
Organized Crime in Pennsylvania:
A Decade of Change

1990 Report



nnsylvania Crime Commission

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COMMONWEALTH OF PENNSYLVANIA

Organized Crime in Pennsylvania:
A Decade of Change

1990 Report

Pennsylvania Crime Commission

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States that have organized crime groups in operation should create and finance organized crime investigation commissions with independent, permanent status, with an adequate staff of investigators, and with subpoena powers. Such commissions should hold hearings and furnish periodic reports to the legislature, governor and law enforcement officials.

1967 Task Force Report: Organized Crime

133208

**U.S. Department of Justice
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March 30, 1991

To The Governor and Legislature:

Another decade has passed since the Commission issued its 1980 Report on organized crime in Pennsylvania. That report, summarizing ten years of organized crime activity in the Commonwealth, in part provided law enforcement with an understanding of the scope and dimensions of the Bruno/Scarfo Family. The Commonwealth can take pride in being part of a multi-jurisdictional effort to contain the expansion of that organization. The Bruno/Scarfo Cosa Nostra Family, known for its reckless use of violence and powerful corruptive influence has been seriously weakened by a cooperative law enforcement effort unprecedented in the history of Pennsylvania. The Family leader, Nicodemo Scarfo, has been imprisoned for life, and top members have been incapacitated for decades. Following their convictions, six members of the Family, including its underboss, have become protected government witnesses.

In Northeastern Pennsylvania, Russell Bufalino, the aging boss of the Bufalino Family, was incarcerated in federal prison from 1981 to 1989. While he remained active in Family business, he could not exercise the control and discipline necessary to sustain a Family that has become a second-rate operation. Little of this Family's traditional holdings remain intact, and it will likely be merged with another Family.

In Western Pennsylvania, the LaRocca/Genovese Family has also suffered traumatic changes. With the death of Family patriarch John LaRocca in 1984, Family leadership passed to Michael Genovese. As a result of a substantial federal initiative, Genovese's confidant, Charles Porter, was convicted of racketeering charges and sentenced to 20 years in prison. While the final impact of the Porter prosecution is not yet known, from information available it appears that this organization remains the most powerful Cosa Nostra Family in Pennsylvania today.

The decade of the eighties was marked by an unprecedented use of a previously little-known federal statute--the Racketeer Influenced and Corrupt Organizations Act (RICO). This particular statute, a version of which Pennsylvania has adopted, has proven that once

identified and targeted, criminal organizations of the strength and influence of La Cosa Nostra cannot survive at the same level of power. The informed use of RICO by federal authorities and other law enforcement agencies has decimated one Cosa Nostra Family -- the Scarfo organization. With the tools that have been provided to law enforcement for the "war against organized crime," it is arguable that no criminal organization can ever again achieve the power and prestige of La Cosa Nostra. This, of course, presupposes that law enforcement will use intelligence techniques and systems effectively in targeting criminal organizations.

The past decade also demonstrated the impact of drug trafficking on the quality of life in Pennsylvania and its system of criminal justice. Police services have been seriously affected by the pressures to make narcotics arrests. Perhaps no issue has aroused the public's concern more than drugs. This Legislature, and the Governor responded by providing major new resources for a "Penn-Free" Drug Environment. How effective these expenditures have been remains to be determined. What remains clear, however, is that our inner-cities are still plagued with the crime and fear that drug abuse spawns. More sinister is that, drug organizations and networks, involving a number of multi-ethnic and non-ethnic groups, have emerged to control and supply this lucrative market.

Gambling, while perceived by many as a benign and non-predatory form of criminality, is pervasive throughout Pennsylvania. To whatever extent illegal numbers activity may have been hurt by the legal lottery, sports bookmaking and video machine gambling are significant revenue-producers for organized crime. While gambling, in and of itself, appears relatively harmless, the Commission's investigations have demonstrated that illegal gambling seldom occurs in a vacuum. Loansharking, extortion, narcotics trafficking, and the fencing of stolen property, not to mention corruption and violence are nearly inevitable accompaniments. Public hearings conducted by the Commission in Chester, PA, and subsequent prosecutions clearly and convincingly demonstrated this point.

The last decade has also seen the incursion by La Cosa Nostra groups from other states into Pennsylvania. Nowhere was this more poignantly presented than in the public hearings conducted by the Commission entitled "Organized Crime and the Environment." These hearings provided startling evidence that both the Lucchese and Genovese Cosa Nostra Families were making inroads into the solid waste industry in Pennsylvania and presented a serious threat to the environment. Fortunately, legislation is now being considered to address the problem.

The style, delivery, and content of the *1990 Report* is notably different from those that preceded it. In the mid-eighties, the Commission made a distinct departure from its traditional role in Pennsylvania's law enforcement community: from case-focused investigations, it redirected its limited resources to carry out a focused collection and analytically-grounded intelligence program.

Employing various academic disciplines, as had been suggested in 1967 by the President's Commission on Law Enforcement and Administration of Justice, the 1990 Report is written to reflect not only what we have learned about organized crime in the past decade, but also to provide an agenda, a blueprint, and a direction for the next decade. We present the 1990 Report as a retrospective analysis of organized crime during the past 10 years and as a vision of what the future holds for the Commonwealth. It is certainly not intended as the last word on the issues confronting Pennsylvania, but rather a guide to where the Commonwealth has been and should be going.

State law enforcement plays a vital, if not crucial, role in the "war against organized crime." Organized crime control requires collaborative efforts; no one agency can do it alone, nor should we be content to entrust the effort to only one agency. The Federal Government, with its resources, experience, and skills, can accomplish tasks that the state should not even contemplate. Nonetheless, the state, as demonstrated in the prosecution of *Nicodemo Scarfo et. al*, was a vital player, for the resources of the Pennsylvania and New Jersey State Police, the Philadelphia Police Department, the offices of the Attorneys General of New Jersey and Pennsylvania, and the Pennsylvania and New Jersey Crime Commissions, were assembled to arrest this violent and corrosive criminal organization. Yet, much of Pennsylvania's organized crime problem is not manifested in organizations of that size and scope. Organized crime in Pennsylvania is more frequently characterized by small or localized non-LCN enterprises that engage in multiple racketeering activities. As changes in organized crime occurred in the last decade, the stability and continuity of criminal enterprises have proven to be very troubling. While there have been significant convictions, the enterprises continue to operate. This report documents the existence and longevity of some of these criminal enterprises and suggests the role the state can play in containing these operations.

As we enter the nineties, Pennsylvania must position itself to deal with the threat of organized crime. It must do so, however, aware that the problem has changed. New and previously-ignored ethnic and non-ethnic groups are involved in an array of racketeering schemes. The unforeseen challenges the groups present must be anticipated and appropriate remedies applied. This report will hopefully encourage such action.

Respectfully submitted,

Chairman Michael J. Reilly
Vice Chairman Charles H. Rogovin
Commissioner Arthur Coccodrilli
Commissioner Allen M. Hornblum
Commissioner James H. Manning

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Any professional organized crime program requires the commitment and cooperation of a number of law enforcement and non-law enforcement agencies. Organized crime control is in short, a team effort. This decade report could not have been written without the assistance of a number of agencies and institutions. The Commission would like to extend a "thank you" to these agencies and publicly acknowledge their assistance. In the event we have overlooked any agency or institution, please accept our sincere apology.

Albright College (Security)
Alvernia College (Security)
Arizona Department Of Public Safety
Atlantic City, NJ Police Department
Atlantic County, NJ Prosecutor's Office
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Nevada State Gaming Control Board

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State Police

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New Scotland Yard, Organised Crime Section, London

New York State

New York City Police Department - State Commission of Investigation

New York State Organized Crime Task Force - State Police

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Pennsylvania Chiefs of Police Association

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CHAPTER

1

INTRODUCTION: FOCUS AND OBJECTIVES OF THE *1990 REPORT*

INTRODUCTION: FOCUS AND OBJECTIVES OF THE 1990 REPORT

The *1990 Report* of the Pennsylvania Crime Commission both breaks new ground and continues the tradition established in 1970. The Crime Commission has a legislative mandate to investigate organized crime and public corruption within the state's boundaries and to issue public reports on its findings. In 1970 the Commission established a precedent by issuing a report that provided an overview of trends in organized crime during the previous decade. The *1980 Report*, and now the *1990 Report*, have continued that tradition by providing historical assessments of organized crime during the preceding ten years.

However, the *1990 Report* goes several steps beyond previous reports of the Crime Commission and of other law enforcement agencies. Those reports have provided useful catalogs of the activities of traditional organized crime but limited treatment of non-traditional organized crime groups. For the first time, this *Report* provides an in-depth assessment of organized crime trends in a diverse array of both traditional and non-traditional groups. The *Report* also examines the evolution of organized crime over the past decade, assesses trends in organized crime, and ap-

praises the continuing role of law enforcement and other government agencies in containing the spread and growth of organized crime. Further, the Commission has utilized both academic analytic techniques and law enforcement data and expertise in assessing the threat posed by various crime groups in the Commonwealth.

Accordingly, the *1990 Report* may be controversial. It includes assessments, conclusions and predictions about crime in Pennsylvania with which others may not agree. Its intent is to inform and to stimulate investigation, prosecution and awareness of organized crime.

Focus on the Organization of Crime

The true threat of organized crime lies not so much in the crime as in its organization. That is, the character of the illegal activities involved is less critical than the degree of organization. When illegal activities are organized to maximize profit, more serious crime results: violence to eliminate competition or to evade law enforcement; corruption of public officials to nullify law enforcement efforts or to divert them to rivals; the infiltration of businesses to be used for criminal ends. As racketeers gain

greater influence over governmental processes, they use their power to extend control not only over illegitimate sectors, but over legitimate sectors of the political economy as well. Organized crime ultimately undermines our democratic institutions and our free enterprise system.

What, then, is organized crime? The legal definition of organized crime is incorporated into the 1978 legislation which outlined the powers and duties of the Pennsylvania Crime Commission. In comparing the texts of definitions below, one notes that the Pennsylvania definition incorporates several important elements:

First, it recognizes the traditional association between organized crime groups and the provision of illegal goods and services such as drug trafficking and gambling, the predominant activities of many of the organizations analyzed in the *1990 Report*.

Second, it draws attention to the goal of economic gain and the tactics used to secure that gain -i.e., fraud, coercive practices, or improper governmental influences. Thus the Pennsylvania definition encompasses a broader array of criminal activity than the patterns of violence and

DEFINITIONS

Pennsylvania Definition:¹

Organized Crime: The unlawful activity of an association trafficking in illegal goods or services, including but not limited to gambling, prostitution, loansharking, controlled substances, labor racketeering or other unlawful activities or any continuing criminal or other unlawful practice which has as its objective large economic gain through fraudulent or coercive practices or improper governmental interest.

Federal Bureau²

of Investigation Definition:

Organized Crime: Any group having some manner of formalized structure and whose primary objective is to obtain money through illegal activities. Such groups maintain their position through the use of violence or threats of violence, corrupt public officials, graft or extortion and generally have a significant impact on the people in their locales or region or the country as a whole. One major crime group epitomizes this definition-La Cosa Nostra.

