

STUDY OF PROPERTY OWNERSHIP  
AND DEVOLUTION IN THE ORGANIZED  
CRIME ENVIRONMENT

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INTRODUCTION

During the past three decades there has been an explosion of knowledge about what is loosely called "organized crime." From congressional investigations, prosecutions, crime commission reports, intelligence summaries, and the work of scholars and journalists we have learned much about the operations and structure of groups that participate in systematic, businesslike criminal activity.

It is now commonplace to see spider-web or networking charts, often spiced with mug shots of alleged organized crime family members, that show relationships between individual groups or families and legitimate or illegitimate business activities. Much attention is given to territorial jurisdiction, competing groups, and the rights or powers of these groups to tap particular sources of unlawful revenue within specific territories. Prior research has addressed hierarchical and kinship relationships among organized criminal groups, their ethnic aspects,<sup>1</sup> their organizational dynamics,<sup>2</sup> and the specific anti-social behaviors that are characteristic of their internal workings and external relationships with other groups and the victimized public.<sup>3</sup> Some attention has been paid to the economics of particular criminal enterprises in defined geographic areas,<sup>4</sup> and to the special pressures that force organized criminal operations to surface partially and be exposed to various forms of public and law enforcement scrutiny.<sup>5</sup> Little research attention has been given, however, to de facto "legal" aspects of organized crime activity; particularly with respect to the ways in which property interests (legal or illegal) are created, maintained or contested, and extinguished.<sup>6</sup> In this study we seek to start filling this void by raising questions about the nature of

property interests in organized criminal environments.

Prior inquiries into the economic aspects of organized criminal activities have necessarily been highly speculative. They have generally estimated overall revenue in sectors of organized crime activity rather than revenues from specific criminal operations. These estimates have been highly problematic, as in the case of the "skim" at gambling casinos.<sup>7</sup> It is further important to note the strong predilection to estimate gross rather than net earnings. In a rare instance when there was a close, detailed examination of the economics of an illegal activity (gambling), it became clear that the cost of doing business could be very high indeed.<sup>8</sup>

It is not at all surprising that economic data in the area of organized crime are so uncertain and therefore of limited assistance to those working to contain organized criminal activity. The data tend to be general, untethered to specific business operations, and imprecise for identifying who really owns or controls what. With almost no distinctions being made between gross and net revenues (and few systematic attempts to estimate the component costs of doing illegal business), and with similar uncertainty as to "ownership" of operations, net worth analyses which may serve to support tax prosecutions tell us little about the location and control of organized crime assets or how capital can be amassed to support organized criminal group activity.

Conjectures are frequently made about the wealth of figures who are reputed to be part of the high-level, managerial elite of organized crime.<sup>9</sup> Such speculation is usually based on judgments of their control over significant cash flows or on observations of a style of living that clearly indicates access to large amounts of ready cash for personal

use. The fact is that we know very little about the relationship between access to monies and long-term control over the sources of such funds. We are unable to make distinctions between the capacity of organized crime enterprises to generate income and their ability to create capital. For example, a solely criminal enterprise could hardly be sold to settle an estate; it has no saleable "worth" beyond that of very limited physical assets.

Where entitlement to income is attributable to control rather than to ownership per se, perquisites of income end with separation from power. For example, the prerogative of a member of a criminal organization to skim revenue from a Las Vegas casino would not survive that member's loss of authority within that organization. However, if that individual has title to shares of stock in a casino, the property interest takes on a more stable character. There may, however, still be doubt whether the holder of legal title is the true owner.

Consideration of questions of ownership or control over organized crime property or over the fruits of organized crime operations is important for a number of reasons. If property interests are personal to their holder, an incentive will exist to channel revenues into legitimate investments or uses, such as setting up a legitimate business to provide alternate and safer sources of income. On the other hand, organized crime group assets (no matter in whose name they are held) are more likely to be used to further organizational goals. Hence, there is a greater possibility that they will be used to finance further criminal activity. There are, therefore, two reasons why explication of the full range of organized crime devices for manipulating property interests and masking ownership or control could be helpful to law enforcement

analytic and investigative efforts, as well as to related civil, tax, and regulatory action. First, appreciation of the extent and form of organized crime assets and the manner in which they are held should help in assessing the capability of organized criminal groups to engage in various kinds of illegitimate enterprises. Second, locating and interdicting a floating pool of organized crime group assets should significantly disrupt the capacity of organized criminal groups to continue or expand current criminal activities.

It is important to recognize that those who participate in organized criminal group activities must be part of two worlds and respond to the demands of each. As residents of and actors in the criminal or illegitimate world, they are unconstrained by conventional legal or ethical standards. But they still operate within the limits of a self-created and self-enforced system that provides informal internal mechanisms for regulating interpersonal and interorganizational relationships.<sup>10</sup> The second world in which they must reside and act is the legitimate one, where they function as ordinary consumers, applicants for licenses and business permits, purchasers and conveyors of property, and investors, devisors, or inheritors of property.

In the world of illegal activities, relationships among individuals and material well-being are frequently functions of the threat or use of physical power. In this arena, conventional or traditional mechanisms of business or law are not relied upon to acquire or keep property. This is not to say that there are no "laws" in the broadest sense of the term, but that standard legal mechanisms just do not operate in this milieu. There is a form of custom and usage, however, which mixes arbitrary power with choreographed legalism. Thus a "sit down" may be

ordered in which the most powerful of contending forces will determine what is "just."<sup>11</sup>

In the world of legal activities, organized crime actors either engage in legal business or use conventional or traditional mechanisms of business or law to protect or assure secure possession of that which they acquire by unlawful or legitimate means. The division between these two worlds is not distinct; a "legitimate" business may be operated not only for the profit it can generate, but also for an illegitimate purpose such as laundering money, selling stolen property, or providing employment (support) for a standby army of retainers.<sup>12</sup>

While this study stresses property issues in the organized crime arena, this focus is inextricably linked with others. Although careers in organized crime are motivated and shaped by many special factors (such as ethnic or peer relationships or the lack of equally attractive alternative career paths), probably underlying these careers are property-related factors similar to those found in conventional careers. These property elements are a need to obtain, keep, spend, or use money or property. Without ownership of or control over property in its many forms, the ability to satisfy other motives or respond to other social forces unique to organized crime would be, to say the least, badly impaired.

One might, for example, place special emphasis on the importance of status or on the drive to acquire and wield power as primary factors in organized crime careers. To do this would in no way diminish the significance of property interests in the organized crime context. Acquiring and wielding power within any society requires both carrots and sticks. The leader of an organized criminal group enterprise, at

any level, must take his retainers' material needs into account. The leader may provide for rank and file members of the organization by direct subsidy, by encouraging or facilitating participation in criminal ventures, and by establishing members in legitimate occupations either directly or indirectly. Most of these alternatives require expending assets of the organization. Encouragement and facilitation of criminal ventures involves initial expenditures for planning, starting, and operating such ventures. Setting up retainers in legitimate businesses such as restaurants and bars requires access to or claims upon above-ground assets. Even placing retainers in real or no-show jobs in the private or public sector entails the possession of power and influence convertible into claims to money or property.

The goal of the inquiry begun here is to learn more about how organized criminals deal with what is critical for operating in both illegitimate and legitimate environments: how they are connected with their property interests. For these purposes we define "property interests" to include that which is used as working capital or as day-to-day funds in criminal enterprises. Included are all forms of tangible or intangible property that would normally be reflected in the estate of any decedent or in assessing the net worth of any person: cash in hand, bank accounts, accounts receivable, contract rights, real property, stocks and bonds, and evidences of indebtedness. Answers are sought to such questions as: To what extent do organized crime property interests involve legal ownership by those who control their use? To what extent are organized crime property interests held for the benefit of groups? To what extent is the right of a controlling individual to reap the benefits of ownership only temporary and dependent on personal

or organizational factors? Is wealth in this environment heritable or is it only a transitory benefit, a control of assets which stems from management responsibility or ascension in rank?

The first stage of this study proceeds modestly. In order to develop building blocks for a structure in which such questions can be answered, it first examines one arena in which there is empirical data on organized crime property. That is the probate courts, where records of the estates of individuals who have been clearly connected to organized criminal activities should reflect their property interests, and where such interests can be compared with other data on their holdings. The study moves from there to consider the multitude of forms which property interests can take, given the ways in which organized criminal enterprises operate. Finally, this report concludes with a discussion of the implications raised by this exploratory study--for law enforcement and other government operators, and for further inquiry.

## I. ANALYSIS OF ESTATES

### A. Data Collection

The research technique of this exploratory probe into the ownership and devolution of profit producing interests in organized crime involved case studies of the property interests of individuals who had been deceased at least five years and who were identified as having been members of organized families in the Pennsylvania - New Jersey area.

A cohort of individuals was nominated by investigative agencies in Pennsylvania and New Jersey. The cohort consisted of six names furnished by New Jersey sources and ten names furnished by Pennsylvania sources. Since one name was furnished by both sources, the cohort included fifteen individuals. In addition to the individuals' names, these investigative agencies gave us information from their extensive files about their reputed status within their respective organized crime families. This cohort does not purport to be a representative sample, but (based on the knowledgeable opinions of our sources) is illustrative of those known to fit this study's criteria. Nevertheless, a rough cross-section was achieved on the variables of rank and holdings.

The data-gathering proceeded in two discrete steps. Access to intelligence information was provided by investigative agencies in New Jersey and Pennsylvania. From this information it was possible to reconstruct in some detail both the positions the subjects occupied within their organizations and the nature and kinds of property interests that each individual was reputed to have had during his life. Since several individuals in the cohort operated in both jurisdictions, it was possible to validate some of the information obtained from one agency with that provided by the other. It was also possible to compare

some of the agency-furnished information with public information contained in such sources as the 1980 Report of the Pennsylvania Crime Commission.

The other phase of research involved a search through the probate records of the named individuals for information concerning what, if any, property interests these individuals possessed legally at the time of death. For the New Jersey figures, the Surrogate's Index Book in which wills and intestate affidavits are recorded was consulted in the Surrogate's Office in the various counties of New Jersey. Occasionally these records also revealed a preliminary inventory of probated assets, but usually there were no inventories. A followup was undertaken to determine whether executors or administrators filed subsequent accounts of estate assets. As to the Pennsylvania names, the records of the Register of Wills in the appropriate county and the records in the Orphans' Court Accounting Office in Philadelphia were searched. Other public records were examined for additional information, especially when ownership of real property was indicated either by the probate records or by intelligence information.

Testamentary documents were also scrutinized for form and complexity on the hypothesis that the will of an individual with substantial assets would show a greater degree of legal sophistication in planning for testamentary dispositions.

