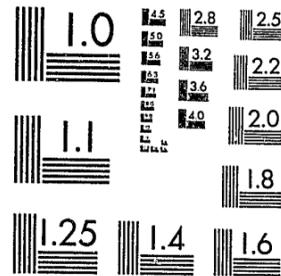


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10/18/84

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# Department of Justice

94480

STATEMENT

OF

JOHN C. KEENEY  
DEPUTY ASSISTANT ATTORNEY GENERAL  
CRIMINAL DIVISION

BEFORE

THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS  
COMMITTEE ON GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

CONCERNING

ORGANIZED CRIME IN THE GREAT LAKES REGION

ON

JANUARY 31, 1984

U.S. Department of Justice  
National Institute of Justice

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NCJRS  
JUL 15 1984  
ACQUISITIONS

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today on behalf of the Department of Justice to discuss briefly the nature of the organized crime problem in the Cleveland, Ohio and Detroit, Michigan, regions.

The mid-West has long been infested by the presence and criminal activities of professional criminal organizations, especially the traditional form of organized crime known variously by such names as the "Mob," the "Outfit," and the "Syndicate." Due in large part to effective use of investigative and prosecutive tools such as the RICO, wiretap and immunity statutes, and the Witness Protection Program, the Department of Justice has scored significant victories against the mob, both in Cleveland and Detroit. Nonetheless, we are still faced with very serious organized criminal activities in Michigan and Ohio, especially by narcotics cartels as is true elsewhere in the country.

I will briefly discuss the history and present status of the organized crime picture in the Cleveland and Detroit regions and I will mention along the way some of the prosecutive successes we have achieved in recent years.

A. CLEVELAND

One of the oldest of the traditional organized crime groups in the United States is the Cleveland syndicate, or family. Since the early 1920's, and with the assistance of fellow mobsters in Detroit and Buffalo, the Cleveland family has tightly controlled all traditional forms of racketeering throughout northern Ohio - gambling, prostitution, loansharking, extortion, labor racketeering, bribery and corruption of public figures, and, eventually, the illicit drug trade that now flourishes throughout the region.

Until the early 1970's, this one family maintained a virtual monopoly on the rackets in northern Ohio. At that time, the first significant rival to the Cleveland mob emerged, a flamboyant and vicious racketeer named Danny Greene. Greene built a competing coalition that gradually usurped the power of the traditional mob, particularly in gambling, narcotics, and loansharking. Greene further consolidated his position by aligning his group with John Nardi, a Cleveland Teamster official with ties to the mob.

In 1977, the Cleveland mob struck back by murdering Greene and Nardi with car bombs. In the aftermath of this violence, the Organized Crime and Racketeering Strike Force spearheaded a law enforcement task force of federal and local agencies that eventually obtained convictions against eleven major organized crime figures -- James Licavoli, John Calandra, Anthony Liberatore, Ronald Carabbia, Pasquale Cisternino, Kenneth Ciarcia, Thomas Lanci, Raymond Ferritto, Louis Aratari, Ronald Guiles,

and Aladena "Jimmy the Weasel" Fratianno -- all for offenses involving or related to the Greene-Nardi murders. The Subcommittee has been fully briefed on these prosecutions; and, as you know, Mr. Sopko of your staff was one of the two principal federal prosecutors in the case. I'm pleased to report that on January 9, 1984, the Court of Appeals for the Sixth Circuit affirmed all of the federal convictions in the Licavoli case.

Shortly after the 1977 deaths of Greene and Nardi, one of Greene's lieutenants James Cappola, along with then LCN associate Carmen Zagaria and others, organized a narcotics trafficking operation. One of seven murders committed by this group was of Keith Ritson, a strong Danny Greene loyalist, drug dealer, and suspected informant. By mid-1979, the Zagaria group had built a prospering narcotics business under the protection of Angelo Lonardo, the underboss of the Cleveland family. The operation was divided into subgroups: an East Side group that provided operating capital, drug sources in Florida, and a drug distribution ring; a West Side group, under Carmen Zagaria, that performed executive supervision of the narcotics enterprise, its couriers and its distributors; and, finally, a small coterie of Danny Greene associates who maintained discipline in the operation through acts of violence and murder.

This powerful ring was broken in 1982, after a 29-month federal and local investigation, coordinated by the Cleveland Strike Force, that ultimately resulted in the racketeering and narcotics convictions of six men, including Carmen Zagaria,

Angelo Lonardo, Joseph Gallo, Kevin McTaggart, Hartmut "Hans" Graewe, and Frederick "Fritz" Graewe. Four of these defendants received life sentences. Another defendant, organized crime leader Thomas Sinito, was convicted on unrelated charges. This case offers a graphic illustration of the fact that traditional organized crime interests increasingly have become involved in the profitable area of narcotics trafficking.