Bureau of Alcohol, Tobacco and Firearms Definition:³

Organized Crime: Those self-perpetuating, structured, and disciplined associations of individuals or organizations who have combined together for the purpose of obtaining monetary or commercial benefits, or power, wholly or in part by illegal means, utilizing a pattern of corruption, violence and threats of violence to achieve their goals and protect their activities.

corruption recognized in other definitions. For example, by including the use of fraudulent practices, the Commonwealth definition acknowledges that fraud can be as damaging as violence.

Third, it does not restrict our understanding of organized crime to activities or persons involving "traditional" groups such as La Cosa Nostra.

Fourth, the phrase "continuing criminal conspiracy" focuses on the time frame, which helps to distinguish an organized crime group involved in an ongoing criminal enterprise from a collection of individuals who band together for a particular criminal venture.⁴

The distinction between criminal venture and criminal enterprise helps to refine our understanding of organized crime. A criminal venture involves an *ad hoc* group of offenders who come together for a limited period of time to carry out a single crime such as burglarizing a series of homes, robbing a bank, or hijacking. When a venture is successful over time, it becomes a "racket," or enterprise that provides illicit goods and services on a regular basis.

The Pennsylvania Crime Commission defines organized crime as a continuing criminal enterprise involving a crime group that has some manner of organization and that exists to profit primarily from crime. The *1990 Report* includes numerous examples of criminal groups working together on a continuous basis for illegal gains. Of particular concern are groups that are self-perpetuating or longstanding and that have a reputation for violence or the capacity to corrupt governmental processes.

Such organizations are run like businesses and may cut across ethnic and cultural lines. These groups may also involve ordinary citizens who invest in illegal enterprises in order to receive a high return on their money and law enforcement and government officials who profit by assisting these organizations. Criminal organizations in the Commonwealth include those whose activities focus on the smuggling of illegal commodities into and

out of countries-*e.g.*, cocaine out of Colombia and into the United States. Other groups, sometimes involving many of the same people, are organized to provide services such as gambling, prostitution, usury, arson, illegal dumping of toxic wastes, and occasionally, murder.

Focus

The *1990 Report* surveys a wide range of crime groups operating in Pennsylvania, including "non-traditional" Hispanic crime networks (Colombians, Puerto Ricans, Dominicans, and Cubans), Black groups, Jamaican groups, Asian groups, the Sicilian Mafia, and outlaw motorcycle gangs, as well as the American La Cosa Nostra (LCN) which has been the primary focus of most previous investigations. Ultimately, how organized crime is defined determines the groups and activities targeted by organized-crime control policy. In the past, law enforcement held the view that organized crime was synonymous with the "Mafia" or "La Cosa Nostra" (LCN); and this perception mandated a focus of law enforcement efforts on that group.

This preoccupation stemmed partly from LCN strength and its influence when compared to other crime groups. It was also shaped by the picture of organized crime which emerged in the 1950s and 1960s--especially the disclosures of the Kefauver and McClellan Senate Committee investigations that first directed national attention toward organized crime.

Public fascination with the "Mafia" has also been strong. Books, movies, and television series have represented the "Mob" as epitomized in *The Godfather*. In the everyday language of the police, the press and popular opinion, "organized crime" referred to a tightly-knit group of Italian men who ran a crime business with a structure reminiscent of feudal relationships. But the view that organized crime is synonymous with La Cosa Nostra

bears little relationship to the reality of organized crime today.

The 1980s witnessed momentous changes in organized crime activity and in law enforcement's perception of that activity. The rise and expansion of non-traditional crime groups were fueled by ominous trends in drug use and trafficking. The *1990 Report* is timely in its treatment of the newly-emergent and previously-ignored crime groups who have come to play an increasing role in the panorama of organized crime within the Commonwealth.

Objectives

This report has five goals:

- (1) To document the variety and scope of organized crime activity within the Commonwealth during the past decade.
- (2) To identify both non-traditional and traditional crime groups in the state and to describe both their illegal ventures and their quasi-legitimate ventures.
- (3) To identify and to describe organized crime trends of the 1980s.
- (4) To assess the present and continuing threats posed by organized crime.
- (5) To provide the legislature and the citizenry with direction for organized crime control policy.

Together, these five goals make this report unique. The *1990 Report* documents the changing face of organized crime in the Commonwealth, from the decline of the Bufalino and Bruno/Scarfo LCN Families to the emergence of new groups in response to expanding drug markets. It is particularly important to identify such new groups while their influence remains small and localized and before they grow to become highly organized and successful.

The *Report* also analyzes organized crime in terms of ethnic or racial composition and the role which that composition plays in the formation and function of organized crime groups. The focus on ethnicity is no accident. La Cosa Nostra is of course

the prototype, but most other crime groups are also ethnically homogeneous. Ethnicity contributes to the organization of crime a feeling of camaraderie built on blood ties; a common cultural base; insularity; mutual trust; a distrust of government; and an exclusivity that reinforces bonds and secrecy within the organization. Organized crime expert Stephen Fox writes:

"American organized crime cannot avoid its ethnic aspects. Gangsters have always dealt in blood and power—blood in several senses of the word. Perhaps more so and longer so than in any other area of American life, ethnicity has mattered in the underworld, affecting methods, powers, associations, and job specialties. For many observers of the American scene nowadays, ethnicity has become a touchily delicate topic, to be discussed only with diplomatic throat-clearings and carefully balanced qualifying statements. Gangsters have never felt bound by such discretion..."⁵

Methodologies

Former Attorney General Robert Kennedy stressed that an informed and insistent public was one of the best weapons available to drive the racketeer into bankruptcy or prison. The Commission believes that public identification of organizations and individuals involved in organized crime will both awaken and mobilize public interest and will serve to deter others from similar activities.

At the same time, the Commission is committed to maintaining the highest standards of accuracy. Before publicly identifying any individual as a member or associate of organized crime, the Commission requires that this identification be confirmed by two reliable sources. The Commission has made a determined effort to eliminate from the *Report* the names of any innocent individuals who inadvertently became entangled in organized crime schemes. In many instances, individuals mentioned in

this *Report* have been offered the opportunity to appear before the Commission but have declined. However, any individual who believes he or she has been maligned can petition the Commission, submit a statement, and testify before the Commission.

There undoubtedly are many more organized criminals and crime groups than can be identified in a report of this nature. Reported here are significant or illuminating examples of criminal groups or entrepreneurs operating in the Commonwealth. Information on certain criminal groups has not been included in the *1990 Report* at the request of authorities conducting sensitive investigations. Neither the Commission nor any of the many other investigative agencies that have been so helpful can lay claim to comprehensive coverage of all organized crime in the state.

Audience

The *1990 Report* should be of significant value to several segments of the population:

- **To citizens of the Commonwealth**—a well-informed public is critical to the fight against organized crime.

- **To law enforcement officers and prosecutors**—this volume provides a wealth of data for use in investigations, in prosecutions, and in sanctioning. The overview provided by the *1990 Report* can also assist agencies in assessing their successes during the decade, defining areas of need, and setting a future agenda.

- **To legislators and public officials**—this *Report* provides empirical evidence concerning the dimensions of organized crime in the Commonwealth. This should assist policy/budget makers in allocating and reviewing the expenditure of finite tax dollars, and in enacting appropriate legislation.

- **To the media**—the information provided in this report can assist journalists in educating the public and exposing the activities of organized

criminals. An informed media is indispensable in the war against organized crime.

- **To academicians**—the enclosed blend of practitioner and academic knowledge should promote scholarly debate and advance the growing body of knowledge concerning organized crime.

In summary, the *1990 Report* is a unique and innovative document which will serve to clarify conceptions about organized crime as well as to inform the public and other audiences about this pervasive threat.

ENDNOTES

1. Pennsylvania Crime Commission. 1980. *A Decade of Organized Crime. 1980 Report*. St. Davids, PA, p. 3.

2. U.S. Department of Justice. Federal Bureau of Investigation. 1988. *Wanted by the FBI: The Mob*.

3. United States Senate. 1988. *Organized Crime: 25 Years after Valachi*. Hearings Before the Permanent Subcommittee on Investigations, Committee on Governmental Affairs. Exhibit No. 46. Statement Submitted for the Record. Bureau of Alcohol, Tobacco & Firearms, Department of the Treasury, p. 1105. Washington, D.C.: U.S. Government Printing Office.

4. For a treatment of the distinction between "venture" and "enterprise" as applied to a definition of organized crime, see: Robert Rhodes. 1984. *Organized Crime Control vs. Civil Liberties*. New York: Random House.

5. Stephen Fox. 1989. *Blood and Power*. New York: William Morrow and Company, p. 8.

CHAPTER

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SYNOPSIS

- Major trends in the decade concern La Cosa Nostra, the drug trade, the illegal gambling business, the emergence of nontraditional organized crime groups, and a RICO-driven stratagem of investigation and prosecution.
- The strength and influence of LCN Families within the Commonwealth have waned somewhat due to factors such as changing markets, advancing age, intra-family violence, and intense law enforcement efforts.
- The LaRocca/Genovese LCN Family in Western Pennsylvania continues to prosper, however, and New York-based LCN Families have become more active in the state.
- The growing markets for cocaine and "crack" cocaine attracted numerous new groups to drug trafficking. Markets for methamphetamines and marijuana remained strong, and synthetic drugs were emerging as a new source of danger.
- The large quantities of cash generated by the increased levels of drug trafficking created a demand for money laundering services.
- Gambling continues to be a major source of revenue for organized crime. Illegal numbers betting and horse race wagering have declined; sports betting continues to be popular, and video poker emerged as a major new attraction.
- The Racketeer Influenced and Corrupt Organizations statute (RICO) and the Continuing Criminal Enterprise (CCE) statute have provided investigators and prosecutors with major new weapons against organized crime.

TRENDS IN ORGANIZED CRIME AND ORGANIZED-CRIME CONTROL

The 1980s witnessed a number of important developments in organized crime activities in the Commonwealth, involving (1) La Cosa Nostra, (2) non-traditional organized crime groups, (3) illegal markets (particularly, illicit drug trade and money-laundering), and (4) organized-crime control. The changes are interrelated, but somewhat artificial distinctions can be made among and between them.

La Cosa Nostra

No organized crime group in the United States has been as enduring and successful as La Cosa Nostra (LCN), which presently includes twenty-five Italian-American crime syndicates, traditionally referred to as crime "Families." When the decade of the '80s opened, there were three dominant LCN Families within the Commonwealth: the Bufalino Crime Family, the Bruno/Scarfo Crime Family, and the LaRocca/Genovese Crime Family.

For a number of reasons—changing market conditions, advancing age and attrition in membership, intra-Family warfare, intense and cooperative law enforcement efforts—the activity level of the Bufalino and Bruno/Scarfo Families in the Commonwealth is less significant today than it was a decade ago. These crime Families apparently exercise less control over illegal markets than they once did, and their ability to influence law enforcement has diminished. The LaRocca/Genovese Family has quietly thrived during the decade, although successful prosecution in 1990 of two high-ranking members of the Family is expected to hurt the Pittsburgh mob.

