor and the Legislature.

b. At the request of the District Court, provided investigative support to a grand jury in Santa Fe which was examining operations of the office of the District Attorney.

c. At the request of the Attorney General, provided investigative support to a grand jury in Chaves County which was examining drug enforcement in the office of the District Attorney.

d. At the request of the District Court, provided investigative support to a second grand jury in Santa Fe which was examining charges and counter-charges of the District Attorney and the Attorney General. Much of the investigation centered around operations of the state prison system.

e. At the request of the Judicial Standards Commission, provided them with investigative support.

Not included in the above items were: the numerous assists in investigation to other agencies which also included extensive dissemination of data; preparation of major reports for authorized agencies; conferences with law enforcement officials; on-the-job training of personnel; and, development of administrative and management policies and procedures.

END