### B. Status and Wealth in the Study Cohort

Membership in organized crime is commonly assumed to be correlated with income from participation in the profits of the organization's activities. One respected observer has even asserted that "any given member of the Cosa Nostra is more likely to be a millionaire than not"

from the proceeds of illegal gambling alone.<sup>13</sup> The tacit assumption that wealth and membership in organized crime are significantly correlated underlies the notion that organized crime represents a queer ladder of social mobility which can be scaled by entrepreneurial types willing to use criminal means to achieve significant material success.<sup>14</sup> However, the hypothesis that supernormal profits<sup>15</sup> are realized from illegal enterprises is neither borne out in some studies of gambling<sup>16</sup> and loansharking<sup>17</sup> nor in the anecdotal information recorded in such material as the DeCavalcante tapes.<sup>18</sup>

Each of the fifteen individuals nominated for inclusion in this study was reputed to derive income from the types of illegal activity traditionally associated with organized crime--gambling, loansharking, labor racketeering, and infiltration of legitimate businesses.<sup>19</sup> The individuals nominated represent a cross-section (albeit a rough cross-section) of those who are reputedly involved at various levels of leadership and membership in La Cosa Nostra crime families in Pennsylvania and New Jersey.<sup>20</sup> Our study sought to determine through the examination of public records the extent to which membership in these families would be associated with the accumulation of legally transmissible wealth.

We were able to accumulate a considerable body of information on each individual with respect to the following significant variables: 1) reputed rank in the hierarchy of the organization; 2) reputed illegal interests; 3) legal interests reputedly held by the individual during his lifetime; and 4) estate assets.

We developed the following matrix to classify individuals whose estates we examined according to their reputed status in the organized

crime hierarchy and the substantiality of the assets at the time of their death as revealed in public records (Table 1). "High level" members in the hierarchy include bosses, underbosses, and consiglieri. "Low level" figures include captains, soldiers, and associates. "Substantial" and "Insubstantial" assets refer to the size of the estate remaining after death. The cells in Table 1 are discussed in detail below. A summary of the data for each organized crime figure is included in Appendix A.

TABLE 1: ASSETS DISCLOSED IN THE ESTATE BY ORGANIZED CRIME FIGURE'S STATUS IN THE ORGANIZATION

	Assets Disclosed in the Estate	
	Substantial (2)	Insubstantial (13)
High (3)	None	Denaro Rugnetta Weisberg
Status in Organization	William Medico Angelo Medico	Naccarotta Procopio Bocchicchio DiRenzo Esposito D'Olio Perricone Sciglitano Salvo Oliveto
Low (12)		

Low Rank/Insubstantial Assets

The bulk of the reputed members of organized crime whose estates we examined fell into the Low Rank/Insubstantial Assets category. Typically, these individuals died intestate. Several New Jersey widows filed a document titled Affidavit of Surviving Spouse where Entire Estate does not exceed \$5,000. When an inventory was filed with the affidavit, the assets usually included a car and several checking accounts. The total value of the assets inventoried ranged from \$200 to \$3,800. Curiously absent from the available inventories were the "ownership" interests in various businesses that the decedents were reputed to possess during their lifetimes.

High Rank/Substantial Assets and High Rank/Insubstantial Assets

The high rank/substantial asset cell in the matrix is conspicuously vacant. Further examination revealed that even during the lifetime of the high level figures there were few recorded ownership or other legal interests. The lifetime interests of the three high level figures studied were very similar. Typically, each owned a principal residence and a summer residence. The two members of the Angelo Bruno family whose holdings were examined in this study owned or had a partnership interest in at least one restaurant reported to be a meeting place for the upper echelon organized crime family members. The other high level figure owned and operated a linen supply company.

These individuals either died intestate or left simple wills. The typical will devised the principal residence to a son or daughter, and further directed that the estate residue be similarly distributed. One inventory was available and listed as assets one residential property

and two bank accounts containing an undisclosed amount of cash. Here again, "ownership" interests in businesses that the decedent was reputed to possess during his life were absent from estate filings.

A further discussion concerning the disparity between "reputed" and "actual" assets is warranted at this point. In four cases (Denaro, Weisberg, Salvo, and Bocchicchio), partnership interests attributed to these individuals by intelligence information did not surface in their estates. Moreover, intelligence files made available in the course of this study did not indicate that any followup had been undertaken by investigatory agencies to find out what disposition had been made of the reputed partnership interests held by the organized crime figure. Yet the significance of determining who succeeded to a reputed partnership interest held by an underboss (Denaro) or boss (Weisberg) is apparent even within the confines of the traditional approach stressing the hierarchical and kinship relations among La Cosa Nostra groups. For example, the DeCavalcante tapes reveal that Simone DeCavalcante succeeded to the partnership interest in a plumbing supply business held by Nick Delmore, his predecessor as boss of a La Cosa Nostra family.<sup>21</sup>

The disposition of reputed partnership interests of lower ranking figures might reveal much about the organizational dynamics of an organized criminal group. For example, in the case of Salvo, the partnership interest was apparently taken over by his son. And, in the case of Bocchicchio, his reputed partnership interests in realty actually surfaced in publicly-recorded subsequent conveyances showing that his widow had succeeded to his interests in the properties. These cases are consistent with the notion that lower ranking figures hold their property interests in an individual capacity, as distinguished

from an organizational capacity. Accordingly they pass such interests on to their relatives rather than to figures connected with the organization. There may, however, be an interplay of organizational and kinship dynamics, as in the case of Salvo, whose son was reputed to be a member of the organization.

In nine cases (Denaro, Rugnetta, Sciglitano, D'Olio, Perricone, DiRenzo, Esposito, Bocchicchio, Oliveto), ownership interests in legal businesses attributed to individuals by intelligence information did not surface in their estates. Only in the case of D'Olio was information helpful in assessing who succeeded to the ownership of the reputed business asset. In the cases of Rugnetta and Sciglitano, it was possible to ascertain from available public records that the reputed interests had apparently been sold or transferred to family members prior to death. In the case of Bocchicchio, substantial ownership interests surfaced in the records of real estate transactions completed after his death. As for the remaining six individuals, reputed legal ownership interests vanished without leaving a paper trail accessible to investigation and analysis.

Here, again, efforts to trace the disposition of these ownership interests might have yielded information pertinent to the organizational dynamics of La Cosa Nostra criminal families. From the fragmentary information available, Rugnetta conveyed his business to blood relatives and Sciglitano apparently sold his business to persons not affiliated with organized crime.

Although the method adopted for this study was not directed at transfers of reputed illegal interests since it relied on publicly available records, for followup purposes some information on that topic

was obtained from intelligence files. D'Olio's interest in an illegal after-hours club operation allegedly passed to another organized crime figure whereas Esposito's interest in illegal enterprises was purportedly taken over by his sons. These cases raise more questions than they answer concerning the decision to reallocate the decedent's illegal interests. That decision may be made by the organization without regard to the potential claims of the surviving spouse or descendants or the decision may reflect a precarious balancing of organizational interests and the claims of descendants who are also involved in their father's illegal activities. Finally, the decedent may have a right recognized by an underworld "law" of descent and distribution to name his own successor to some or all illegal enterprises.<sup>22</sup>

#### Low Rank/Substantial Assets

There was uniformity in this cohort's lifetime interests and estates. Their holdings included ownership or partnership interests in numerous legitimate businesses such as liquor wholesaling, clothing manufacturing, contractor equipment wholesaling, paint and varnish manufacturing, and automotive equipment leasing.<sup>23</sup> Both William and Angelo Medico left elaborately drafted and lengthy wills which contained detailed instructions to the executors and trustees for distributing and investing real estate, stocks, and bonds. Although one of the wills was written primarily in generalities and did not enumerate many assets, the fact that this will was drafted very near the date of death and with the obvious aid of an attorney implies at least that these tangible assets were in existence at the time the will was executed.

The estate records of William and Angelo Medico contain that which one would expect to find in the estates of successful entrepreneurs in a closely-held family corporation: a full and detailed enumeration of the identity and value of various categories of assets held at the time of death; distribution of the decedent's personal assets (home, home furnishings, insurance policies) to the surviving spouse and children; distribution of the decedent's business assets to a trust managed by the president of Medico Industries and the chief trust officer of the local bank for the benefit of the surviving spouse, children, and other blood relatives; and a detailed rendering of the estate's accounts, including the payment of state and Federal taxes necessary to the settlement and closure of the estate. The estate plan of the Medico brothers reaches toward two objectives normally present in similar arrangements in family controlled businesses: 1) assuring continuity in the management and control of the capital assets invested by the decedent in the business enterprise; and 2) providing a continuing stream of income derived from these capital assets to the decedent's spouse and children.<sup>24</sup> In the case of the Medico brothers, these objectives could be and were in fact achieved through modes of transfer and disposition sanctioned by law.

#### C. Implications

Reputed assets of leadership figures did not surface in their estates. Some lower level figures, however, left substantial estates.

With respect to leadership figures the following tentative hypotheses may be advanced to account for the data: (1) the lack of assets in the estates negatives the validity of intelligence information concerning the reputed property interests of these figures; (2) organized crime figures use techniques for passing property interests to

family and friends that circumvent the probate process; or (3) leadership figures do not have an actual ownership interest in their reputed assets, but instead use and enjoy these assets during their lives--afterwards, such use and enjoyment passes (outside legal channels) to others.

To explain lower level figures having substantial assets, the following hypotheses, none of which are mutually exclusive, may be advanced: (1) these individuals, because of their lower rank, may not fear the public disclosure of their assets that would motivate higher level figures to resort to techniques for transferring assets that circumvent the probate process; (2) the techniques of evading probate that have been developed for leadership figures are not available to them; (3) there is a qualitative difference in the type of interests available to low ranking members of organized criminal groups; (4) there may be a low or no correlation between hierarchial status in the organization and the capacity to amass wealth; (5) and/or the low level figures in the organizational hierarchy act as straw men or money-movers. It is possible that lower level figures hold assets for leadership figures, though one might expect leadership aversion to any kind of examination, whether in the probate process or in other publicly traceable disposition of property.

Table 2 outlines the dramatic pattern of disparity between reputed assets and actual assets of organized crime figures at their deaths. This finding strongly suggests not only that estate probate laws and tax requirements are not taken seriously by organized crime figures, but also that government enforcement, audit, and investigatory mechanisms may be inadequate to their tasks.