Decline of the Bufalino Crime Family

Although a handful of members remain highly active and are involved

in a variety of criminal partnerships or enterprises, the level of activity within the Northeastern Pennsylvania Family has tapered off. With the aging of Bufalino Family patriarchs, membership has dwindled over the past decade, with little or no indication of new recruitment. Current intelligence indicates that the New York Families and the LCN Commission are not permitting the admission of new members. The Bufalino territory, as well as members and associates of its Family, are likely to be absorbed by existing LCN Families.

The Disarray of the Bruno/Scarfo LCN Family

The 1980s was a period of momentous change in the Philadelphia LCN. The decade began and ended in violence, with the gangland slaying of Family boss Angelo Bruno in 1980 and the 1989 attempted murder of Nicodemo Scarfo, Jr., the son of imprisoned Philadelphia crime boss Nicky Scarfo. Bruno had been the "boss" of the Philadelphia Crime Family from 1959 until his murder on March 21, 1980. Dubbed the "gentle don," Bruno epitomized the diplomatic and politically astute mob boss who weighed the risks, sensed how far he could or should go in terms of staying out of harm's way, and built his power through alliances and shrewd maneuvers.

An unprecedented period of intra-Family violence followed Bruno's murder. At least thirty Family members and associates were murdered during the 1980s, many at the direction of Nicky Scarfo, who eventually succeeded Bruno as the Family boss. Under Scarfo, the Family underwent major changes in personnel and policy. He ostracized or even killed many of the Family's more experienced members and surrounded himself with novices—young, aggressive members of the organization he

promoted on the basis of their loyalty to him, regardless of their skill or experience. Relying heavily on violence and fear, Scarfo Family members imposed a "street tax" on the revenues of those criminal groups that were easy prey to physical intimidation, extorted tribute from businessmen and labor unions, and fought to establish dominance in gambling and narcotics activities in Philadelphia.

By the end of the decade, Scarfo's inept leadership, his impulsive violence, and his failure to gain the respect of the experienced members left the Family considerably weakened and struggling for survival. Six Family members—Nicholas Caramandi (soldier), Eugene Milano (soldier), George Fresolone (soldier), Thomas DelGiorno (captain), Lawrence Merlino (demoted captain) and Phillip Leonetti (underboss)—became government witnesses against Scarfo. Both Caramandi and DelGiorno feared that Scarfo considered them disloyal and was planning to have them murdered. Their testimony has resulted in extortion and murder convictions against Scarfo and many Family members, all of whom are now serving lengthy prison terms that will force this Family to restructure.

The mob under Scarfo was much more violent and considerably less astute than under Bruno. In comparing himself with the Family's deposed boss, Scarfo once remarked, "Bruno was a racketeer, I'm a gangster." An experienced investigator of organized crime in the Philadelphia area has observed, "If Bruno was still running the show, the Family would be doing well—thriving, I'd say. The Family's decline is Scarfo's doing."

Response of New York LCN to the Power Vacuum

In the Commonwealth, the disarray of the Scarfo LCN Family and the attrition and idleness of the Bufalino

Family have opened up expansion opportunities for the five New York Families (the Bonanno, Colombo, Gambino, Genovese, and Lucchese Families), and for the DeCavalcante Family of New Jersey. The New York Families always had ties with the Pennsylvania Crime Families, and they have operated continuously in the Commonwealth for many years. But the Crime Commission sees more activity now, and this development is likely to continue to increase in the '90s.

Some officials even speculate that the weakened Scarfo organization will be absorbed by the New York Families, most likely by the powerful Gambino or Genovese organizations—similar to the pattern of control observed on the West coast. For example, in Los Angeles, following the imprisonment of the entire hierarchy of the Los Angeles Family for extortion, crime figures from New York and Chicago reportedly are taking over operations.

The Quiet Resurgence of the LaRocca/Genovese Family

Contrary to a widespread perception that the LaRocca/Genovese Family has been in "decline" since the 1984 death of its longtime boss John LaRocca, Crime Commission intelligence indicates that the Family's influence remains strong and enduring in the southwestern section of the Commonwealth, especially in the Pittsburgh area. The Family also has significant operations in West Virginia and Ohio. Its influence in Ohio has actually been expanding as the result of the leadership "vacuum" created by the successful prosecutions and subsequent decline of the Cleveland LCN Family that occurred in the early 1980s.

Historically, the Magaddino LCN Family of Buffalo, NY, had exerted a significant control over criminal operations in Erie. However, that Family's influence has subsided as Family members and associates residing in Erie have died, have "retired," or been imprisoned. The LaRocca/Genovese Family (of Pittsburgh) is now the

predominant LCN influence in the Erie area.

Nevertheless, on April 19, 1990, ranking members of the Pittsburgh area mob were indicted and were subsequently convicted in a case that could disable the Family. The indictment charged that the Family's influence stretched to South Florida, and that it maintained ties with other crime Families, including the Scarfo organization in Philadelphia and the Pagan Motorcycle Club. The charges included bank robbery, extortion, operation of an illegal gambling business, tax fraud, and drug trafficking, with twelve separate counts of cocaine trafficking alone. More than a thousand pounds of cocaine brought into Western Pennsylvania since about 1984 were traced to the crime Family.

In November 1990, nine members or associates were found guilty of racketeering and other charges, including Charles Porter (the Family's underboss) and Louis Raucci Sr., one of the Family's top money-makers.

Clarification of the Structure and Inner Workings of La Cosa Nostra

The structure and inner workings of the Mafia or La Cosa Nostra have been the subject of a lively debate.¹ The orthodox or "government version" of the Mafia was articulated in 1967 by the President's Crime Commission and in a subsequent monograph (*Theft of the Nation*, 1969), written by sociologist Donald Cressey, a consultant to that Commission. This volume became the primary source for conventional wisdom about the existence of a nationwide crime syndicate in America. Drawing on testimony from Mafia-informant Joe Valachi and on law enforcement intelligence, Cressey and the President's Commission described La Cosa Nostra as a hierarchical organization with a rigid authority structure that linked twenty-four "Families" across the United States. Each Family was autonomous, but all more or less cooperated in carving up territory, settling disputes, and providing mutual assistance. Each Family included

a boss, underboss, semi-retired counsellor (consigliere), and captains (caporegimes), who directed a number of soldiers. Membership was limited to males with at least one parent of Italian ancestry and contingent upon recommendation by other members. Although frequently overlooked, there were also many associates—both Italian and non-Italian—who were critically important to La Cosa Nostra. These associates benefited from LCN resources and reputation, and frequently identified themselves as being a part of the "organization." Mafia rituals and code emphasize absolute secrecy and loyalty to the organization and work to maintain authority and conformity within the hierarchy.

Cressey also identified key positions in LCN syndicates that could be filled by either members or associates and that served to maximize illicit profits and to thwart law enforcement: a buffer (advocate, etc.) would insulate the boss from prosecution, a corrupter would nullify the justice system (offering bribes, etc.), an enforcer or executioner would function as an internal judicial system, and a financier would advise Family members on the investment of large sums of money in legitimate areas while true ownership remained concealed.

Finally, in what has engendered a major controversy, Cressey concluded that a national Commission of underworld leaders, consisting of the bosses of the most powerful LCN Families, was not mythical, but was an important cohesive element of the national criminal organization.² Subsequent government assessments agreed with Cressey's conclusion:

"[La Cosa Nostra is] one organized criminal organization that is national in scope. It consists of a confederation of 27 traditional organized crime 'families' operating under similar organizational structure and methods. There is substantial evidence of a 'commission' which resolves 'inter-family' jurisdictional grievances, decides major policy issues and ratifies new 'bosses.' Though each member is affiliated with a particular 'family,' all members recognize that they are part of this nationwide crim-

inal organization."³

It was believed that these features of La Cosa Nostra made illicit activities profitable and relatively safe. The Mafia was easily the most powerful crime organization in the nation, controlling the rackets in many parts of the country. Attacking the LCN (and criminal organizations more generally) would therefore require attacking the structure, not just the individuals occupying positions within that structure. (See later discussion of the RICO statute) However, some social scientists—and even some law enforcement officials—have dismissed these conclusions about the Mafia, seeing them as colorful creations of the media and overzealous law enforcement. Some "mafia-as-myth" writers have even argued that the Mafia did not exist or that it was not nearly as organized or as sinister as Cressey had implied. Others challenged the existence of a national Commission, and/or questioned whether such a Commission exercised more power within the underworld than any other single group. Some writers also reasoned that organized crime represented routine American enterprise and involved an "ethnic succession" whereby criminal ethnic groups, once well established in America, yielded the underworld to newer immigrants farther down the social ladder.

Considerable intelligence from a variety of sources has now resolved a number of these debates. Recent evidence confirms much of the conventional wisdom but also qualifies it. Much of Cressey's model has withstood the test of time. LCN exists; it is structured and possesses a hierarchical chain of command; it is self-perpetuating; becoming a "made" member involves initiation rites and pledges of loyalty, secrecy, and violence; a Commission regulates inter-Family conflicts; and LCN Families are located in the nation's major cities.

The "Commission" trial in New York City in 1986 finally rendered moot the debate over the existence of the "Mafia."⁴ The defendants—the "bosses" of the New York City Crime Families—conceded that the "Mafia

exists and has members" and that "there is a Commission." The latter entity is also mentioned in the defendants' wiretapped conversations. Testimony from several LCN informants and from Sicilian informer Tommaso Buscetta also corroborates the existence of a "Commission" that "regulates" the activities of crime "Families" in major cities throughout North America (U.S. and Canada). Buscetta revealed that in 1957, he and several other important mafiosi met with New York mob bosses Charles Luciano and Joseph Bonanno in a Palermo, Sicily, hotel. The two American gang leaders, Buscetta recalled, recommended the formation of a Mafia Commission for Sicily fashioned along the lines established by Luciano in the United States; such a Commission was subsequently established in Sicily. In his autobiography (*A Man of Honor*, 1983), Bonanno describes helping set up the Commission in America during the 1930s. As early as 1959, the FBI's electronic surveillance of Chicago boss Sam Giancana uncovered conversations that indicated the Commission's existence; its membership varied over the years from six to sixteen and always included representatives from the Chicago and New York Families. Vincent Teresa (*My Life in the Mafia*, 1973) and Jimmy "the Weasel" Fratianno (*The Last Mafioso*, 1981), as well as the DeCavalcante Tapes (from the electronic "bug" of the New Jersey crime boss in the late '60s), also verified the existence of a Commission made up of the heads of the most powerful Families. In his 1988 testimony before a U.S. Senate subcommittee on organized crime, Angelo Lonardo—former underboss of the Cleveland LCN—also reported on the Commission's existence, its responsibilities, and its dominance by the New York and Chicago Families.

The Commission's main function is to maintain harmony among the Families and thus to prevent inter-Family violence or killings. It acts to avoid conflicts or to settle disputes between Families and between members and bosses, to provide advice,

to approve new bosses, and to establish some overall policies. The basic mechanism for controlling violence, however, is not the Commission but the sitdown. "If a dispute involves two members or associates of the same Family, the sitdown will be presided over by a ranking member of the Family, usually the underboss or boss. If the dispute is between members or associates from two Families, each Family will send a representative to negotiate a settlement."⁵

The Commission does not attempt to run the day-to-day operations of the syndicates. The LCN Crime Families operate autonomously in many U.S. cities, but they are joined together in a crime confederation in which a limited amount of authority has been ceded to a governing National Commission.