Collectively, in the Licavoli and Zagaria cases, federal juries convicted almost the entire hierarchy of the Cleveland mob.

Another aspect of organized crime in Cleveland and vicinity is the history of violence and political corruption in the Mahoning Valley, primarily in Youngstown. In that area, rival mob factions from Cleveland and Pittsburgh have struggled to fill the vacuum left after the conviction of Ronald Carabbia, a Cleveland mobster convicted in the Danny Greene RICO and murder trials. Prior to his conviction, Carabbia had controlled vice in the valley for the Cleveland family. The war between the Pittsburgh and Cleveland families has resulted so far in at least eight murders and attempted murders, and the disappearances of two notorious mob figures. At this time, an uneasy truce between the rival factions appears to have been reached, perhaps in an effort to reduce their exposure to the federal law enforcement efforts attracted by the violence. The Cleveland Strike Force has obtained convictions of nine Youngstown targets in cases brought since June 1982. Most recently, in October 1983, the two competing family overseers

in the region, Joseph Naples and Orlando Carabbia, were indicted in separate federal cases involving firearms and narcotics. On December 12, 1983, Naples entered a plea of guilty to unlawful possession of firearms and is awaiting sentencing. But, while the Department is making progress in Youngstown, the animosity between the warring factions could erupt into new violence at any time.

In addition to traditional organized crime, the Department is concerned about increasing evidence in northern Ohio, and elsewhere of the threat posed by emerging groups, principally by outlaw motorcycle gangs. Three of the four major outlaw clubs have significant presences in Ohio -- the Hell's Angels, the Outlaw Motorcycle Club, and the Pagans. We believe that some club members, who would prefer to be viewed at worst as rowdy nonconformists, are actually engaged in sophisticated illegal activities, such as narcotics distribution, "chop shop" and stolen vehicle rings, strong-arm services, and murder-for-hire. In the past, the Hell's Angels club in the Cleveland area has allegedly carried out murder contracts (bombings) against high-ranking associates of the traditional mob in the Cleveland area. And a nationwide turf war between the Hell's Angels and the Outlaw Motorcycle Club has accounted for at least twelve homicides in northern Ohio over the past several years. In November 1981, the Federal Bureau of Investigation searched a warehouse leased by a Hell's Angels' member and discovered a large quantity of explosives and automatic weapons, including hand grenades, a military light

anti-tank weapon, and an M-16 automatic rifle. Two members of the Hell's Angels were indicted for possession of these weapons, but earlier this month, one defendant was acquitted and as to the second, the jury was unable to reach a verdict. Still, we believe that the Cleveland Chapter of Hell's Angels is one of the most powerful in the country; according to reliable information, the Cleveland and New York City Chapters control all of the Hell's Angels' activities east of Omaha.

B. DETROIT

In October 1963, then Detroit Police Commissioner George C. Edwards testified before the McClellan Committee that organized crime in that city was controlled by five members of Detroit's traditional mob family, which could trace its origins at least back into the heyday of the notorious Purple Gang of the 1930's. For many years, until his death in 1977, the head of Detroit's mob was Joseph Zerilli, a powerful figure who allegedly sat on the mob's national commission. Zerilli ruled over a well-disciplined, firmly rooted crime family that maintained substantial criminal influence in Detroit's labor unions, cartage and waste removal industries, and other legitimate businesses. The Detroit mob also tightly controlled loansharking and gambling throughout the Detroit-Pontiac, Michigan corridor.

In the late 1970's, a combination of successful federal prosecutions against higher echelon members of Detroit's traditional mob and the loss of Joseph Zerilli's leadership cut deeply into the strength of the Detroit family, which simply is not as organized or influential at the present time as it was in its heyday. As we have observed in Cleveland, to which the Detroit family has unusually strong familial and geographic ties, the mob had been slow in passing the reins of authority from its older leaders to newer, younger Detroit replacements. Incarceration of the older leaders, therefore, has eroded somewhat the mob's strength, although it would be a serious error for law enforcement to underestimate the

extent of the mob's continued criminal influence in Detroit's marketplaces and union halls. Though weakened, the mob is still Detroit's most powerful crime group.