TABLE 2  
 Reputed and Actual Assets of Organized Crime  
 Figures at Their Deaths

	<u>Status</u>	<u>State of Residence</u>	<u>Report Filed</u>	<u>Reputed Estate Assets</u>	<u>Estate Assets Disclosed</u>	<u>Discrepancy Between Reputed and Actual Estate Assets</u>
1. Denaro	High	PA	No	Substantial	None	Yes
2. Rugnetta	High	PA	Yes	Substantial	Insubstantial	Yes
3. Weisberg	High	PA	Yes	Substantial	Insubstantial	Yes
4. D'Olio	Low	PA	No	Medium	None	Yes
5. Perricone	Low	PA	No	Medium	None	Yes
6. Salvo	Low	PA	No	Medium	None	Yes
7. Procopio	Low	NJ	Yes	Insubstantial	Insubstantial	No
8. Naccarotta	Low	NJ	No	Insubstantial	None	No
9. Di Renzo	Low	NJ	Yes	Substantial	Insubstantial	Yes
10. Esposito	Low	PA	No	Substantial	None	Yes
11. Bocchicchio	Low	NJ	No	Substantial	None	Yes
12. Sciglitano	Low	PA	No	Substantial	None	Yes
13. Oliveto	Low	NJ	Yes	Substantial	Insubstantial	Yes
14. W. Medico	Low	PA	Yes	Substantial	Substantial	No
15. A. Medico	Low	PA	Yes	Substantial	Substantial	No

Two legal duties are imposed by the laws of Pennsylvania and New Jersey on the disposition of property owned by deceased residents. The first requirement has to do with supervising the distribution of the assets of deceased residents. The second requirement has to do with the imposition and assessment of state taxes on the transfer or inheritance of the property of deceased residents. The pattern shown by Table 2 indicates a considerable disparity between what the law requires and what the estates of organized crime figures have done.

Despite the fact that both Pennsylvania and New Jersey provide for an exemption from the supervisory requirements of estate administration upon the filing of a simple petition or affidavit in the case of small estates, a search of relevant public records showed that no petition or any other document had been filed for eight out of the fifteen individuals--a finding recorded in the third column entry in Table 2.

Included in this number was Ignazio Denaro, reputed underboss of the Philadelphia crime family. In Denaro's case, the only reputed assets that he held during his life which surfaced in public records were residences in a New Jersey resort community. Intelligence information did not reveal any attempt to determine what had happened to the legal and illegal businesses interests reputedly held by this high-ranking figure during his life.

Five other organized crime figures (Perricone, Salvo, Esposito, Bocchicchio, Sciglitano), whose estates did not file as required, were reputed to have partnership or ownership interests in various legal businesses. Intelligence information, which could not be

substantiated in the public records examined, indicated that Salvo and Esposito's sons succeeded to their fathers' business interests, despite noncompliance with applicable laws for the distribution of property after death. In the case of Sciglitano, information secured from a search of real property transfer indexes indicated that he had apparently sold his business interests prior to his death, but there is no estate filing to show what became of any proceeds realized from these properties. The whereabouts of Perricone's reputed assets could not be ascertained either from intelligence information or from public records. In the case of Bocchicchio, however, extensive partnership and ownership interests in realty were traced in public records. These interests were sold after his death for more than \$900,000. Thus, Bocchicchio's widow availed herself of the benefits of transactional security afforded by the legal system without complying with the supervisory and taxing burdens imposed by law on the transfer of substantial assets. That title may pass by operation of law to another in the event of death does not relieve an estate from the duty to file a New Jersey estate tax return fully detailing the facts of ownership and enabling tax authorities to decide whether to further audit returns.

One non-filer (Naccarotta) represents a case of technical noncompliance in that his reputed assets were insubstantial, whereas the reputed assets of another non-filer (D'Olio) included interests in an illegal activity which, according to intelligence information, passed to another underworld figure, perhaps in accordance with a La Cosa Nostra rule of succession.

Of the seven individuals who complied with the estate reporting

requirements prescribed by law, in three cases (Procopio and the Medico brothers) the estate records were consistent with intelligence information of reputed assets. In Procopio's case, reputed and reported assets were insubstantial. For the Medico brothers, reputed assets indicated large total estates of \$820,000 for William and \$824,000 for Angelo--\$617,000 and \$520,000 of which were distributed to the beneficiaries of their respective estates.

Estate filings for the remaining four individuals (Rugnetta, Weisberg, DiRenzo and Oliveto) disclosed only insubstantial assets. Consigliere Rugnetta apparently disposed of his major business interest shortly before his death in 1970 as did non-filer Sciglitano. In 1962, Rugnetta conveyed a residence in a New Jersey resort community to his niece for a nominal consideration. His estate was comprised of his Philadelphia home and three small residences which were apparently held as rental income property (non-filer Esposito's permanent address was one of the properties). Boss Weisberg left his home residence and the contents of two bank accounts to his brother. His reputed partnership interest in a linen supply company did not surface in his estate. The DiRenzo filing revealed assets of \$3,800. Although his occupation was listed as tavern owner on documents filed with his estate and his reputed assets included an interest in a cocktail lounge, that interest did not surface in his estate. The Oliveto filing included an elaborately drafted will that anticipated marshaling and administering extensive assets, but no inventory of assets was ever filed in this estate. Oliveto had attended the 1957 Apalachin meeting of organized crime figures and reputedly controlled a large

numbers operation in Camden. His business activities had been extensively investigated, revealing interests in two lucrative liquor businesses, a forest products company, and two clothing manufacturing companies. Again, these interests did not surface in the estate record, which was filed but not inventoried or closed in compliance with New Jersey law.

These four cases are illustrative of the pattern established with respect to many of the non-filers. Extensively investigated individuals with high positions in, or close association with, organized crime were able to flout or circumvent the law even after death.

The following observations can be advanced in light of the findings of pervasive noncompliance with state laws for the distribution of assets of deceased residents and the imposition and assessment of state taxes on the transfer or inheritance of the property of deceased residents:

- 1) There is no proactive mechanism coordinating state estate administration and inheritance tax collection systems with state law enforcement and investigative agencies that would notify the former of the reputed legal interests of organized crime figures and their associates.
- 2) Laxity in enforcement of estate administration and inheritance tax laws allows organized crime figures and their associates to benefit from the system provided by the state for transmitting property interests after death while they remain untouched by the burdens, encumbrances, and supposed controls imposed by that system.
- 3) Although the threshold for the imposition of Federal estate tax

liability is much higher than that which triggers state inheritance tax liability, making Federal enforcement activity practical only in the case of an individual with very substantial assets, there is a similar lack of any communication between the Internal Revenue Service on one side and Federal and state law enforcement and investigative agencies on the other. Our study revealed a paper trail indicating that the Bocchicchio estate might have been subject to Federal estate tax liability.

4) When intelligence information indicates the possible accumulation of extensive assets from illegal activities, accelerated response by state tax enforcement officials might make it possible to interdict the unlawful distribution of these assets to the decedent's family or to his organized crime associates, even when held in the form of cash. For example, relatives of a slain leader of the "Greek mob" allegedly unearthed between \$840,000 and \$940,000 from safes and other hiding places inside his home in the two days after his death.<sup>25</sup> Similarly, attorney Lee Chagra, who was under investigation for his role in an extensive narcotics trafficking operation in El Paso, Texas, had \$450,000 concealed in his law office at the time he was slain.<sup>26</sup>

5) Little operational use is apparently made of the very long liens (in New Jersey ten years, in Pennsylvania twenty years) imposed on the assets of decedent's estates to secure estate tax liabilities. Although our study cohort was composed of only fifteen individuals who died between 1970 and 1973, the study uncovered eight potential (Denaro, Perricone, Salvo, Esposito, D'Olio, Rugnetta, Weisberg, DiRenzo) and two flagrant (Bocchicchio, Oliveto) incidents of

currently actionable failure to pay estate transfer taxes or to demonstrate that such payment was not required.

6) Vigorous enforcement of mandatory estate reporting and disclosure requirements that do not differentiate between legal and illegal assets would strike at one significant incentive for continued participation in organized crime, the ability to transmit ill-gotten wealth to one's spouse or children.

## II. THE NATURE OF PROPERTY INTERESTS

Vincent Teresa, one of the better known beneficiaries of the Federal Witness Protection Program, was asked by a newspaperman why he had decided to cooperate with the government. As part of his answer, he told the reporter:

"I was doing easy time. I had left \$4 million with my partner and I had \$180,000 out on the street in loans," he recalls, "The money was to be collected weekly and given to my wife to support my family. At the same time I owned points in Caesar's Palace and the Dunes under straw names."

Teresa claimed that he was double-crossed by mob rivals while he sat in prison. His wife received only a single \$50 bill, not the promised thousands in weekly loansharking income. His (alleged) \$4 million and his interests in the Las Vegas gambling joints disappeared.<sup>27</sup>

One does not have to give credence to the details of Teresa's complaints in order to believe that he is describing an environment in which such property interests can be created, held or maintained, and extinguished. If his story has any basis in fact, no matter how exaggerated, it points up a number of issues that are central to this study. First, Teresa perceived himself as having certain property rights, the right to take 2 percent or some cut of the money that flowed through a particular channel in a gambling casino, and the right to accounts plus interest receivable from a loansharking operation. Second, these property rights had been acquired by him or bestowed on him in some unknown way: perhaps by purchase, through extortion, as a reward for services, or as an exchange for loyalty. Third, there had to be some understanding with others as to his ownership, which necessarily

implies some form of recognition of his rights. Fourth, these rights were extinguished. How were they extinguished? Someone else had to take over these rights. Who would have to clear or approve such a transfer? That such rights have some force is apparent from the fact that people are willing to take them into account in important decisions, such as whether to use force to acquire them or, as in Teresa's case, whether or not to "take a fall." Finally, "rights" of any kind, by definition, require some adjudicatory system--even if only one so primitive as medieval "trial by combat" or Puritan "trial by ordeal."

Teresa claims to have lost his hold over capital income because of his incarceration. What, in contrast, is the position of organized crime figures who are able to continue operating, earning, and spending substantial sums? Some observers regard them as men of considerable means,<sup>28</sup> but the news columns frequently report patterns of behavior that contradict this theory. Significant organized crime figures are often arrested, charged, and convicted for crimes that involve potential gains that are small in relation to the relative (criminal) stature of the offenders.

Powerful groups, with obvious access to liquid income, may have little in the way of capital to draw on when they face operational or economic crises. The example of the Campisi Family in New Jersey is illustrative. The Campisi family members were alleged to have far-flung criminal interests in the state. They were regarded as important enough for the attorney general of the state of New Jersey to have authorized the release of a self-admitted vicious criminal in return for testimony that would convict the Campisis.<sup>29</sup> The Campisis lived well, spending

large amounts of money on residences, cars, travel, and entertainment. One of the Campisis flew from Newark to Florida to bet \$10,000 on a single horse race, returning to continue his high stake gambling that same day.<sup>30</sup>

Yet this same family, faced with the possibility of a "war" with another criminal group, was concerned about where it would obtain the resources to carry on the conflict. Their concerns were very real. As one of them pointed out, they would need many things for a war, all of which called for cash. They would have to have places to hide, which would mean renting apartments. They would have to rent cars, and they would have to have money to live on. It would, after all, be difficult to carry on their normal occupations during the conflict. Hidden resources that could not be surfaced for tax reasons would have served just as well as legitimate resources for these purposes, but these were not available. Thus, the Campisis had to look elsewhere for financing, in this case a payroll robbery.<sup>31</sup>

The Teresa and Campisi examples are only two of many that raise questions as to the property interests of individuals and groups in the organized crime environment. These questions are, it should be noted, quite different from those that relate to organized crime property used for day-to-day business operations. Teresa might, for example, be deprived of his capital or interests, but these would still be available for use by others in the business of organized crime. The Campisis, similarly, were not facing a shortage of capital for any analog to harsh conventional business challenges such as matching and meeting cutthroat price competition, but rather were facing a life and death struggle on a different plane from their business operations.