Events have not borne out the prediction of an "ethnic succession." Italian groups continue to comprise the most enduring and stable organized crime network, contradicting the view that criminal ethnic groups, once they became well-established in America, would yield the underworld to newer immigrants farther down the social ladder of assimilation and success. New immigrant groups have entered the world of organized crime (and continue to do so), but none has ever approached the ongoing reach and stability of La Cosa Nostra.

Nevertheless, questions do remain about the extent of LCN control over organized crime activity in the United States and Canada, and the internal operations of individual crime Families. Organized crime now involves more groups than Italian-Americans alone. It also is clear that the LCN today neither controls nor monopolizes the rackets to the extent suggested by Cressey, although it may be that La Cosa Nostra was the controlling force in the bulk of organized crime occurring in many U.S. cities within the time period covered in Cressey's work—specifically the post-World War II era through the 1960s.

Day-to-day operations and relations between LCN hierarchy and rank-and-

file members appear to be less rigid and categorically defined than conventional wisdom sometimes implies.⁶ Relationships between the Family hierarchy and members—as well as associations with other Family groups—are flexible and fluid. Individual members have sufficient autonomy to build their own power bases and connections. They make their own deals with other criminals, businesses, labor leaders, and government officials based on potential profits or services required. Even though they are theoretically equal in status, some members and some Families of the LCN—because of differences in skill and in connections—have more power than other members or Families.

It appears that La Cosa Nostra was more rigid and more "bureaucratically" structured in prior decades, under the leadership of "old school" bosses and made members who placed greater emphasis on loyalty, ethnic identity, and deference to authority than is true of the younger generation. One would expect that the LCN, like any organization, would be responsive to a changing environment, and that it would adapt or adjust accordingly.

The bureaucratic analogy sometimes applied to La Cosa Nostra appears to have been overstated (and perhaps even misdirected), at least in reference to current conditions. Its structure is looser and more decentralized than the organizational charts imply. The operations of organized crime are often quite haphazard, both because of inadequate managerial skills on the part of most participants and because of the need for secrecy. Face-to-face relations and communications are stressed in preference to written records or telephonic communication. "A crime boss," writes organized-crime expert Howard Abadinsky, "may oversee his Family from a headquarters in a legitimate company he owns, or a restaurant, or he may choose to conduct business in automobiles."⁷ Secrecy sets limits on managerial control.

In effect, while each LCN Family exhibits a formal structure and a relatively clear hierarchy, its income-generating activities typically involve

smaller, operationally-independent groups or partnerships. Members and associates have considerable independence, and the degree of control of members and nonmember associates by ranking members varies from one Family to another. For business purposes, each member is at the center of a workgroup or network that, although tied to every member through the Family's structure, and benefitting from its resources and reputation, operates independently, on its own initiative. Thus a criminal organization such as the LCN can exhibit a formal structure even though its economic activities may actually involve overlapping partnerships among members, non-member associates, and others. LCN structure offers a semblance of government, yet is loose and decentralized in a manner that fosters resiliency, while hampering law enforcement efforts.⁸

In recent years, LCN ranks have been thinned by successful federal prosecutions using the RICO statute (discussed below). Whether or not the Italian-American community will be able to provide sufficient replacements to keep traditional organized crime viable in the years to come remains an open question. The successful prosecutions may result in new, forceful, and aggressive leadership in organized crime; a shift in organized crime activities; and better and more sophisticated use of technology by the mob.

Major Involvement of LCN in Drug Trafficking

Despite some ambivalence and an apparent "rule" against it, LCN Families historically have been active in drug trafficking.⁹ They have been involved with the importation and high-volume distribution of heroin from the Middle East and Southwest Asia. More recently, the LCN has become one of many organizations that act as middlemen in cocaine distribution. The cocaine trafficking brings the LCN into uncomfortable, often temporary, alliances with other organized crime groups and gangs. These include foreign-based organized

crime groups and cartels in Asia, Mexico, and South America who manufacture and smuggle narcotics, and ethnic street gangs and motorcycle gangs involved in high-risk, low-level distribution and street sales.

Major LCN bosses apparently ratified an agreement prohibiting the involvement of LCN members in drug trafficking at the infamous Apalachin, NY, conclave on November 14, 1957. LCN informants (*e.g.*, Angelo Lonardo and Vincent Cafaro) affirm that this remains the "rule" in most, if not all, LCN Families. LCN leaders have long been (and continue to be) fearful and skeptical about involvement with drugs. Drugs generate a great deal of attention from law enforcement agencies, particularly those at the federal level, those which are most feared by organized crime. This attention can lead to lengthy periods of incarceration and can be disruptive to gambling and other activities less subject to public disapproval.

On the other hand, LCN Families are attracted by the money to be made in drug sales, and they also may fear that to avoid involvement would severely diminish their influence within the criminal underworld in comparison to non-traditional organized crime groups. It is now clear that most LCN Families have at least some members who are involved in drug trafficking; and many high-ranking members of LCN Families, for example, have been convicted of drug trafficking charges.

As a rule, LCN groups still prefer the lesser risks of traditional organized crime activities such as gambling and loansharking. Their profits are steady and substantial although not nearly as great as profits from the drug trade. Balancing the risks and profits of specific organized crime enterprises is a dilemma faced by LCN and other crime organizations. To use an analogy from legitimate areas of business investment, "junk bonds" offer a higher rate of return than "blue chips" but at a greater risk of losing the investment. In the world of organized crime, gambling is a "blue chip" stock. Profits are sufficient and dependable ("the house always

wins"), and the risks are relatively low. Law enforcement often views gambling as a low priority, and much of the public views gambling as a minimal threat or even a benign activity. On the other hand, the business of drugs offers astronomical profits but with "junk bond" risks.

In Pennsylvania, the Scarfo crime Family has been particularly active in methamphetamine production and distribution during the 1980s. (Philadelphia was known as the "meth" capital of the world in the early 1980s.) Members and associates of the LaRocca/Genovese Family have been convicted of being major wholesalers and distributors of cocaine in the Pittsburgh area. The Bufalino Family's involvement is reflected in the conviction in the early 1980s of longtime member and Family capo Anthony Guarnieri for large-scale marijuana trafficking.

Nevertheless, while LCN Families in Pennsylvania have not shied away from drug trafficking, their crime activities are more diversified and less exclusively centered around drugs than is typical of other crime organizations. The threat posed by LCN is particularly great because their diversity enables them to shift priorities and activities so as to thwart or withstand law enforcement action.

Sicilian Mafia

LCN involvement in drug trafficking was highlighted in the well-publicized "Pizza Connection" case conducted by the FBI in the mid-1980s, in which 21 Mafia defendants were accused and eventually convicted of a \$1.65 billion-dollar heroin-smuggling and money-laundering conspiracy, which stretched from Sicily, to Brooklyn, to Brazil, to a chain of small pizzerias in the Northeast (including Pennsylvania), and finally to the Midwest.

The case also revealed the level of the Sicilian Mafia's penetration into the United States, as well as the scope of their involvement in international heroin trafficking and, to a lesser extent, in cocaine trafficking. It is now known that Sicilian Mafia members associate and interact in

criminal activity with the LCN, and that drug trafficking arrangements continue between these two groups.¹⁰

The LCN hierarchy has been more comfortable distancing themselves from drugs by financing drug deals rather than engaging in "hands on" importation or distribution. Accordingly, they have established working relationships with the Sicilian Mafia that permit the Sicilians to smuggle the drugs into this country, handle the marketing, and then split their profits with the backer Families in the U.S.

The Sicilian Mafia is thus independently active in the United States and is primarily involved in drug trafficking. The Sicilians are allowed to operate within the area controlled by American LCN Families and, in return, must pay a tribute to the LCN. They have minimal involvement in other traditional criminal activity in this country. These Sicilian Mafia drug traffickers maintain their principal lines of communication and authority with their sponsoring Families in Sicily.

In recent years the Sicilian Mafia and the American LCN have established working relations with Colombian drug traffickers, linking together the three world capitals of drug trafficking: Palermo, New York, and Medellin. According to Giuseppe Cuffaro, a Mafia trafficker convicted in the Pizza Connection case, the American LCN "obtained a license for Europe" from the Colombian traffickers and immediately set up an arrangement with the Mafia in Sicily.¹¹

In November 1990, a Colombian man and three Italians with Mafia ties were arrested, and more than 1,100 pounds of cocaine was uncovered in the largest cocaine bust in Brazilian history. The origin of the cocaine was Colombia's Cali cartel, and its destination was the Sicilian Mafia. The cocaine was found hidden inside wooden kitchen knife holders packed among used furniture in a truck. Brazilian police said the Italians had been in Sao Paulo for 15 days, negotiating with import-export companies to ship the knife sets to Italy.¹²

There are important similarities between the Sicilian Mafia and the American Mafia. This is not surprising, as the founders of La Cosa Nostra were Sicilians imbued with the "spirit of mafia" and exposed to a fledgling organizational format conducive to enduring criminal enterprise. Also, considerable interchange has occurred between American mafiosi and their Sicilian homeland, involving ongoing relationships among members of both groups. American mafiosi often visit Sicily or return because of deportation or retirement.

Other Faces of Organized Crime:

Drugs and the Emergence of Non-traditional Crime Groups

The traditional view that organized crime is unique to La Cosa Nostra is seriously challenged by the events of the last decade. Today, there exists in the Commonwealth a collage of ethnic groups organized for long-term criminal purposes. At times, these groups may establish powerful alliances. At other times, the groups compete for the same economic turf—particularly in the drug trade—and display unrestrained violence.

Testifying before the President's Commission on Organized Crime in November of 1983, FBI Director William Webster stated about organized crime and emerging criminal groups:

"We have learned that the term 'organized crime' is not synonymous with any one group. Instead, many varieties and combinations of criminal groups are properly included within the definition....

"The problem of organized crime in the 1980's is by no means limited to the LCN... Other organized groups from various geographic, ethnic and racial backgrounds are involved in illegal activities, including the traditional rackets and narcotics. Like the LCN, these groups seek to protect themselves with vows of secrecy and

loyalty, enforcing their strict discipline by threats of violence. In the major organizations, the bonds are strengthened by ethnic and family ties."¹³

Many of these groups are considered "new" or "emerging" organized crime groups in the sense that they have become active in recent years. Other groups—such as the outlaw motorcycle gangs—are "new" in the sense that they have only recently been recognized as organized crime groups, even though they have been operating for many years in organized criminal activities and are now well established. With few exceptions, these "new" organized crime networks in Pennsylvania (whether long established or of relatively recent origin) are financing their activities and expansion through trafficking in illicit drugs. These new crime organizations may be analyzed in a number of ways. Ronald Goldstock, Director of the New York State Organized Crime Task Force, presented a useful set of categories for analyzing such groups during his testimony before the 1988 Congressional hearings on organized crime, and we have adapted and built on his scheme in the following descriptions of five types of nontraditional organized crime groups:¹⁴

- ethnic immigrant groups with links to predecessor groups in their country of origin;
- urban minority groups with operations based on gambling and/or drug activities;
- gang-based groups;
- groups with drug-based operations external to the country;
- free-lance entrepreneur groups involved in gambling, drugs, money-laundering, fencing of stolen goods, and fraudulent schemes.