Federal prosecutions in the last few years have contributed to the Detroit Family's problems. Anthony Giacalone, a family street boss and notoriously well-known mobster, is presently serving a twelve-year federal sentence (imposed in 1979) for loansharking. Two "captains" of the Detroit family, Peter and Paul Vitale, were convicted in 1980 of tax fraud involving a multi-million-dollar hidden ownership of a waste hauling company.. Raffaele Quasarano, a capo, was convicted (along with Peter Vitale) in 1980 for racketeering and tax offenses involving the extortionate takeover of a Wisconsin cheese company. Quasarano received a four-year sentence. Vincent Meli, a prominent member of the Detroit mob, was convicted in 1979 for using extortionate practices in an effort to force Teamster drivers of one of Detroit's largest steel hauling companies to pay their own health benefits. After a lengthy and unsuccessful appeal, Meli began serving a three-year sentence on January 3, 1984. Salvatore Finazzo and Dominic Licavoli (the brother of James Licavoli, Cleveland's mob boss) were convicted in January 1981 of conspiracy to bribe an official of the Small Business Administration. After lengthy appeals, these two defendants began serving three-year sentences on September 1, 1983.

These prosecutions, and others in Detroit on which the Committee's staff has been briefed, have hurt traditional

organized crime in Detroit but they have not destroyed it, and for several reasons. First, the Detroit mob, while smaller than families in some other cities, is close-knit (many of the individuals just mentioned are related by marriage to each other or to mob figures in Cleveland) and well entrenched, especially in its control of the Detroit sports bookmaking and policy rackets. So long as the mob controls the street rackets, it will maintain a financial base with which to invest in legitimate businesses. Second, the Detroit mob, while certainly capable of violence, has avoided the internecine bloodbaths that elsewhere have decimated mob ranks in Philadelphia, Cleveland, Rochester (N.Y.), and to some extent, in New York City. Through decades of monopolistic control of the rackets, the small but cohesive Detroit mob has maintained a climate of fear that has intimidated most potential rival groups from muscling in on traditional mob enclaves. And third, the Detroit family has invested its ill-gotten gains shrewdly in legitimate businesses, thus maintaining an influence in the business sector that is out of proportion to the size of the mob's membership. In the past six years, for example, mob members or their associates have been convicted for unlawful ownership, control, or operation of a Las Vegas casino, a cheese company doing extensive interstate business, a steel hauling company, a waste-hauling company, and a blood-testing medical lab, not to mention the State Bank of Fraser in Mount Clemens, Michigan.

Organized crime in Detroit is not exclusively confined, of course, to the traditional mob; Detroit is, after all, the nation's sixth largest city (1980 Census Bureau figure). Particularly in the area of narcotics trafficking, other criminal organizations have developed. United States Attorney Leonard Gilman has already described for this subcommittee his office's prosecution of Sylvester Murray, the head of a black heroin distribution ring called "Young Boys, Inc." Heroin distribution within urban Detroit, and violence associated with it, have long been a priority of the Department of Justice both in the United States Attorney's office and in the Strike Force. Last year, for example, the Detroit Strike Force successfully prosecuted Lyle Parks and eleven others for trafficking in cocaine between Florida, Colorado, Toronto, and northeast Michigan. Although Parks, who received a ten-year jail sentence, was not associated with traditional organized crime, his group was sufficiently diversified to constitute a real threat to the Saginaw, Michigan, area. Court ordered wiretaps and insider testimony revealed other organized drug rings that were interconnected to the Parks organization; they also have been successfully prosecuted. Prosecutions of this kind, of groups previously unknown, underscore our need to maintain an adequate knowledge of all organized criminal behavior. We know, for example, that Detroit has one of the nation's largest Arab populations, as well as a large Black community, the members of which are as easily victimized by new, emerging crime groups as the general population in Detroit

has long been victimized by the syndicate. We are cognizant of our responsibility to identify and prosecute each such group as its criminal activities become known. But, as of this time, the Department has simply not seen the successful emergence of such groups in Detroit -- outside of the narcotics trafficking area -- to the extent observed elsewhere in the country. Detroit, for example, has its local motorcycle clubs, and chapters of the national clubs, but the information available as to their activities is too inconclusive to state whether Detroit's biker clubs are engaged in large-scale criminal activities. Nor have we seen the emergence of well-organized prison gangs in Detroit to equal the threat posed by the Neustra Familia prison gang in California.

#### CONCLUSION

In conclusion, the Department of Justice believes that the traditional mob families in Cleveland and Detroit continue to exercise the greatest criminal influence in Ohio and Michigan but each family has been seriously damaged by prosecutions, advancing age, and, in Cleveland, by internal violence. These two crime families appear to have failed to anticipate the sudden or unexpected incarceration of their leaders and may experience, as a result, difficulty in maintaining their pre-eminence in the rackets, especially in the area of narcotics. The government must prevent new groups from establishing the deep roots and organizational abilities so characteristic

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of traditional organized crime while continuing to keep up the pressure against the Cleveland and Detroit syndicates. To those ends, the Department is committed to an aggressive organized crime program in Cleveland and Detroit and throughout the country.

**END**