No body of data exists that can provide reliable information on above-ground or hidden ownership of assets by organized crime groups or by the members of these groups. A preliminary examination of a number of decedent estates, in the first part of this report, suggests that there is much of interest that is hidden from view. With respect to the estates of the living, the issue is similarly clouded by the very nature and complexity of property interests. How is the value of contraband or of usurious loans that would not be legally collectible to be measured? What is the value of an intangible such as goodwill which is so important in assessing the worth of conventional business enterprises? Is there a central data collection point, such as a probate court, where there can be an accounting, followed by a close and comprehensive examination of the data?

#### A. Approach

In view of the absence of reliable data, the most useful course was to construct a framework within which organized crime property interests could be considered. This framework will serve to (1) facilitate future data collection, (2) shed light on the options available to organized crime groups and individuals when they seek to create, maintain, or transfer property interests in their enterprises or in the fruits of their enterprises, and (3) provide immediate, interim benefits to law enforcement agencies in the exercise of their intelligence and investigative functions.

This framework includes three matrices, the first of which captures those considerations that may compel avoidance of open or legal

ownership of property. The initial matrix presents the legal constraints on ownership of or participation in business operations, and the dangers that organized crime figures may court by overt ownership or control of property or businesses. The second matrix delineates the many legal and contractual devices that may be used by organized crime figures to create or control property interests, and/or to cope with the considerations outlined in the first matrix. In the third matrix, how property interests may be created or extinguished is considered in light of the constraints on the forms of ownership outlined in the first two matrices.

To prepare these matrices, newspaper files and organized crime literature were extensively reviewed, principally for the light they could shed on the methods employed by organized criminal groups in establishing or maintaining property interests. As we anticipated, this review resulted in the collection of a largely anecdotal body of information with no real patterns. Although law enforcement personnel are able to supply a great deal of in-depth information on particular cases or incidents, they apparently have not used the information to develop analytic approaches. The media seem singularly uninterested in property or transaction-related details, often even failing to follow explicit descriptions in indictments; they seem largely content with such vague terms as "laundering" (of money), "skimming" or--even less enlightening--"fraud" or "corruption."

Finally, this section examines these matrices in order to understand the relationships among them, their implications for future research, and the immediate law enforcement benefits that may flow from the insights they offer.

#### B. Matrix I - Capability to Own Property

Organized crime figures or the groups in which they participate face two types of barriers or impediments that they must consider when they seek to acquire property interests. The first reflects absolute barriers to what are characterized as participatory capability, and the second goes to the wisdom of ownership of property that are referred to as operational capability. Participatory capability concerns those barriers to the open acquisition of property interests by organized crime figures that are imposed by the government in its role as regulator of private conduct. Operational capability refers to the prudence of organized crime figures' openly acquiring property interests. These operational constraints stem from both government investigation and enforcement activities and the conflicts and hostilities endemic to the underworld itself.

##### Participatory Capability

The principle absolute barriers to ownership of property by individuals are, as might be expected, legal in nature. One disability might be a prior criminal conviction that would automatically preclude eligibility for a license or other regulatory approval. Through this and other types of eligibility criteria, the government controls who sells alcoholic beverages, who posts bail bonds, and who operates legal gambling establishments. Beyond the obvious exclusions, there are other legal restrictions on access that are, for practical purposes, equally insurmountable. Examples of these are parole or probation conditions that prohibit acquisition of ownership interests in specific kinds of

businesses (e.g., a wholesaler of sporting goods that has a firearms and ammunition inventory), or participation in businesses in which there may be contact with others who have criminal backgrounds.

These impediments or barriers to acquisition and continued ownership of certain forms of property naturally result in either acquiescence or evasion. In some instances the effort to acquire property in the face of such barriers will not be worth the trouble, because of the limited profit potential or perceived risks of detection and ensuing consequences. In other instances every possible tactic of evasion will be utilized, including the use of dummy purchasers, straw owners or stockholders, corporate fronts, ownership through foreign or offshore bank nominees, or the use of imaginative forms of ownership that do involve literal title to real or intangible property (see Matrix II below).

#### Operational Capability

Many factors will constrain, although not necessarily bar, attempts by organized criminal groups and individuals to acquire particular property interests. These factors usually reflect the precarious quality of ownership in an environment in which open property interests may trigger the unwelcome attentions of the government or criminal elements.

The first, most obvious, and most often recognized constraint on acquiring legal title to property is the fear of criminal investigation and prosecution. The acquisition of property can stimulate questions from Federal and state revenue agencies: Where did the money come from to buy the property? Were taxes paid on the money when it was earned?

Criminal and civil tax prosecutions may result. More direct questions may be asked. If property is acquired for only nominal consideration, or on terms that favor the buyer to the point that they are confiscatory to the seller, this may provide evidence of an extortion or other lawless takeover. Documenting this situation in public papers certainly enhances law enforcement investigation and prosecution.

Open ownership exposes a proprietor to monitoring that may be troublesome or dangerous for one in the business of crime. Federal, state, and local tax laws require the keeping of records of transactions. Regulatory and licensing statutes often provide for accountability with respect to qualifications and conditions of employment, and for inspection of premises. All these can be expected to be matters of concern for those loath to have any contact, let alone interactions, with legal authorities.

In addition to exposure to government monitoring and the need to account to government for one's behavior, there may be economic reasons for avoiding ownership. For example, it may be perceived to be safer to draw off untaxed earnings from a business or profit-generating property with which one is not legally involved than to do so if one is visibly linked to operations or ownership. This perception may well be accurate.

It should also be recognized that when property is formally acquired it becomes, because of the new Federal and state Racketeer Influenced and Corrupt Organization statutes, a hostage to fortune. Under the criminal and civil provisions of these statutes, draconian forfeitures are now possible if one's business or properties are instrumentalities used by criminal enterprises. With the currently

increasing trend by Federal and state law enforcement to exploit these new tools, it is only logical to expect that criminal groups will resort more and more to disguised ownership and fraudulent security interests in property (see Matrix II, below). Prudence will dictate increasing skepticism toward the benefits of ownership.

Open ownership of property may expose one to other dangers within the organized crime community. Visible and acknowledged property could excite the interest of rivals, including insurgent "Young Turks" within an organization, as well as that of new and emerging groups inclined to contest established power. Such ownership interests could generate enmity that could lead to extortion efforts.

Finally, the status or condition of one seeking to acquire a property interest may affect his operational capability. One who is under investigation or indictment, or is already incarcerated will be handicapped in controlling certain forms of property, particularly those that involve rights in illicit businesses or illicit facets of their operations. For example, Vincent Teresa claims he lost a property interest in proceeds skimmed from Las Vegas casinos because he was in prison and unable to protect his rights.

This discussion of operational constraints on the acquisition of property fails to take into account the countervailing benefits of property ownership. At this juncture it is intended only to itemize and explain constraints, not to test their importance or influence.

#### C. Matrix II - Identification of Types of Interests

In light of the many factors that tend to inhibit organized crime figures from acquiring title or other legal interests, as described

above, they frequently employ alternative methods to screen such interests. These involve the creation, purchase, and sale of the very same types of property interests that are found in the world of legitimate business and investment operations. Recourse to these instruments may, for example, reflect any one of a number of purposes: to make a simple investment, to enter or expand operations in a legitimate sphere of activity, to exploit and control other businesses through economic levers or physical threats, to loot and then abandon an enterprise or property, and to cloak or further illegal operations. These motives may be and probably are mixed in many instances.

It should be recognized, also, that there are property interests in both legal and non-legal enterprises. Ownership of a bar and grill is clearly a legal property interest, but an established loansharking enterprise in a defined and protected territory is no less a valuable "property," even though not a legal one.

In Matrix II, therefore, we discuss the range of legal and non-legal property interests that can be resorted to by organized criminal groups, keeping in mind always that there are overlaps among them and that "legal" types of interests can and do play a part in unlawful operations. For purposes of this analysis, these are divided into two groups: those that involve evidence of ownership in property and those devices that facilitate indirect, but no less real, control and exploitation. The interests listed are illustrative rather than exhaustive and, it should be noted, these forms of property interests are often combined one with another.

## 1. Legal Property Interests

### a. Evidence of Ownership:

The most commonly recognized evidence of ownership in property are deeds to real property, which will show ownership by individuals, partnerships, or corporations. Deed language may restrict further transfer or automatically control or direct transfer in the event of the death of an owner. Deeds are ordinarily a matter of public record.

Ownership of businesses and other property is often evidenced by partnership agreements. In some jurisdictions certificates of doing business as partners is a matter of public record. Where a business is a sole proprietorship, its ownership is often a matter of public record through filings with municipal or county authorities. A business' ownership of goods, merchandise, fixtures, and goodwill may be evidenced by a bill of sale that is usually not a matter of public record. Hidden or silent partnership arrangements to avoid business liabilities, taxes, and scrutiny of law enforcement is quite common. Ownership of an interest in a corporation is evidenced by certificates of stock. Stock ownership is not a matter of public record.

Ownership of property, whether in the form of title deeds to real property, partnership interests, or stock in a corporation may be held by a fiduciary, e.g., a bank or trust company, or an individual. Fiduciary agreements are not matters of public record, though regulatory bodies have access to them when they are entered into with banks or other institutions that are subject to regulation. Although it may seem ironic to call the "front men," who help criminal

enterprises to operate, "fiduciaries," it is clear that fiduciary arrangements, in the broadest sense, can and do serve such purposes.

Evidence of ownership must always be considered in light of the possibility of divorcing the control and the benefits of ownership from technical ownership.

### b. Property Rights Divorced from Ownership

Property rights are often established and maintained without any evidence or indicia of ownership in order to cloak ownership, insulate oneself from financial liability while extracting profits from an enterprise, or penetrate and exploit a market for profit. Such property interests take the following forms:

Debt instruments, such as mortgage obligations and promissory notes, usually originate from actual loans or financing. In an organized crime context the criminal entrepreneur can use such instruments to set up a business, install a manager as the ostensible owner, be in a position to drain off profits as interest or principal repayments, and call in the loan or repossess the property at any time. The creditor is thus an owner without exposure to debts incurred in the operations, payroll taxes, or other liabilities. Where control is acquired by extortion, debt instruments may be used even where there is no genuine financing or contribution of assets; there could be a technical loan followed by a kickback of all or part of the proceeds to the creditor.

Valuable property rights in the enterprises of others can arise where profits are assured through monopolistic or forcefully obtained contractual rights to supply goods or services (e.g., liquor, linen

supplies, or cleaning services to a restaurant). Similar property rights may exist in the form of concessions for operations within another's business premises, such as the right to place and operate vending machines. There are many other possible variations on this theme.