Ethnic Predecessor-Based Immigrant Groups

Groups in this category have histories similar to LCN, with a common ethnic origin in countries where oppressive governments gave rise to groups formed for self-protection and for providing quasi-governmental services. They required loyalty from

their members; and during their formative years they inspired both fear and respect from their countrymen. As the groups matured, however, they moved more and more into a wide range of extortive and predatory criminal activities.

With immigration to the United States, members of these groups tended to settle in ethnic enclaves, often preying on members of their own ethnic groups. Opportunities for expanded criminal activity developed as their leaders rose to prominence in local institutions. For example, the population of Chinese and other Asians in the United States generally, as well as in Pennsylvania, has increased, and with it has emerged Chinese organized crime activity revolving around Triads and Tongs. Triads are secret societies—quite common in Hong Kong—that are controlled by criminal elements. With their close connections to poppy growers in Southeast Asia, Triads expanded their drug operations during the period of American involvement in Vietnam and then followed their market to the United States when the troops were withdrawn. These Triads are now believed to be responsible for a substantial share of the heroin imported into the United States. Tongs are social and business associations originally established in Chinese communities to help Chinese immigrants adapt to the new country. They also have served as a focal point for community activity. Most Tongs are legitimate; but some have been found to be involved in gambling, loansharking, and prostitution. A number of other ethnic-based immigrant groups also are involved in organized crime, including organizations of Russian emigres, Cubans (including the Marielitos), Syrians, and Lebanese. Some of these groups are highly organized, while others are not. Similar to other organized crime groups, however, they engage, more or less full-time, in a wide variety of crimes including not only drugs and gambling, but also counterfeiting, fraud, and auto theft.

Like LCN links with the Sicilian Mafia, some ethnic-based immigrant

groups maintain ties to criminal groups in their homelands. Also, some groups direct much of their criminal activity in this country against members of their own ethnic group.

Urban Minority Groups Involved in Gambling and/or Drug Trafficking

Running gambling or narcotics operations has enabled members of certain minority groups in urban areas to accumulate substantial capital and power. That Black groups historically have been involved in numbers and loansharking operations in major urban areas in the United States is a dimension of organized crime that has long been ignored.¹⁵

In localities such as New York, a number of Hispanic and Black drug groups got their start by relying on LCN sources and reputation since they lacked the necessary contacts in foreign countries, the capital to finance large shipments, and the capability for corrupting officials that is required for smuggling operations. Although many of the early operations were disbanded by successful prosecutions, others prospered. Hispanic groups had the advantage of sharing a common language with sources in Central and South America, and often had friends and relatives who could provide contacts. Black servicemen sometimes developed opportunities during tours of duty in Southeast Asia.

During the 1980s, Hispanic and Black groups became increasingly important as major players in drug trafficking in some Commonwealth localities, especially in the state's southeastern region. Unfortunately, in the absence of other more positive models, residents may come to regard leaders of such groups as heroes and as models of affluent success, rather than as exploiters of innocent victims.

Gang-based Groups

Gangs involved in organized crime tend to be involved in a wide variety of criminal activities. They include motorcycle gangs (such as the Hells

Angels, the Bandidos, the Outlaws, and the Pagans); prison gangs (including groups such as the Aryan Brotherhood, the Mexican Mafia, La Nuestra Familia, and the Texas Syndicate); and some street gang networks (such as the Bloods and the Crips).

Some of the motorcycle and street gangs have the appearance of being highly organized, with formal constitutions, elected officers, and regional chapters throughout the United States. These groups, on paper, are as tightly structured as the LCN or the ethnic-based immigrant groups; however, informal leaders often emerge to exercise more power than the elected officers. Notably—in contrast with other organized crime groups—the outlaw biker and street gangs do not place much value on secrecy regarding their members' identities. Instead, they publicly proclaim their membership by the distinctive "colors" of their uniforms or by a distinctive "graffiti." The "biker" groups engage in a variety of organized crime activities, including the manufacture and distribution of methamphetamine and other drugs, theft of motorcycles and parts, and prostitution. The major outlaw biker groups active in Pennsylvania are the Pagans and Warlocks.

Prison gangs initially were organized to provide self-defense and services inside penal institutions, including protection, the sale of drugs, and homosexual prostitution. In recent years, some prison gangs have come to maintain a structured existence both inside and outside prison; and they have developed networks of influence that extend both inside and outside the prison walls. When inmate-members leave prison, they often provide support for colleagues who remain incarcerated. They also involve themselves in a broad range of criminal activity including murder, narcotics, theft, extortion, and weapons trafficking. As names such as Aryan Brotherhood and Mexican Mafia suggest, many of the prison gangs are organized along ethnic lines. There is little evidence that prison gang activities are affecting crime organizations in the Commonwealth, although

Black drug groups in Philadelphia have at times been strongly affiliated with specific inmates.

With regard to Los Angeles-based gangs such as the Crips and Bloods, changing demographics and expanding drug markets have increased gang recruitment and have extended the reach of the gangs outside of their traditional neighborhoods. These criminal groups engage in extensive drug trafficking, display unrestrained violence, and travel freely from one jurisdiction to another. Although the media have emphasized the "franchising" of drug enterprises by the Crips and Bloods to other cities and states, these groups have made few inroads in Commonwealth communities. There are no reported instances of Blood groups in the state and only a single (short-lived) instance of a Crips group settling in York, where they briefly operated a crack operation which was dismantled by law enforcement.

External Drug-based Groups

The fourth category is composed of the external drug-based groups who operate from a foreign country, such as Colombia and Jamaica, but who sell heroin and cocaine in the United States. Colombian cartels sponsor vertically-run operations that control cocaine trafficking from production to sale. Jamaican posses, in contrast, are less sophisticated in approach and are involved primarily with the distribution of "crack" cocaine. Both the Colombians and the Jamaicans have reputations for extreme violence.

The FBI and the Drug Enforcement Administration believe that more than 200 Colombian groups are currently active in drug trafficking in the United States or along its borders. These groups are generally small and work in independent units, ultimately tied to the two major Colombian organizations, the Medellin and the Cali cartels.

Jamaican nationals, many operating in gangs called "posses", have been major distributors of crack cocaine since the mid-1980s. Profits from the sale of crack and marijuana in the

United States are then returned to the posses or to kin in Jamaica. It is currently estimated that there are approximately 20 Jamaican gangs in the United States involving several thousand gang members. Jamaican gangs have dominated the crack market in several U.S. cities, including Philadelphia. Some intelligence suggests that they have now established a nationwide distribution network for narcotics and firearms.

Free-Lance Entrepreneurs

Finally, a number of "free-lance" groups are active in the Commonwealth, and they represent major organized crime players in specific localities across the state. Their organized crime activities include large gambling operations, drug trafficking, money-laundering, and fencing stolen goods. While some of these groups are ethnically based, others are not. Because organized crime activities and illegal markets are so varied and fluid, it is arguable that free lance entrepreneurs constitute the largest single entity in terms of overall organized crime activity.

Modelled more-or-less after the small businessman, the illegal activities of the individual entrepreneur are carried out through a network of individuals associated with him in that activity. With this type of operation, it frequently is the activity rather than the particular people that fosters the relationship. A number of substantive criminal relationships or "partnerships" may develop, linking joint criminal operations within a network. The partners or associates often share the risks, responsibilities, and profits. Or, one man may be in charge and may be the only one to have accumulated any risk capital; but there is little in the way of hierarchy among the participants. Another member or employee, in turn, may accumulate his own risk capital and connections and then establish his own operation.¹⁶

Illegal Markets

The rank, order, and significance of organized crime activities are different from the ranking in 1980. The major changes have occurred in the areas of illegal drugs (especially cocaine), money-laundering, and, to a lesser extent, gambling. The Crime Commission finds drug trafficking to be the most widespread and lucrative organized crime activity in the Commonwealth, to an even greater extent than indicated in the *1980 Report*, which had reported that drugs brought greater profit margins, but amounted to a smaller proportion of illicit income.

Illegal Drugs

The importation, manufacturing, distribution, and sales of illegal drugs have become the primary source of revenue for the organized crime groups operating in Pennsylvania. Narcotics has taken on the role that alcohol played during Prohibition with its resulting growth in criminal activity. During the 1920s, illegal liquor was the vehicle for wealth and growth; today the vehicle is drugs, particularly cocaine. With few exceptions, emerging organized crime networks in Pennsylvania are financing their activities and expansion through trafficking in illicit drugs. To some degree, also, the new groups are using the profits and contacts from the drug trade as a catalyst for diversification and expansion into other established criminal activities such as loansharking, weapons trafficking, and the fencing of stolen goods.

The substances most available in Pennsylvania are cocaine, "crack" (a cocaine derivative), heroin, marijuana, methamphetamine, and a variety of diverted prescription drugs. The cocaine and crack markets are highly competitive, resulting in an extraordinary level of violence. The heroin market, in contrast, is better organized and far less violent. The retailing of heroin involves mainly Black crime groups—but in recent years some Dominican groups as well—that serve

as mid-level and street distributors for heroin supplied by Asian criminal organizations or by the Sicilian Mafia working with La Cosa Nostra. The 1989 U.S. Attorney's Report on Drug Trafficking concluded that, "There is no single drug problem but rather myriad separate drug problems, each interacting with and affecting the others.... [The involved] organizations vary widely in size, sophistication, area of operation, clientele, and product. They have differing degrees of vertical and horizontal integration, differing propensities to violence, and differing patterns of interaction with other organizations."¹⁷ Nevertheless, several well-defined patterns exist. One pattern is represented by the major international, vertically-integrated trafficking groups, best exemplified by the Colombian cartels. They operate easily across international borders and are able to form joint ventures and transient limited partnership arrangements among themselves and with other groups for specific goals. Outlaw motorcycle gangs and "free-lance" entrepreneur networks constitute another pattern. These operate domestically and tend to have smaller, less sophisticated operations. Lines of supply are shorter, bank accounts are smaller, and the quantities of drugs transported are not as great. The city-based drug operations involving many Hispanic or Black groups have organizational structures that are less sophisticated at the management end, but they may have extensive sales networks of low-level operatives working directly on the street. These groups are involved primarily in the local distribution and retail aspects of trafficking.

A feature common to many of the largest organizations is an ability to tap alternate sources of supply and to adapt readily to changing conditions. When authorities clamp down, this flexibility enables major traffickers to regroup and redirect a part of their operations without disrupting the whole.

In the 1990s, the market for synthetic drugs may pose a more serious drug problem. These substances provide psychic and physical effects

similar to those of heroin, cocaine, and other illicit narcotics. Should synthetic cocaine or crack be developed in the 1990s, it may lead to the proliferation of new criminal organizations and may result in still higher levels of violence over control of market share. On the other hand, the development of synthetic cocaine could diminish the role of large, international trafficking groups.

Money Laundering

Money laundering has increased in importance as an organized crime activity during the 1980s. While operators of large-scale illegal gambling enterprises need money laundering services, narcotics traffickers create by far the greatest demand for money laundering schemes.¹⁸

The dynamics of drug smuggling changed significantly in several critical ways in the 1980s. First, there were increases in the absolute volume of cocaine, heroin, and marijuana exported from Central and South America and the Caribbean to the United States and Europe. Second, to escape detection, traffickers diversified their routes by employing staging areas throughout Central America and the Caribbean. Third, to manage the vast profits now being generated at every level of the trade, traffickers inaugurated increasingly sophisticated money laundering schemes.