Property rights also derive from the power to control organizations such as unions and trade associations. Such control can be used, for example, to profit from health and other benefit servicing contracts, from the investment of union welfare and pension funds, and from exorbitant salaries. Written evidence of ownership is not always apparent in this context, but can exist in the form of union constitutions and resolutions that limit rank-and-file participation and give unfettered discretion to make contracts and disburse union funds.

## 2. Non-Legal Property Interests

The varied categories of property interests noted in the previous discussion of legal interests are pertinent to the categorization of non-legal interests (See Appendix B). Rights, however, in underworld activities cannot be enforced through the legal mechanisms of dispute resolution (arbitration; lawsuit; referral to an administrative agency). Presumably, much depends on informal understandings, shifting alliances, and personal reputation rather than on written evidence of rights or obligations.

Such non-legal interests appear to fall in three broad categories, all dealing with intangible property: franchises, investment, and credit.

### a. Franchises

Franchises can be defined, for the purposes of this discussion, as the right to engage in specific forms of unlawful business within a defined territory. They may be exclusive, or may permit participation by many independent and competing operators in the same geographic area. When the term "franchise" is used in legitimate spheres of activity, it generally refers to a contractual grant of authority to engage in specified activities. In the non-legal arena there may be a similar grant of authority, but in the final analysis the right to operate is more likely to be the result of a balance of contending forces, with varying degrees of stability.

Franchises can be cloaked in different garbs. For example, the ability to operate gambling establishments may rest on access to monopolistic wire services or to betting lay-off services that are analogous to insurance industry practices. Wire service monopolies themselves, or the reputed monopolies that have been created to control the sale of cheese for pizzas would also be examples of valuable property rights created by monopolistic franchise.

### b. Investment

Illegal operations, whether stable and continuing or episodic, such as a payroll robbery, require capital investment like any legitimate venture. Capital is required for fixed expenses such as equipment and payroll as well as for operating expenses such as travel or payoffs to public officials. Capital must be committed in advance to set up such businesses as loansharking. And capital reserves must be maintained to weather periodic fluctuations and crises in illegal markets.

Sources of such capital can include financing by outsiders, equity participations, loans at high interest, or--parallel to financing transactions in the legitimate sector--a combination of both. Such capital would also include reinvestment of profits. It is quite likely that such property interests arise not only out of direct dealings between lenders and borrowers, but also through the intercession of middlemen "bankers" who identify idle funds and direct them to users.

c. Credit

Just as in the legitimate sphere, property rights in the form of accounts receivable exist in the criminal arena. These are credit transactions with ultimate consumers, such as gamblers, and within illicit networks, such as those between gambling establishments and their lay-off insurers. In these and other instances where transactions take place in a non-cash environment, usually by telephone, accounts receivable and payable will be generated on a large scale.

It should be repeated here that the line between legal and non-legal interests in property is indistinct. Criminal means may, for example, be used to create a monopoly for a supplier of goods or services, but subsequent implementation and exploitation will usually take place openly. Contracts will be in writing, taxes will be paid, licensing and other regulatory requirements will be observed, bills will be mailed, and accounts will be certified, often by reputable accounting firms.

D. Matrix III--Creation and Extinction of Interests

Property interests are continuously being created and extinguished in the organized crime environment, just as they are in the normal world of investment, commerce, and industry. Many aspects of organized crime economic activity take place, as we have noted, in the legal sphere. Others, as in the case of Matrix II, are analogous to events that occur in the legal sphere. In Matrix III we therefore consider the various ways in which property rights are established, maintained, and extinguished in both sectors.

1. Legal Events

Purchase

In the normal course of business operations, organized crime figures will have occasion to create property rights through the legitimate purchase of real property, securities, and interests in businesses or franchises. These purchases will often be assisted by loans that are secured by mortgages, promissory notes, or other evidences of indebtedness. These property rights will be enforceable in courts of law, except to the extent that extra-legal pressures are brought to bear to prevent normal recourse to legal remedies or to extort the production of conveyances or other transfer documents. As is noted below, the forms of legal purchase and sale transactions may be no more than a cover for non-legal creation or extinction of property rights.

Gift and Inheritance

Property interests can be acquired or conveyed without any consideration passing between the parties. These events can be implemented while a donor is alive through the use of deeds, bills

of sale, deeds of trust, and miscellaneous transfer documents such as checks or endorsed title instruments (e.g., automobile titles). Transfers after death can be made through wills, insurance policies, pension rights that survive decedents, transfers of jointly held interests pursuant to agreement (e.g., a partnership agreement), or deeds that vest full title in a surviving joint owner. Gifts and other transfers may be outright, conditional, or subject to liens or other burdens. It is important to recognize that hidden or informal arrangements may make the reality of such transfer events quite different from their legal form, especially where property is held by a straw for some other person.

#### Election

As noted above, property interests can arise from holding a position that carries with it access to perquisites and legitimate income. Such a position may be obtained through election to a position in a corporation by a board of directors, or to a position in a labor union through whatever mechanism is provided by the union constitution and by-laws. The extent of the property interest obtained will depend on such elements as length of tenure, power to set salaries and expense accounts, and the power to enter into contracts or control pools of capital such as union treasuries and pension funds or corporate investment funds. Property rights created by election may be enforceable in courts, but generally rest more on the acquiescence of others in an organization. In many instances the line between the licit and the illicit is most uncertain. The discretionary powers conferred on an elected office holder make it difficult to

prove that even the most outrageous lootings or other misuse of the organization's assets exceeds the officer's powers.

#### Contracts

Rights to income over time can be created by many of the contractual methods described in Matrix I. Contracts may give suppliers a special hold over customers. Employment or consulting contracts establish similar property rights and service contracts may be extraordinarily valuable. Leases also create property rights, in that leases attractive to landlords enhance the sale value of properties, while assignable leases favorable to business tenants increase the sale value of their enterprises.

#### 2. Non-Legal Events

##### Force or Extortion

All legal events creating property interests may be initiated through the threat of physical force or other unlawful (e.g., monopolistic) pressures. All property rights may be extinguished through compulsion, if victims acquiesce. Property rights may be extinguished through outright and complete transfers, 100 percent of a particular property interest, or partially through the payment and receipt of inadequate consideration (price) for a sale. Property extorted may be in the form of real property, an interest in a business, or the creation of property rights by contract or election as described in the preceding sub-section.

Obviously, in the organized crime environment, the proceeds of direct criminal acts may be sources not only of current income, but also of capital for licit and illicit investments.

### Fraud and Corruption

Property rights may be created through corruption of the processes of government and business. Property rights in real property can be greatly enhanced through zoning variances corruptly obtained,<sup>32</sup> and by valuable contracts awarded through bribing buyers and trusted employees.

Rights to engage in unlawful enterprises can be created and maintained by the purchase of immunity from law enforcement agencies and other government officials.

Sheltering profits of illegal enterprises from taxation through the use of techniques such as skimming and laundering monies is an obvious technique for assembling capital for both illicit enterprises and investment in legitimate channels.

Organized crime figures also engage in fraud as a business, to spin off profits and accumulate capital, as for example in bankruptcy scams.

In the non-legal sphere, creating, maintaining, and extinguishing rights must rest on a mix of illegal and legal methods and remedies. As noted above, rights maintainable in the courts may be affected by force or the threat of force. There has been much in the literature about arbitration and adjudication of territorial rights to conduct organized crime business.

The area of least clarity, however, is that which involves property interests where legal title does not reflect true ownership, where property is held for the benefit of another person or group. In view of the constraints on actual (legal) ownership in the organized crime environment (see Matrix I, above), this should be an area of major attention and concern for those

an area of major attention and concern for those engaged in anti-organized crime activities. Transfers of property interests that may be subject to review by probate courts, regulatory agencies, or licensing authorities, or to public record keeping as in the case of land transfers---all these and similar requirements must offer substantial challenges to organized crime operations. This is also an area that is also particularly prone to conflict: it is replete with possible joint ownerships and claims backed by the threat of force that must be adjudicated.

### III. IMPLICATIONS

From the outset of this study it was evident that little or no systematic attention had been paid by researchers or law enforcement practitioners to the general subject of property holdings of organized crime figures, or to the property holdings of the groups in which they participate. This should be distinguished from their high level of interest in the holdings of specific, individual targets of investigation or prosecution, and in those who are the objects of general intelligence surveillance.

Information among law enforcement agencies is highly compartmentalized, often filed according to particular cases or individuals. The net effect of this compartmentalization of existing knowledge is that both specific case development and pro-active law enforcement operations are not supported by bodies of knowledge in this field, but must rely on the interests and memories of individual law enforcement staff and on the results of specific investigations.

This study suggests that organized crime property interests should be analyzed to address law enforcement and non-criminal justice agency needs. These two areas will be examined in the following section.

#### 1. Law Enforcement

The property focus is important to law enforcement agencies in two areas: (a) the conduct of intelligence activities and pro-active enforcement operations and, (b) case investigation and case evaluation.

### Intelligence and Pro-Active Operations

Intelligence activities contribute to law enforcement missions in many ways, all of which require the richest possible mixture of information, its retrieval when needed, and its application to particular uses. An effective intelligence unit should be able to consider, among other things, not only what its adversaries may be presently doing, but also how organized crime's capabilities and weaknesses may influence the direction of their future activities. With an information base that better taps existing intelligence sources through detailed interrogations about property interests and relationships, enforcement agencies can make a more informed assessment of organized crime's possible future endeavors than is now possible.

The resources and property interests that organized crime groups and their individual members have on hand or readily accessible are likely to trigger criminal behaviors to protect as well as to expand such interests. If law enforcement agencies have greater awareness of the extent and character of such resources and property interests they should be better able to design strategies to counter that behavior.

If title to property, such as deeds, stocks, or bills of sale, is not in the name of controlling parties, the stage may be set for battles for control when power balances shift; such conflicts may be particularly likely where control or ownership is shared. The potential for such conflicts is heightened by the existence of business relationships and joint ventures that cross both organizational or "family" lines, and status within organizations.<sup>33</sup> Such relationships may trigger conflict as well as build up mutual support among organized

crime figures. In-depth knowledge of common property interests will be particularly important to law enforcement agencies when relationships between parties with interests in common are overtaken by conflicts or potential conflicts between the groups with which they are affiliated.

New business opportunities, a decline in business, or stresses among criminal groups may compel the liquidation of assets such as interests in businesses or property, or the raising of cash by exploiting control over them. This may be particularly problematic for organized criminal figures when ownership is cloaked, or when perquisites of ownership are exploited through devices such as those discussed in the preceding chapter, e.g., debt instruments, supplier contracts, and franchises. Here, once again, correlating tactical intelligence of conflicts or other activities involving figures of interest to intelligence units with knowledge of their business or property interests could help an analyst to identify future criminal behavior. For example, in the case of the Campisi family, discussed above, the analyst learning of a burgeoning conflict and of the absence of ready assets to fund that conflict might have then considered investigating any one of a number of possible financing alternatives for the Campisis. At this point, however, the literature sheds little light on the relationship between the financial stresses on organized crime groups or figures and their reactive behaviors.

#### Case Investigation, Preparation, and Prosecution

Once an investigation is underway a focus on property interests will be relevant (a) to the search for evidence, (b) to assist efforts to "turn" and deal with insider witnesses, and (c) for more

comprehensive exploitation of prosecution efforts, to maximize their impact.

Organized crime investigations, as in white-collar crime inquiries, are often quite complex because scenarios must be constructed to show criminal planning, financing, resource allocation, and the deposition of earnings or proceeds of particular ongoing criminal efforts and the effect of these activities on others. In each of these areas the property focus may be of particular assistance to investigators and prosecutors--especially if they have recourse to relevant, up-to-date intelligence data. For example, an important step in showing the disposition of proceeds of criminal activity would be examining properties or businesses controlled or owned by investigative targets in order to see if there are unexplainable infusions of resources in such enterprises.

Understanding the concerns and grievances of potential insider witnesses is always important to law enforcement, and especially important in the organized crime area. Knowledge of how property interests are or might be shared, and the tensions arising from the fragility of such interests can assist prosecutors to persuade potential witnesses to cooperate.<sup>34</sup>

We discussed previously the various methods and devices that could be used to create, maintain, adjudicate, and extinguish property interests in the organized crime arena. Those engaged in investigating and prosecuting organized criminal activity may well assume that their current level of case analysis gives them adequate understanding of the ways in which subjects pursued their schemes, and sufficient evidence to identify, if not to prosecute, those most culpable. In most instances

this confidence is justified. Nonetheless, a comprehensive case analysis will often be aided by a systematic examination of the roles of all those in an arena. It may well be, for example, that law enforcement staffs can benefit from extra efforts to determine who are the creditors or major suppliers of an enterprise and what means are used to finance that enterprise. We suggest here that, in an arena where insider or victim evidence is often unavailable, criminal activity may change its appearance when seen in the context of the scenarios suggested by the matrices.

Finally, and of particular significance, is the role of the property focus in enhancing the impact of successful prosecutions. In order to determine the form of prosecution and to exploit convictions, the existence of an intelligence base that reveals the potential property interests of the subjects of investigations is crucial. This knowledge is especially important if criminal and civil remedies, such as a Racketeer Influenced and Corrupt Organizations statute (RICO), are available. Such intelligence, validated by specific investigations, could determine whether RICO preliminary remedies should be sought and whether criminal or civil remedies, or both, should be pursued. In addition, this information would greatly increase the ability of law enforcement agencies to identify the property instrumentalities used by criminal defendants in order to subject them to forfeiture proceedings. Even where RICO remedies are not available, the property focus can assist in collecting criminal fines, or in pursuing other civil remedies, such as prosecuting for fraud. Intelligence sources are currently being solicited for assistance in these areas, but the benefits of this method are severely limited since intelligence data

bases record such information only fortuitously rather than systematically.

## 2. Non-Criminal Justice Agencies

Those concerned with prosecuting and containing organized crime have long recognized the essential role of agencies outside the criminal justice system. Informal linkages between criminal and non-criminal justice agencies have been common, and the past decade has seen the proliferation of task forces and committees designed to foster these interactions. The best recognized of these linkages have been those with revenue collection agencies, but there have also been joint efforts by departments and agencies that have responsibilities in areas such as labor, securities regulation, port administration, and environmental protection, to name only a few.

The loss caused by the absence of a property interest focus is most obvious when we look at the revenue agency linkage. Our review of a very limited number of estates of deceased organized crime figures indicates not only revenue compliance system weaknesses at the state level, but also an almost total lack of coordination between law enforcement and tax revenue agencies except where specific law enforcement efforts are called for. For example, although intelligence files contain much information (admittedly often unverified) about real property and business interests of organized crime figures, criminal justice agencies do not alert revenue agencies when a mobster dies. This seems to occur at the Federal as well as at the state level. One would expect that the I.R.S. and state tax commissions would want at least to inquire whether a mobster's estate was going through probate--ordinarily a predicate for the filing of a tax return that

could be audited. If there were probate proceedings, the details would be open to law enforcement agency scrutiny. Our estate reviews suggest that in many instances both tax collections and intelligence gathering presently fall between the cracks.

Although much of the intelligence in criminal justice agencies is of a hearsay nature, the same kind of information often guides revenue agency decisions of where to undertake audits and investigations. Without alerts or referrals, revenue agencies are highly unlikely to examine estates of organized crime figures either because there are no filings or estate proceedings to trigger an examination, or because only a small estate, promising little profit if audited, is disclosed. The revenue collection implications are clear, and may be quite significant financially if we accept some of the estimates of organized crime wealth that have been made.<sup>35</sup> Beyond any financial gain to the government, we should consider the ways in which ongoing organized crime operations may be facilitated by the absence of close scrutiny of decedent property transfers. Where property is held by strawmen, transfers that bypass examination make detection more difficult and permit the continuation of schemes. Extensive coverups of property acquired from illegal activities can be continued. If there does exist a large body of resources that belongs to criminal groups rather than to individuals, it can be held together regardless of the death of the nominal or temporary beneficiary. Finally, where property transfers are not closely scrutinized by law enforcement intelligence units, there is a lost opportunity. For purposes of strategic analysis and planning, being able to track ownership and control of resources would help predict directions of organized crime activity through assessing the

capabilities of criminal groups.

Because many agencies must focus on property interests in order to achieve their own objectives, other agency linkages promise additional benefits besides tracking decedent transfers and developing tax cases as alternatives to criminal charges. In many instances the process of obtaining licenses, permits, or zoning variations, and of underwriting securities requires filings that show (alleged) ownership interests, which can be compared with other filings for strategic intelligence purposes. Requests for small business loans and home improvement loans, for example, require financial statements that disclose property interests.

The property interest focus can in this way be a major factor in developing more productive and mutually beneficial agency linkages. Intelligence agencies, aware of significant events such as deaths, transfers of control, or business expansions that might require Small Business Administration loans, can make referrals that alert other agencies to patterns of activity. These, in turn, can provide feedback that could support more comprehensive strategic analysis of organized criminal activity and could also contribute to specific case development.

#### IV. RECOMMENDATIONS

This preliminary exploration suggests recommendations in areas of organized crime law enforcement, and related research.

1. Intelligence units should enrich their individual and group subject files by developing and maintaining separate file sections on the subjects' property interests.

As noted above, there is much information in intelligence and other law enforcement files relating to the property interests of file subjects. This information is usually scattered, with little indication whether it was verified or used (and if so, in what way). If this type of information is recognized as significant, it is more likely to be consistently collected, verified, upgraded in quality, and used.

2. Information for property interest sections of intelligence files should be actively sought from existing files, from public records, from other agency sources, and from informants.

The first prerequisite for building property interest sections of intelligence files is to ask those questions that elicit the needed information. It is clear that files currently reflect the perception that it is only necessary to know what the subject "owns," or has "an interest in." Information that is otherwise available is usually not collected or recorded, possibly because there is no structured protocol

for eliciting relevant followup questions, e.g., from informants, that could shed light on whether ownership is overt and legal, or a front. Questions could be asked about the chain of title, and, if the venture is not new, whether a price was really paid for it.

We recognize that intelligence units have limited budgets and resources and cannot be expected to become involved in separate, extensive investigations along these lines. We do suggest, however, that such questions be asked whenever a likely source (e.g., an informant, a witness who turns state's evidence, or an officer engaged in a specific investigation) appears. Particularly fruitful might be extensive debriefings of protected witnesses to gain information on the organic workings of organized crime mechanisms for the creation, maintenance, adjudication, and extinction of property interests. In some instances this process might entail no more than reviews of current debriefing memoranda that are digested for intelligence files. Protocols for debriefing existing files, informants, and other sources of information should be created to assist intelligence agencies in gathering such information. A representative series of questions for such a protocol is included in this report as Appendix B.

3. Property interest information should be regularly analyzed and distributed to potential users.

If property interest intelligence is not used, its collection will soon be abandoned. Use is more likely if it is regularly distributed and accompanied by analysis-based advice on how it can be used.

Information concerning common business interests or joint ventures among

organized crime figures may well be relevant to specific investigative targets and cases. Providing information of use and interest to investigators and prosecutors should result in information being contributed to an intelligence data base by an oriented and aware constituency.

4. Intelligence units should give special attention to collecting and analyzing significant events that produce property interest data.

Whenever there is information from the media, informants, or any other source that there is some significant event or transaction involving an intelligence subject (e.g., the death of a subject or of a family member, a reported purchase or other acquisition of real property or a business, a divorce, etc.), consideration should be given to collecting property interest data or setting the process in motion for such acquisition. The death of a subject should trigger, at a minimum, a report to appropriate agencies alerting them to the death of a mobster with reputed holdings (described in terms that include reputed dimensions of such holdings), offering cooperation, and requesting in return any information that can be lawfully released. The death of a mobster's family member could be a significant and enlightening event if there is joint ownership of property, or if property is held by the deceased for the benefit of the mobster and his colleagues. Information that a mob-connected enterprise is engaged in a public offering of securities should trigger a request to the Securities and Exchange Commission or the appropriate state regulatory agency for the prospectus or offering circular--and perhaps a visit to the regulatory agency to

scan supportive documentation that answers questions about internal workings and control.

As part of such an effort, state and local law enforcement agencies should periodically make computer runs to identify file subjects with probate proceedings and, when possible, with death records that might be available in county clerks' or county health offices. If resources are available, similar checks might be made against grantor/grantee real property indices that are sometimes the subject of public or title company land transfer records.

5. Intelligence units should develop, maintain, and index an inventory of methods and devices used to create, maintain, extinguish, and adjudicate organized crime property interests.

Earlier in this report we described a matrix that could be used to show the methods and devices possibly employed by organized crime to create, maintain, extinguish, and adjudicate property interests. The case files of every major jurisdiction include descriptions of how such methods or devices were used in particular cases that were investigated and/or prosecuted. Indictments often contain such information. Intelligence units are in a good position to develop internal reference files, starting with these matrix headings, to assist intelligence, investigative, and prosecutive staffs in analyzing transactions and relationships that are only partially described by the evidence at hand. Over time these could be refined and exchanged among agencies, to develop a more general reference work on organized crime methods dealing with property interests. In the interim, individual directories could

be used for internal intelligence and case analysis.

6. A systematic and expanded effort should be made to study the estates of deceased organized crime figures.

In this study we examined only a few cases of deceased figures allegedly involved in organized criminal activity. The results yielded more questions than answers. Do important organized crime figures amass and hide wealth, or are they more likely to have only modest means at their death? Do constraints on openly owning assets actually affect their ability to own property? Where estates do contain substantial property interests, is it more likely to be recently acquired, or acquired gradually over the years, i.e., does wealth accrue with power and perquisites as it often does in legitimate business organizations, or does one reap the benefits only after gaining major power? Does the pattern of our estate examination in the New Jersey-Pennsylvania area prevail generally, hinting that heritable wealth may be negatively correlated with sociological power?