Drug profits may be laundered through banks or other financial institutions, or they may be used as cash to finance drug operations or other criminal activities including bribery and corruption of public officials. Drug proceeds may also be used as a hedge against arrests, fines, and seizures.

In Pennsylvania, legitimate enterprises such as jewelry and precious metal exchanges, check cashing businesses, travel agencies, and firms which are characterized by high volumes of cash, are especially convenient for laundering drug profits.

Gambling

The high-tech electronic era has

spawned a new form of illegal gambling—video poker—that has become pervasive throughout the Commonwealth. Video poker machines can be found throughout the state, in large cities as well as small communities. These machines generate large revenues and a high rate of return, coupled with a very low risk factor; and traditional organized crime groups have responded to a new market demand. This relatively new form of illegal gambling produces significant revenues for criminal syndicates and entrepreneurs, and it is often used to corrupt public officials. Gambling revenues are invested in other illicit enterprises, such as narcotics and loansharking, as well as in legitimate businesses.

Both the legal ambiguity of video poker, and the indifference of both the public and law enforcement toward what is seen as a relatively benign activity, have amounted to a windfall for organized crime and independent criminal entrepreneurs. Across the Commonwealth, video poker machines are located in taverns and private social clubs. State Police have seized literally thousands of these machines as illegal gambling devices. Nonetheless, this illicit industry is flourishing.

At the same time, more traditional forms of gambling such as illegal numbers and horse betting have declined and are likely to decline still further in the '90s, as the patrons for these kinds of gambling activities age and die. On the other hand, sports betting continues to be strong throughout the state.

Organized-Crime Control

Organized crime activities involve the violation of many laws, including local and state laws against gambling, drug trafficking, prostitution, and murder. In addition, a number of federal laws are aimed at the investigation and prosecution of organized crime. Chief among these are RICO,

the acronym for the Racketeer Influenced and Corrupt Organizations statute; and CCE, the Continuing Criminal Enterprise or the "drug kingpin" statute.

The Continuing Criminal Enterprise Act (21 U.S.C. 848) was enacted in 1970 to attack those engaged in drug trafficking as a business conducted in a continuing series of drug violations, undertaken in concert with five or more persons, in which the person occupies a supervisory position and obtains substantial income or revenue. The penalties for CCE violations are a minimum of 20 years up to life imprisonment and fines up to \$2 million for an individual or up to \$5 million if other than an individual. There is also mandatory forfeiture of any property constituting or derived from the proceeds the defendant obtained from the violation, or any property used to facilitate the violation. (21 U.S.C. 853)

RICO is the single most important piece of legislation ever enacted against organized crime. RICO's roots derive from the 1967 President's Crime Commission treatment of La Cosa Nostra (discussed above). Its fundamental precept is that attacking LCN or any other ongoing criminal organization requires a concerted attack on the structure, not just on the individuals occupying positions within that structure.¹⁹

The thrust of RICO is to prove a pattern of crimes conducted through an organization. RICO's major purpose is to broaden the focus of enforcement efforts by providing for prosecution of a multi-defendant group for all its diverse activities in a single indictment.

The RICO law was written so that prosecutors can show the jury the "whole picture" of the crime, from peripheral players to those in leadership roles. Many known mobsters were cleared because prosecutors weren't allowed to present evidence to a jury placing that crime in the context of a larger criminal organization.

RICO makes it illegal to acquire or maintain a business or "enterprise" through "a pattern of racketeering

activity," defined as two or more violations of any of over 40 different federal and state laws.²⁰ It is a separate crime under RICO to be a member of an enterprise—such as an organized crime unit—that is involved in a pattern of racketeering, even if the actual racketeering was committed by other members. All that needs to be shown is that each member agreed to participate in the organization—"the enterprise"—by committing two or more acts of racketeering such as gambling or drug violations within a ten-year period (a pattern of racketeering). The RICO enterprise conspiracy facilitates mass trials with each member of the enterprise (if convicted) subjected to significant penalties.

The penalties for violating RICO are severe and include both criminal and civil sanctions: any individual or group who commits two or more indictable offenses within a 10-year period is subject to 20 years imprisonment, fines up to \$25,000, forfeiture on any business or property acquired in violation of RICO, as well as civil damages and the dissolution of the enterprise itself. The threat of lengthy imprisonment under RICO also provides a "stick" that has been used to gain the cooperation of defendants.

Although passed in 1970, it was not until the 1980s that law enforcement developed the intelligence base, the expertise, and the commitment to use the RICO statute to exploit its powerful potential as an investigative and prosecutive weapon. Since then, the use of this powerful statute has been effective against both major and minor organized crime figures. Rudolph Giuliani, former U.S. attorney for the Southern District of New York, who has successfully used RICO in prosecuting organized crime cases, states that, under RICO:

"... the government [is able] to present a jury with the whole picture of how an enterprise, such as an organized crime family, operates. Rather than pursuing the leader or small number of subordinates for a single crime or scheme, the Government is able to indict the entire hierarchy of an organized crime family

for the diverse criminal activities in which that 'enterprise' engages. Instead of merely proving one criminal act in a defendant's life, it permits proof of a defendant's whole life in crime."²¹

LCN has been the special target of RICO's enterprise approach to prosecution, and its use in federal courts has resulted in the conviction and sentencing of more than 1,000 LCN members and associates. The hierarchies of the five New York LCN Families have been prosecuted, and similar prosecutions have dented the LCN hierarchies in Boston, Cleveland, Denver, Kansas City, Milwaukee, New Jersey, Philadelphia, Pittsburgh and St. Louis. One example of RICO's use is the 1988 indictment of the Scarfo Crime Family of Philadelphia.

RICO civil provisions, moreover, have targeted LCN control and influence of union locals of the Teamsters and Laborers International, among others. Through this weapon, LCN labor racketeering has been contained and sometimes reduced. Under RICO, the government can file a petition in federal district court seeking to have an entity such as a local branch of a labor union—or even the leadership of the union itself—removed, and the entity placed in receivership. Such actions have been taken with several (construction) union locals in New York and New Jersey.

Application of RICO to Non-traditional Organized Crime

RICO's utility extends beyond traditional organized crime, however. First, its provisions apply to other underworld organizations and cover a wide range of illegitimate enterprises, such as drug trafficking and gambling operations. Second, RICO provisions also apply to criminal conspiracies committed by otherwise legitimate businesses or by government agencies (*e.g.*, organized police corruption, certain white collar crimes, and corporate crime operations).

Most recently, RICO has targeted some forms of white-collar crime that have continuity over time and special-

ized roles and skills within the organization. Many aspects of our economic life operate in the gray world between legal and illegal business practices. Standard business practices can be organized crime if the practices are sufficiently large-scale and continuously performed by specialists engaged in illegal activities. In other words, RICO's scope is not limited to violent and/or corruptive tactics, but extends the traditional definition of organized crime to include fraudulent practices.²²

The securities fraud involving the brokerage firm of Drexel Burnham Lambert is an example of a large-scale organizational crime targeted by RICO prosecution. Dating back at least to 1984, high-level officials of Drexel (*e.g.*, Ivan Boesky, Michael Milken) and other brokerage firms were involved in a massive conspiracy involving, among other things, deception of the investing public by manipulating the price of stock, and reduction of Drexel's federal income tax liability by generating false short-term losses. Although there was no violence, there was a high degree of secrecy and loyalty to the securities firm—secrecy similar to the standard practices of organized crime. The conspiracy extended over a period of time and involved many people whose behavior was criminal, or who at least knew about the criminal behavior of others. The fraud resulted in millions of dollars in illegal profits for Drexel partners and other participants. Indicted in March of 1988, Drexel subsequently pled guilty to mail fraud and securities fraud. As part of the plea settlement, Drexel agreed to pay \$650 million in penalties and fines.

In Pennsylvania, a variety of white-collar criminal enterprises have been the target of a RICO-based prosecution, including Norsub, Inc., of Warrendale which was involved in a complex scheme to defraud Mack Financial Corporation of Allentown.

Significance of RICO for Intelligence Gathering and Police Work

Organized crime is different from individual crime. The power of the

organization to affect economic and political life poses a vastly greater threat than individual crime. RICO recognizes that effective control of organized crime requires legal prohibitions and penalties that are directed against illegal organizations and their economic base, not simply against individual criminals.

To accomplish this control, RICO has given birth to what now is called the enterprise theory of investigation—a concept that in reality also entails a theory of prosecution and a theory of sanction, as described above. The enterprise approach was initiated by the FBI in 1981 and was eventually adopted more generally by law enforcement agencies. The enterprise approach looks not so much at a single criminal act by a particular individual on a specific day, but at the totality of the criminality and the size and scope of the enterprise that approves that criminal act. It focuses not so much on eliminating individuals or individual crimes, but on either undoing the entire organization or enterprise or taking out a large chunk of it, including the leadership.²³ Besides the leadership, the enterprise approach seeks the identity of members and associates participating in the various crimes, as well as the co-conspirator business people who financially benefit from the pattern of racketeering activity. The approach also seeks to remove the profit incentive by identifying all the assets generated by the criminal enterprise and eventually seizing them by forfeiture action. Any forfeited property or monies are to be transferred to law enforcement agencies participating in the investigation and prosecution. In this way, ill-gained profits from the criminal entity are turned over to assist in the budgeted expenditures for law enforcement.

This conception of expansive criminal enterprise is novel in American jurisprudence, and has set new standards and requirements for intelligence gathering and police work. Intelligence is gathered not on an individual, but on a conspiratorial organization. It is this characteristic—enterprise—that makes organized

crime control a unique investigative and prosecutorial effort.

RICO brings to enterprise crime investigation a distinct series of collection requirements, as is reflected in the successful prosecutions of the Scarfo Crime Family and the Norsub corporation. First, the effective use of RICO requires a better understanding of the structure and business-type activities of crime groups. This insight is critical for proving the existence of a criminal "enterprise," for identifying and tracing assets for seizure, and for issuing injunctions to remove members of organized criminal groups from positions of power and influence in business and labor organizations. Second, the effective use of RICO requires the cooperative effort by local, state and federal law enforcement agencies to combat the organized crime problem at both the local and national levels. The successes realized under RICO during the 1980 decade underscore the necessity to combine strengths, available resources, and expertise in joint enforcement ventures.

Third, there is an increasingly greater need for entities or units that specialize in developing and coordinating an intelligence base for striking at criminal organizations and not just at individual criminals. In a relatively short span of time, the reality of organized crime—both what it is and how to control it—has undergone considerable change. The major developments of the decade are addressed extensively in the remainder of the report.

RICO Attack on Scarfo LCN²¹

The indictment charged 19 defendants who were named either as leaders or members of the Bruno/Scarfo Family of La Cosa Nostra. In setting forth the "enterprise," the indictment identified the "Boss" [Scarfo] of the Family, the "Underboss" [Leonetti], and three "Capos" [Ciancaglini, Iannarella, and Merlino], who were all charged with supervising and protecting the criminal activities of the subordinates of the Family. The leadership, as well as the lower ranking members, was included within the Family "enterprise" as a group of individuals associated in fact. The ongoing nature of the enterprise was demonstrated by the fact that the Family: selected leaders (boss, underboss, and capos), proposed new members, conducted ritual initiation ceremonies "making" new members, and promoted some members to positions of authority or demoted them from these positions. Reliance entirely upon

traditional conspiracy law without RICO would not have enabled the government to include all of these individuals within a single prosecution or to identify each of their specific roles within the enterprise.

In addition, RICO's requirement of proving "a pattern of racketeering activity" and its broad definition of "racketeering activity" allowed the prosecution to join in a single indictment the widely diverse state and federal crimes in which the Scarfo Family has engaged over the past 15 years. Thus, the indictment included charges that the Family had engaged in murder, gambling, loansharking, extortion, and drug trafficking. The prosecution was also able to include as predicate acts of racketeering the prior federal extortion convictions of two defendants (*i.e.*, the convictions of Scarfo and Caramandi for attempting to extort developer Willard Rouse in the amount of one million dollars.)

In addition, because RICO allows for prosecution of offenses for which individuals were previously acquitted as part of a broader racketeering conspiracy, the prosecution was able to include as predicate offenses, the prior murder charges of three of the defendants (*i.e.*, the Scarfo, Leonetti, and Merlino murder of Vincent Falcone in December 1979).

Finally, because of RICO's broad definition of a pattern of racketeering activity it was possible for the prosecutors to include predicate offenses in which the criminal conduct occurred at a time beyond the statute of limitations. In this regard, all that RICO requires is that one act of racketeering occurred within ten years of a prior act of racketeering. Given these provisions, the prosecution was permitted to charge a 1976 gambling violation as well as extortion that took place in the late 1970.

Feature

RICO Attack on Norsub, Inc.

A prominent Pittsburgh evangelist, his son, and a group of their associates were convicted during a 1988 federal racketeering trial for defrauding the financing arm of Mack Trucks, Inc. of Allentown out of about \$7,000,000. The investigation of the case, which was started by the Pennsylvania Crime Commission in 1985, was referred to the office of the United States Postal Inspectors and the Pittsburgh United States Attorney's Office. The case was prosecuted jointly by an assistant U.S. Attorney and a deputy Counsel of the Crime Commission.

Charged as the ringleader in the scheme, according to a 59-count federal grand jury indictment, was Daniel "Brother Dan" Ofchinick, Sr., 69, of Pittsburgh, who for more than 35 years has been the minister of the Greater Pittsburgh Revival Center on McKnight Road in Pittsburgh's suburban Ross Township. Both Ofchinick and his son Daniel R. Ofchinick, Jr., 48, of Cranberry, as well as a bankrupt trucking company they owned and operated as Norsub, Inc. were charged with racketeering, conspiracy, mail fraud, and interstate transportation of money and securities obtained by fraud.

Four other individuals and another firm also were named in the August 1987 indictment on most of the same charges. Co-conspirators included Lewis Patrick Richardson, 36, the president of Somerset Mack Sales and Service, Inc., of Somerset, a Mack

Truck Distributor; also charged were two officials of Mack Financial Corporation's corporate offices in Pittsburgh, Thomas Stromoski, 40, and Thomas Nolfi, 34. Another co-conspirator was Robert DeLucia, 41, a trucking firm subcontractor associated with the Ofchinicks.

The Norsub scheme involved the purchase of 160 used trucks by the Ofchinicks for about \$1.9 million. The trucks were then resold to people with less than adequate credit by falsifying credit and insurance records of the finance company and by negotiating the paperwork on the vehicles through the Mack dealership Somerset Mack Sales and Service and then obtaining inflated financing through Mack Financial on the trucks, most of which were in serious disrepair.

Evidence during the 11-week trial showed that the defendants conspired to purchase fraudulently 62 installment sales contracts for the sale of the trucks and to defraud Mack Financial of \$6,900,000. The two men who were in charge of the Pittsburgh office of Mack Financial were critical to the scheme because they signed statements indicating that the financial agreements were in compliance with the firm's conflict-of-interest policy. They prepared false statements about the truck purchasers which included the source of the trucks to be financed, the insurance, the title, and credit information. The pair

also concealed the role the Ofchinicks and their firm Norsub, Inc. Eventually, most of the purchasers defaulted on their loans, and these defaults resulted in a loss of more than \$4,600,000 for Mack Financial.

All of the defendants were convicted in March of 1988 of 42 counts of mail fraud, 12 counts of interstate transportation of money obtained by fraud, and one count of conspiracy. Because the Ofchinicks and their trucking firm Norsub, Inc. were also convicted of violating the RICO statute, the Ofchinicks were subject to forfeiture proceedings. The jury awarded the government more than \$8,800,000 in gross proceeds from interests in the stock of Norsub, interests in various bank accounts, and interests in checks issued to the Pittsburgh Revival Center. The forfeiture was the largest in western Pennsylvania history. The defendants were sentenced in June 1988. Ofchinick, Sr. received a prison sentence of one year, reduced because of his age, and was fined \$4,000,000. His son Daniel was sentenced to five years and also was fined \$4,000,000. The judge noted that a single \$4,000,000 was to be paid by either or both of the Ofchinicks. Richardson received a three-year term, and Nolfi received a suspended sentence and five years' probation.

ENDNOTES

1. There is an abundance of writings on La Cosa Nostra. Among the more recent works, the following provide helpful background materials:

Howard Abadinsky. 1983. *The Criminal Elite: Professional and Organized Crime*. Westport, CT: Greenwood Press.

Howard Abadinsky. 1990. *Organized Crime*. Cincinnati, OH: Anderson.

Timothy Bynum, ed. *Organized Crime in America: Concepts and Controversies*. Monsey, NY: Criminal Justice Press.

Stephen Fox. 1989. *Blood and Power*. New York: William Morrow.

Peter Lupsha. 1986. "Organized Crime in the United States." In Robert Kelly, ed. *Organized Crime: A Global Perspective*. Totowa, NJ: Rowman & Littlefield, pp. 32-57.

Robert Rhodes. 1984. *Organized Crime: Crime Control vs. Civil Liberties*. New York: Random House.

United States Senate. 1988. *Organized Crime: 25 Years After Valachi*. Hearings Before the Permanent Subcommittee on Investigations, Committee on Governmental Affairs. Washington, D.C.: U.S. Government Printing Office.

2. Donald Cressey. 1969. *Theft of the Nation*. New York: Harper & Row.

3. United States Senate. 1980. *Organized Crime and Use of Violence*. Hearings Before the Permanent Subcommittee on Investigations, Committee on Governmental Affairs. Washington, D.C.: U.S. Government Printing Office, p. 19.

4. See Jay Albanese. 1989. *Organized Crime in America*. Cincinnati: Anderson Publishing Co., for an overview of principal evidence demonstrating the LCN "Commission."

5. Abadinsky, 1983, *op. cit.*, p. 153.

6. This is described in Abadinsky, 1983, *op. cit.*, Chapter 8.

7. Abadinsky, 1983, *op. cit.*, p. 109.

8. See Abadinsky, 1983, *op. cit.*, Chapter 8.

9. For reviews, see:

Peter Lupsha. 1987. "La Cosa Nostra In Drug Trafficking." In Timothy Bynum, ed. 1987. *Organized Crime in America: Concepts and Controversies*. Monsey, NY: Criminal Justice Press.

United States Senate. 1988. *Organized Crime: 25 Years after Valachi*. See especially testimony of Ronald Goldstock.

10. The emergence of the Sicilian Mafia in U.S. organized crime is reviewed in Claire Sterling's (1990) *Octopus. The Long Reach of the International Sicilian Mafia*, (New York: W.W. Norton & Co.). See also *Organized Crime: 25 Years after Valachi*; for example, testimony of R. Goldstock and others.

11. *Organized Crime Digest*. March 14, 1990, p. 4.

12. *Organized Crime Digest*. November 14, 1990.

13. The President's Commission on Organized Crime. 1983. *Organized Crime: Federal Law Enforcement Perspective*. Record of Hearing I, November 29, 1983. Testimony of FBI

Director William H. Webster, pp. 22, 24. Washington, D.C.: U.S. Government Printing Office.

14. Goldstock testimony in *Organized Crime: 25 Years after Valachi*.

15. See for example:

Mark H. Haller. 1971-72 (Winter). "Organized Crime in Urban Society: Chicago in the Twentieth Century." *Journal of Social History*. New Brunswick: Transaction Press.

Ivan Light. 1977. "Numbers Gambling Among Blacks: A Financial Institution." *American Sociological Review*, 42: 892-904.

16. For a discussion of this sort of "entrepreneurial" model of organized crime, see Francis Ianni. 1974. *Black Mafia*. New York: Pocket Books.

17. The Attorney General of the United States. *Drug Trafficking. A Report to the President of the United States*. August 3, 1989, p. 16.

18. See *Organized Crime Digest*, Vol. 11, No. 13, July 1990.

19. Helpful reviews of RICO and its implications for organized crime control include:

Howard Abadinsky. 1990. *Organized Crime*. Chicago: Nelson Hall.

Robert Blakey. "RICO and Forfeiture in Narcotics Investigation." In *Organized Crime Narcotics Symposium*. May 1988. Villanova University, sponsored by the Pennsylvania Crime Commission and Pennsylvania Commission on Crime and Delinquency.

Robert Rhodes, 1984. *Organized Crime: Crime Control vs. Civil Liberties*. New York: Random House.

Patrick Ryan and Robert Kelly. 1989. "An Analysis of RICO and OCCA: Federal and State Legislative Instrument Against Crime." *Violence, Aggression, and Terrorism*. 3: 49-100.

United States Senate, 1988, *op. cit.*

United States Senate. 1990. *Federal Government's Use of the RICO Statute and Other Efforts Against Organized Crime*. Report Made by the Permanent Subcommittee on Investigations, Committee on Governmental Affairs. Washington, D.C.: U.S. Government Printing Office.

20. The Racketeer Influenced and Corrupt Organizations statute—18 United States Code, Sections 1961-68.

21. Rudolph Giuliani. 1987. "Legal Remedies for Attacking Organized Crime." In *Major Issues in Organized Crime Control*, Herbert Edelhertz, ed., p. 106. Washington, D.C.: U.S. Government Printing Office.