The conventional wisdom is that major organized crime figures possess great wealth, own major interests in legitimate business, and have hidden, tax-immune sources of income such as skimming from legal gambling casinos. There is a considerable body of knowledge within law enforcement agencies on the identity of major organized crime leaders. This list may be, and probably is, distinguishable from one containing prominent but subsidiary figures who are more likely to be satraps or middle-level managers than rulers. A national list of such figures, deceased at least three years (long enough for estate proceedings to

have been commenced if not concluded) should be assembled and estate inquiries undertaken in a number of jurisdictions. Such an investigation should address many of the same questions that were raised in this report, while drawing on broader data sources.

Such research can be a springboard for further investigation, looking behind the public record data to (a) draw profiles of organized crime career paths, (b) assess whether public record data are indicative of the true state of these mobsters' property interests, and (c) consider the hypothesis that there exists a floating body of organized crime resources that is controlled only during tenure in leadership and is not the personal property of any specific organized crime figure.

APPENDIX A: Profile of Selected O.C. Figures' Estates

1. Ignazio Denaro (1904-1970) (Pa.)  
Reputed Rank: Underboss (Bruno family)  
Reputed Illegal Interests: Gambling and loansharking in Atlantic City, N.J.  
Lifetime Legal Interests: Ownership interest in three residential properties--one in Philadelphia, Pa., two in Sea Isle City, N.J.; Ownership interest in a Philadelphia, Pa. restaurant alleged to be a meeting place for Philadelphia La Cosa Nostra; Partnership interest in a Sea Isle City, N.J. restaurant; Undefined interest in construction of motels in Sea Isle City, N.J.  
Estate Assets: Died intestate; no record of administration
2. Guisepppe (Joseph) Rugnetta (1896-1977) (Pa.)  
Reputed Rank: Consigliere (Bruno family)  
Reputed Illegal Interests: Gambling; loansharking.  
Lifetime Legal Interests: Ownership interest in two residential properties--one in Philadelphia, Pa. and one in Margate, N.J.; Ownership interest in Philadelphia restaurant alleged to be meeting place for Calabrian faction of the Philadelphia La Cosa Nostra. The restaurant and the N.J. residence were conveyed to Rugnetta's family members during his lifetime.  
Estate Assets: Simply-drafted will left Philadelphia residence to his daughter and his niece and the residual estate to his daughter.
3. William Maxwell Weisberg (1899-1978) (Pa.)  
Reputed Rank: Boss (Jewish "mob" in Philadelphia). Strong political connections in Center City Philadelphia that were allegedly used by Angelo Bruno to maintain control over that area.  
Reputed Illegal Interests: Gambling; Labor Racketeering (Teamsters); Loansharking.  
Lifetime Legal Interests: Ownership interest in Philadelphia residential property; Partnership interest in a Philadelphia linen supply company.  
Estate Assets: Simply drafted will left entire estate to his brother. Preliminary inventory of assets included Philadelphia residence and an undetermined amount of cash in two Philadelphia bank accounts.
4. Adam D'Olio (?-1971) (Pa.)  
Reputed Rank: Soldier (Bruno family)  
Reputed Illegal Interests: Gambling; Loansharking; Ownership interest in a private after-hours club in Philadelphia (this interest allegedly passed to Narducci after D'Olio's death).  
Lifetime Legal Interests: Ownership interest in Philadelphia residential property.  
Estate Assets: Died intestate; No record of administration.
5. Ernest Perricone (1915-1972) (Pa.)  
Reputed Rank: Soldier (Bruno family)  
Reputed Illegal Interests: Gambling; Loansharking; Labor racketeering.

- Lifetime Legal Interests: Undefined interests in two Philadelphia residential properties; Undefined interest in a Philadelphia luncheonette; Undefined interest in vending machine operations.  
Estate Assets: Died intestate; no record of administration.
6. Giovanni Salvo (1902-1971) (Pa.)  
Reputed Rank: Soldier (Bufalino family).  
Reputed Illegal Interests: Gambling.  
Lifetime Legal Interests: Undefined interest in residential property in West Wyoming, Pa.; Partnership interest in City Paint and Wallpaper, Inc. in Pittston, Pa (Salvo's son allegedly took over this interest upon Salvo's death).  
Estate Assets: Died intestate; no record of administration.
  7. James C. Procopio (1935-1972) (N.J.)  
Reputed Rank: Chauffeur of N.J. loanshark  
Reputed Illegal Interests: Undetermined  
Lifetime Legal Interests: Undefined interest in a N.J. residential property.  
Estate Assets: Died intestate: Wife filed an affidavit of surviving spouse where entire estate does not exceed \$5,000. Inventory of personal property valued at \$200.
  8. Idal Naccarotta (?-1976) (N.J.)  
Reputed Rank: Low  
Reputed Illegal Interests: Undetermined  
Lifetime Legal Interests: Undefined interest in N.J. residential property.  
Estate Assets: Left no will or administration.
  9. Frank Anthony DiRenzo (1918-1976) (N.J.)  
Reputed Rank: Low  
Reputed Illegal Interests: Large scale bookmaker; Operator of a sports action bank; Narcotics distribution.  
Lifetime Legal Interests: Ownership interest in a residential property in Mt. Ephraim, N.J.; Undefined interest in a second N.J. residential property; Undefined interest in a Cherry Hill, N.J. bowling alley; Undefined interest in an Atlantic City, N.J. cocktail lounge; Listed as president of RI-BO, Inc., but the nature of this business could not be ascertained.  
Estate Assets: Died interstate; Wife filed an affidavit of surviving spouse where entire estate does not exceed \$5,000. An inventory of the estate, valued at \$3,810.04, revealed an interest refund check, a small checking account, and a car.
  10. Albert Esposito (1914-1974) (Pa.)  
Reputed Rank: Soldier (Bruno family); also listed as "principal operative" of consigliere Rugnetta.  
Reputed Illegal Interests: Gambling; Loansharking; Allegedly Philadelphia's "Number one Number's Man."  
Lifetime Legal Interests: Owned card shop; Undefined interest in three Philadelphia residential properties (one may have been leased from Rugnetta); Undefined interest in a Cherry Hill, N.J. tavern.

Estate Assets: Died intestate; no record of administration. Some information indicates that Esposito's sons took over illegal interests.

11. Felix Bocchicchio (?-1974) (N.J.)

Reputed Rank: There is conflict as to Bocchicchio's status within the New Jersey organized crime structure. The U.S. Justice Department does not identify him as a member of La Cosa Nostra, but as an individual having very close ties with the organization. However, other sources identify Bocchicchio as captain of the Reginelli family.

Reputed Illegal Interests: Bocchicchio has been linked to gambling, loansharking, and prostitution in New Jersey and to extortion of Baltimore, Maryland restaurant and tavern owners.

Lifetime Legal Interests: Bocchicchio's holdings were quite extensive. His annual income was estimated to be in the high six figure range. He owned three large cars and a private box at the Garden State Raceway in New Jersey. He was alleged to have an undefined interest in a Lindenwold, New Jersey bar with an associate of Frank Sindone. He was also alleged to possess an undefined interest in a Mt. Ephraim, New Jersey restaurant. An examination of the Camden County Deed of Records disclosed extensive real estate holdings either by Bocchicchio alone or with an apparent business associate, Charles Bralow. The total value of these properties was in excess of \$800,000. These holdings included residential properties in New Jersey; vacant lots; a car wash; a storage building; a small grocery store; a liquor store; a 120 unit motel; construction sites for proposed apartment buildings; and an airport.

Estate Assets: Despite Bocchicchio's apparent lifetime wealth, he left no will or administration.

12. Joseph Sciglitano (1895-1971) (Pa.)

Reputed Rank: Captain (Bruno Family)

Reputed Illegal Interests: Gambling; Loansharking (in charge of Chester, Pa.'s "operation").

Lifetime Legal Interests: Undefined interest in a Chester, Pa. residential property; Sole ownership or joint tenancy interest in three Chester, Pa. properties purchased and subsequently sold for a \$65,000 profit; Ownership interest in another property of an undetermined nature in Chester "Operating" interest in the Delaware Valley Beverage Company. (This business may have been one of the three properties sold during Sciglitano's lifetime.)

Estate Assets: Died intestate; no record of administration.

13. Dominick Oliveto: (1900-1969) (N.J.)

Reputed Rank: There is considerable conflict as to Oliveto's status within the New Jersey organized crime structure. The Pennsylvania Crime Commission 1980 Report listed Oliveto as the underboss of the Ida family of Philadelphia. Other sources identify Oliveto as the chauffeur and payoff man of late boss Reginelli. These sources state that, although Oliveto received sizable revenues from La Cosa Nostra activities, it is believed that he was never an actual member.

Reputed Illegal Interests: Controlled extensive numbers operations in Camden, N.J.; Reputed successor to Reginelli's racketeering empire; Possible connections with the Bartenders Union due to the leadership positions held by family members.

Lifetime Legal Interests: Ownership interest in a residential property in North Wildwood, N.J. (subsequently sold during Oliveto's lifetime); Undefined interest in a Merchantville, N.J. property listed as his business address; Ownership in five businesses: Norsel Liquors (no address given), Forest Products Company in Hurffville, N.J., Quality Liquor Company in Camden, N.J. Quality Clothing Company in Vineland, N.J., Vogue Manufacturing Company in Vineland, N.J. Oliveto's Pennsauken residence was valued at \$25,000. He had two mortgages totalling \$18,900. In 1967 Oliveto apparently had a checking account totalling \$5,700. Oliveto also owned a \$7,800 Cadillac and an \$11,500 35-foot sea skiff. Oliveto's declared income ranged from \$13,500 to \$38,000. Norsel Liquors showed an average yearly profit of \$55,000.

Estate Assets: Oliveto left an elaborately drafted will expressly devising only his Pennsauken, N.J. residence. Oliveto's will contained detailed instructions to the executors regarding the management of his residual estate. Unspecified references were made in the will to common stock and related voting rights, leases, real and personal property, life insurance policies, annuities, and endowment policies. Inventories summarily state the value of both real and personal property at over \$2,000.

### THE MEDICO FAMILY

Medico Industries, owned and operated by the Medico family of northeastern Pennsylvania, is the center of the Medico mini-conglomerate. Medico Industries was originally formed by the five Medico brothers: Charles, Philip, Samuel, Angelo and William. Only Charles and Samuel have not been reputedly associated with the Bufalino family, the La Cosa Nostra of northeastern Pennsylvania. Medico Industries is a manufacturer of ammunition and construction and industrial handling equipment. The U.S. government has purchased missile parts from Medico Industries. Medico Industries reports annual sales of \$7 million.

The Medico brothers also hold significant interests in other legitimate enterprises:

- Medico Realty - A real estate holding company which owns the building housing Medico Industries.
- Groff Tractor and Equipment Co., Inc., - A wholesaler of contractor's equipment.
- Mastic Coating Distributors, Inc., - A manufacturer and seller of paints and varnishes.
- C.J. & L, Inc. - Although now out of business this company was formed to deal in asphalt products.
- Joggers, Inc. - (Now called Utility Vehicles, Inc.). Manufacturer of electric carts.
- Louis Cohen and Son, Inc. - Scrap dealership.
- Centurex Corporation - nature of business unknown.
- Northeastern Pennsylvania Research and Development Co. - nature of business unknown.
- Northeastern Pennsylvania T.V and Cable Co. - This company holds the franchise which provides cable service to Lackawanna, Luzerne and Wyoming counties in northeastern Pa. The franchise essentially grants a territorial monopoly to those who hold it. The Medico brothers control 25 percent of the outstanding stock in this company.
- 3,000 acres of land in Half Moon and Ferguson Townships in Centre County, Pa. The Medico brothers and one other person held interest in all the iron-ore and other minerals, materials, rights, and privileges related to the mining and carrying away of the same.

14. William Medico (1909-1972) (Pa.)  
Reputed Rank: Soldier (Bufalino family northeast Pennsylvania).  
Reputed Illegal Interests: Gambling; Labor-racketeering; prostitution.  
Lifetime Legal Interests: Due to the large amount of information concerning the estate of William Medico the interests held by William Medico are discussed extensively in relation to his estate assets.  
Estate Assets: Obviously drafted with the assistance of counsel, William Medico left a short and concise will and an elaborate trust agreement. Basically, the will bequeathed the bulk of tangible personal property and William Medico's residence to his wife.

The residual estate went to William Medico's brother Philip and the Wyoming National Bank of Wilkes-Barre, Pa. as trustees of the trust agreement referred to in the will.

An inventory of William Medico's estate valued the gross estate in excess of \$970,000. The amount to be distributed to those designated in William Medico's will and trust agreement was valued in excess of \$750,000. The following list sets forth many of the assets found in the inventory of William Medico's estate:

Income from Personalty (interest payments from investments):  
in excess of \$38,000.

Real Estate:

- residential property in Pittston, Pa.
- 1/6 interest in 3,000 acres of unimproved land located in Centre County, Pa. (discussed above).

Proprietary Interests:

- 1/5 partnership interest in Medico Realty Co.
- 1/12 joint tenancy interest in Joseph P. Butera, et al.

Personal Property:

- personal effects, furniture, household furnishing.
- jewelry
- cash in saving and checking accounts.

Stocks and accrued dividends:

- Wyoming National Bank of Wilkes-Barre, PA
- Pennsylvania Power and Light Company
- Allied Chemical
- Anaconda
- Gulf Oil
- Ingersoll Rand
- International Harvester
- N.L. Industries
- P.P.G. Industries
- Sears, Roebuck & Company
- Sperry Rand
- T.R.W.
- Union Pacific
- Warner Lambert
- Centurex Corporation
- Groff Tractor and Equipment, Inc.
- Joggers, Inc.
- Medico Industries
- Northeastern Pennsylvania Research and Development Co., Inc.
- Northeastern Pennsylvania T.V. Cable Co.
- Integrated Systems Corporation (7½% debenture)

Insurance Policies valued in excess of \$43,000.

15. Angelo Medico (1916-1972) (Pa.)  
Reputed Rank: Soldier (Bufalino Family)  
Reputed Illegal Interests: Unclear, but apparently the same as his brother William Medico.  
Reputed Legal Interests: Discussed extensively in relation to estate assets.  
Estate Assets: The will of Angelo Medico is almost identical to that of his brother, William. The same attorney prepared both documents. Basically the will bequeathed tangible personal property and Angelo Medico's residence to his wife, and the residual estate to Wyoming National Bank of Wilkes-Barre, Pa. and the surviving brother as trustees, subject to the terms of the trust agreement referred to in the will. An inventory of Angelo Medico's estate valued the gross estate in excess of \$680,000.

The amount to be distributed to those designated in Angelo Medico's will and trust agreement was valued in excess of \$620,000.

The following list sets forth many of the assets found in the inventory of Angelo Medico's estate:

Income from Personalty: (interest payments on investments):  
- in excess of \$40,500.

Real Estate:

- residential property in Pittston, Pa.
- 1/6 interest in 3,000 acres of land in Centre County, Pa. (discussed above)

Proprietary Interests:

- 1/5 partnership interest in the Medico Realty Company
- 1/12 joint tenancy interest in Joseph P. Butera, et al.

Personal Property:

- Personal effects, furniture, furnishings
- jewelry
- Lottery Check (Pa.)

Stocks and accrued dividends:

- Northeastern Pennsylvania Research and Development Co., Inc.
- Joggers, Inc.
- Medico Industries
- Groff Tractor and Equipment Inc.
- Northeastern Pennsylvania T.V. Cable Co.
- Louis Cohen and Son, Inc.
- Integrated Systems Corporation (7½% debenture)

Insurance Policies:

- valued in excess of \$29,000.

APPENDIX B: Protocol For Obtaining Information on Property Interests

Information bearing on covert organized criminal activity comes essentially from informants, investigations undertaken by law enforcement agencies, and sometimes the media. Intelligence units file and arrange such information in a form appropriate for retrieval and analysis; investigators and prosecutors select that which is relevant to their case development and organize it for specific use. Information gathered, in either case, will relate to actions (things done), organization (of a group, or of an activity), and explanations (motives, causes, opposing interests or ambitions, personal stresses, etc.).

The comprehensiveness of intelligence unit files depends, obviously, on the breadth of that which is supplied to the unit. Although investigators and prosecutors are more likely to be able to determine the comprehensiveness or scope of their search for information because their ability to do so is central to their effort, they are also more likely to limit their search to their immediate perceived needs. As a result, intelligence collections tend either to stress tactical and case-oriented materials, or to be more specific about case-generated materials than about background strategic information. Yet the distinction between "background" and more specific case-oriented information is not a clear one, since deeper appreciation of a case will often reveal the greater significance of information that appears irrelevant at the outset of the investigation.

Whether we are dealing with informants, case investigation products, or media information, it will often be helpful to broaden the scope of inquiry (within limits of time and budgets) to unearth information that may or may not be helpful in a specific case but will

certainly enrich intelligence data to assist future enforcement efforts. The objective here is to gather available information, requiring only minimal extra efforts to ensure that the information is not lost merely as a result of failing to ask for it.

Questions about property interests will take different forms according to the subject of the inquiry. They will fall into two general categories, dealing with aspects of individual property and relationships and forms of business organizations, whether lawful or unlawful. There should be no rigid framework or requirements of the number or scope of the questions asked. One source may have a great deal of information to give, another little or nothing. The questioner may not wish to spend time pursuing followup questions, or probing for answers that are not immediately forthcoming--especially if the questions are not plainly relevant to the major objective of the interrogation.

A. As to individuals who are subjects of interest, questions such as the following might be asked:

1. What real property does he own, or have an interest in?
2. If he does own, or have an interest in real property:

Does he own it jointly with some other person or corporation?

Is the property owned by a corporation? If it is, who are the other stockholders?

When was the property acquired? How? By purchase? By inheritance? Was a title or escrow company involved that might have records of the transaction, indicating prices paid and by whom, and whether payment was made by cash, check, or through other financing? Do public records indicate price or value, e.g., by requiring tax stamps for execution of the transaction?

Was the property acquisition financed in some way, or was the property used as security for a loan? Is there a recorded mortgage? Did the seller or grantor participate in financing the transaction?

3. If there is information that the subject owned real property in the recent past, questions parallel to those immediately above can be asked.

4. In what businesses is the subject reputedly involved, whether or not there are indications of ownership? As to each such business:

What is the nature of the subject's involvement?

If the subject is an employee, does he have a contract of employment? If so, what are its terms?

Does the subject have some other form of contractual relationship with the business, e.g., as a consultant or supplier of goods or services? Is any such contract exclusive, barring competition? Is it for an extended term?

Is the subject a creditor of the business, with some indications of control through the debt relationship? Is the debt long-term, as in the case of a supplier of capital or financier of the purchase of the business, or short-term, as in the case of suppliers of goods or merchandise that is the subject of regular use or turnover? Are there any recorded liens to secure the interest of the subject as creditor?

In any of the above situations, are there co-owners, co-participants in contractual or creditor relationships, or other limited or general partners or stockholders? What were their relative contributions to capital or to the venture on which the relationship is based? What are their proportionate rights of payments vis-a-vis their co-venturers? What are their preferential rights to payments vis-a-vis their co-venturers, e.g., right to return of investment before others or percentage of gross rather than net profits?

Is any information available as to how ownership interests were acquired? Did money or other things of value pass hands? Is there any knowledge of the source of such money or things of value?

Are the subject's ownership or other interests encumbered by any liens? Who holds such security interests?

5. Did the subject consult an attorney in connection with the acquisition or sale of such property interests? Which attorney? Did the attorney represent other parties in the same transaction and, if so, did he represent parties with different interests, e.g., buyers and sellers, or borrowers and lenders? Who paid the attorney? Were there any written agreements evidencing the transactions, e.g., contracts of sale, contracts for financing, closing statements, etc.?

B. Where the inquiry involves enterprises that are engaged in activities that are unlawful, per se, questions such as the following should be considered:

1. As to financing of the venture:

Was the venture financed in cash or in kind, e.g., by commitment of labor, influence, information, etc.? Who made the contributions, and in what amount or character?

Who was to get what share of the profits, and how did this compare with their contribution percentages? Were participants entitled to a percentage of gross receipts regardless of profits, or were any to be reimbursed differently than their co-venturers?

How much operating capital was required, e.g., for loan-sharking, rent or purchase of premises, purchase of narcotics or other illicit materials for resale?

2. What were the venture's costs of doing business?

For rent?

For borrowed capital?

For other services, facilities, equipment, and materials?

Were suppliers of goods or services freely chosen, or was the choice mandated? If mandated, by whom and what were the terms of the orders? Could goods or services have been obtained on more advantageous terms in the absence of such compulsion?

3. During the history of the venture, were any venturers ousted, or did they withdraw for any reason, or die? In these instances, were there any financial settlements with departing co-venturers or their representatives? If the answer is yes in any of these instances, how were these settlements arrived at? Were there any subsequent repercussions as a result of such events?

These questions are meant to be illustrative rather exhaustive. Different interrogators would ask them in different ways, and pick and choose among them differently. Answers to such questions, however, in appropriate instances could shed valuable light on organizational stresses, individual grievances concerning profit-sharing or exploitation, and a host of other issues that could help in gathering evidence for specific cases, identifying the motives of insiders in order to facilitate their cooperation with law enforcement, and indicating potential cases or criminal areas ripe for development. More detailed protocols along these lines should, of course, be developed for law enforcement and other agencies.

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**END**