22. See Rhodes, *op. cit.* for a discussion of RICO's applicability to business fraud.

23. See *Organized Crime: 25 Years after Valachi*.

CHAPTER

3

THE "DRUG DECADE"

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SYNOPSIS

- **Drug trafficking is the most serious organized crime problem in Pennsylvania.**
- **High levels of cocaine and "crack" cocaine use and addiction were the most visible problem, but usage of marijuana, methamphetamines, and diverted drugs also remained high.**
- **Drugs have been smuggled into the Commonwealth by air, sea, and land; in airplanes, ships, cars, trucks, trains, and buses. Couriers, often women, may carry small amounts on their bodies.**
- **The high profits from trafficking in cocaine and other drugs attracted involvement on the part of numerous groups, including Colombians, Dominicans, Puerto Ricans, Cubans, American Blacks, Jamaicans, outlaw bikers, LCN, and the Sicilian Mafia.**
- **Many organized crime groups with previous involvements in gambling, fencing, loansharking, and other criminal activities have now added drug trafficking to their "criminal portfolios."**
- **Heightened competition among groups involved in street-level drug distribution led to record numbers of drug-related homicides in Philadelphia during the latter half of the decade.**
- **Other forms of drug-related crime have also proliferated, including money laundering and corruption, as well as theft and other crimes motivated by a need to obtain drugs or money for drugs.**
- **Kinship and ethnicity play a major role in drug networks and organizations.**
- **Demographic and ethnic characteristics of an area affect selection by drug trafficking networks. For example, Hispanic groups are attracted to communities with sizable Hispanic populations.**
- **Law enforcement efforts against drugs require resources to provide greater training, technical resources, and multiethnic personnel.**
- **Despite successful prosecutions of numerous major drug distribution networks, the continuous entrance of new groups into the market makes it nearly impossible to stem the supply.**
- **Therefore, initiatives to reduce demand and to treat addicts are also necessary.**

THE "DRUG DECADE"

Drug Trafficking Groups and Patterns in the 1980s

Traffic in illegal drugs has become the most serious organized crime problem in the Commonwealth, and the problem shows little indication of diminishing as we enter the 1990s. The decade of the 1980s was distinguished by a rapid escalation in the demand for dangerous drugs such as cocaine and crack. The American public views the drug problem as a real and imminent threat to home, school, and work place. Television brought the drug war into American living rooms in the 1980s, and the escalating violence and economic and social costs are shocking. Some results of the proliferation in narcotics are shown below:

- **Escalating violence.** Inner city neighborhoods of Philadelphia have become battlegrounds for competing drug gangs, and turf warfare accounted for most of the more than 50 percent increase in the number of homicides between 1986 and 1990 (from 343 to 526). Usually, murderers and victims alike have been teens and young adults fighting for a "piece of the action" in the high-profit, high-risk drug business that promised a quick route out of grinding poverty. Innocent bystanders, as well, have been victims of drug-related violence.

- **Proliferation of drug-related crime.** The symbiotic relationship between the illegal drug trade and other forms of individual and organized crime contributes to the deterioration of community life. Low income drug abusers are often involved in theft, robbery, prostitution, and other crimes. Some experts say that this involvement is an economic one; the users need crime to support their expensive dependencies. Other experts contend that there is no strong "cause and effect" relationship between drugs and crime, and that those who are prone to breaking the law in some ways (like drug use) will also break it in others (theft, robbery,

etc.). There is no doubt that the immense profits from drug trafficking are often irresistible, both to existing crime operations and to novices from diverse backgrounds. (The relationship between drug trafficking, violence, and other crime is addressed in greater depth later in this chapter.)

- **Health risks.** Even as improved public knowledge of health risks was reducing the number of new casual drug users, the risks to hard-core drug abusers and their families were increasing. According to data collected by the Drug Abuse Warning Network (DAWN), mentions of cocaine as a factor in emergency room admissions in the Greater Philadelphia Area increased from 203 in 1983 to 7,854 in 1988 (although some of that increase undoubtedly resulted from improved reporting). The widespread use of crack also led to a significant increase in child neglect and abuse, as well as to an increase in the number of newborn babies with cocaine in their urine.

- **Economic costs.** Billions of dollars are diverted from productive economic activity into the pockets of drug lords. Billions more are spent on the health and welfare costs of those whose lives are devastated by drug abuse. Also included are the direct and indirect long-term costs of shifting tax dollars away from other social needs in order to pay for increased drug enforcement; the imprisonment of large numbers of predominantly young, minority males sentenced under stiffened drug laws; the massive program of prison construction to accommodate these burgeoning inmate populations; and the social and economic consequences when these inmates eventually return to society.

- **A lost generation, a two-tiered society.** Most disturbing of all is the specter of losing an entire generation of inner city youth. A decade of deteriorating economic conditions for the urban underclass acted as a cat-

alyst for the explosion of cocaine abuse and trafficking in inner cities. In many neighborhoods, the most visible models of economic success are the bosses of drug gangs, some of them millionaires by their early twenties. In a recent study of the business of drugs, Mary Cooper writes:

"...the market for addictive illegal drugs such as crack is accelerating the division of American society into classes of haves and have-nots. The war on drugs has proved to be no match for the economic forces that sustain this market. Whether or not the current cocaine boom will fade in time—as surges in demand for other illegal substances have in the past—remains to be seen. Meanwhile, the drug trade continues to take its toll among the most vulnerable members of American society."¹

The Drug Trade in Pennsylvania

The Crime Commission has focused its efforts on upper- and mid-level dimensions of the trade in dangerous drugs—particularly cocaine—from the importation of illegal drugs into the Commonwealth to their wholesaling and distribution once here. The drug trade in Pennsylvania exhibits a number of important features:

- Cocaine (including crack) has presented the Commonwealth with its most serious drug problem in the 1980s.

- Cocaine has been the major catalyst for the emergence both of non-traditional organized crime groups and of "free-lance" drug entrepreneurs.

- Methamphetamine production and distribution have been significant problems, particularly in Southeastern Pennsylvania, where the Bruno/Scarfo

LCN Family and outlaw biker groups have dominated this drug market.

- The traffic and abuse of diverted prescription drugs were serious drug problems in the 1980s.

- New York influences Pennsylvania; *i.e.*, major trends there eventually work their way west to the Commonwealth.

- Pennsylvania is a significant transshipment point for drugs (into nearby states and sometimes as an indirect route into New York City).

- The groups and networks involved in the drug trade are diverse, ranging from foreign-born Dominicans, to outlaw bikers; from Colombian cartels to nuclear plant employees.

- Kinship and ethnicity play a major role in the formation of drug networks and organizations.

- Demographic and ethnic characteristics of an area affect selection by drug trafficking networks (*e.g.*, Hispanic groups are attracted to regions with concentrations of Hispanic population).

- A drug operation supplying one kind of drug is frequently run in concert with operations supplying other drugs. (A cocaine operation, for example, often supplies marijuana and may also supply heroin, methamphetamine, or "pills.")

- Drug trafficking is entrepreneurial and fluid in nature. The elimination of particular individuals, groups, or sources of supply has only short-term impact; they are quickly replaced by other individuals, groups, and sources of supply, with only a temporary disruption of service to customers.

- Other criminal involvements often predate a group's connection to the drug trade. One of the most dramatic trends of the 1980s concerns the movement of established gambling operatives into the drug business.

Trends in Drug Use

Psychoactive drugs are legally controlled throughout the world and within the United States. Heroin is prohibited in the United States while other drugs such as marijuana, meth-

amphetamine, and cocaine are prohibited except for restricted medical uses. Cocaine has limited medical uses and is very tightly controlled. Tranquilizers and amphetamine-stimulants, which have more widely recognized medical uses, are more loosely regulated.²

Two national surveys—the National High School Survey of high school seniors and the National Household Survey on Drug Abuse of the general citizenry—are useful in tracking drug use trends in American society at large. Patterns vary somewhat for different drugs, but by the second half of the decade, downward trends were evident for nearly all categories.³ Drug use trends reflected in that survey, along with other trend data, appear below.

- Marijuana - Aside from alcohol and tobacco, marijuana has been the most widely used drug; rates rose during the late 1960s and most of the 1970s. By 1980, fully two-thirds of young adults reported some consumption of the drug. Although still high, marijuana use declined steadily throughout the 1980s; but its price rose significantly. The availability of higher quality marijuana also increased as did domestic production.

- Cocaine - A more dangerous illegal drug, the graphing for cocaine use followed a different trajectory. Rates rose sharply during the late 1970s, remained at high levels during the first half of the 1980s, and then declined in the latter part of the decade. Since about 1980, cocaine has ranked fourth among common drugs of abuse, with rates of use exceeded only by alcohol, tobacco, and marijuana—both in terms of lifetime exposure and regular use, in Pennsylvania as well as in the nation as a whole. Declining rates of use appear to be largely the result of intensive public awareness programs. On the other hand, government intervention in the cocaine trade in Colombia during 1989 led to increased wholesale and retail prices in the drug, which also may have discouraged the casual user.

- Heroin - Use of heroin is reported as holding steady or declining slightly

during the 1980s. At the end of the decade, however, there was a noticeable increase in the purity of heroin and some increase in its use. Heroin is frequently used in tandem with cocaine to alleviate adverse reactions to cocaine. Heroin seized in Pennsylvania in the late 1980s had a significantly stronger purity than that confiscated early in the decade.

- Hallucinogens - Use of hallucinogens has been reported as decreasing over the decade. Lately, however, there have been disturbing reports that hallucinogens including LSD, peyote, and psilocybin, remain popular among college students.

- Diverted Pharmaceuticals - The reported use of pharmaceuticals has also remained steady or has decreased slightly.

1989 Survey of Pennsylvania School Students

Some 37,000 Pennsylvania students in grades 6, 7, 9 and 12 were surveyed in 1989 by the Pennsylvania Governor's Drug Policy Council.⁴ The survey found that alcohol was by far the drug of choice among students, while regular use of marijuana and narcotics was much lower.

- Marijuana - 14 percent of the seniors, 7 percent of the ninth graders, 1.4 percent of the seventh graders and 0.6 percent of the sixth graders smoked marijuana at least once a month.

- Cocaine - A little more than 2 percent of the seniors, 0.6 percent of the ninth graders, 0.3 percent of the seventh graders and 0.2 percent of the sixth graders reported using cocaine once a month or more often.

- Heroin - Only a minute fraction of students in all four grades (0.1 percent of the seniors) used heroin at least once a month.

- Stimulants - Less than 5 percent of the seniors, 4 percent of the ninth graders, 1.2 percent of the seventh graders and 0.4 percent of the sixth graders reported using stimulants at least once a month.

- Hallucinogens - A small percentage of the students (1.4 percent of the

seniors and 1.1 percent of the ninth graders) used hallucinogens once a month or more often.

The Pennsylvania and national drug surveys have restricted merit, however, because they do not include many of those at highest risk for drug abuse—school dropouts or "social dropouts." Such groups are thought to be less affected by public education campaigns on the adverse effects that drugs like cocaine and marijuana have on physical and psychological health. Furthermore, the introduction of crack increased the affordability and availability of cocaine in low-income neighborhoods.

The level of abuse among one "dropout" group—criminal offenders—is reflected in the new Drug Use Forecasting (DUF) data developed by the National Institute of Justice, based on urine testing of arrestees in major U.S. cities.⁵ The data document that the majority of offenders in urban jails across the nation have illegal drugs in their system at the time of arrest. Philadelphia is the only Pennsylvania city included in the program, and data are available only for the past two years. Throughout the period, Philadelphia ranks at or near the top in the proportion of arrestees testing positive for drugs (about 80 percent).

The problems associated with abuse of cocaine and other drugs are rising more rapidly than the increase in current users. Mark S. Gold, M.D., a nationally recognized expert on drug abuse, points out:⁶

"We're not in an epidemic of use, we're in an epidemic of addiction... Now, the number of new users is way down, but what is way up is the consumption per user and the age of the user. These factors—dose, duration and age—contribute to the tremendous number of problems that we now see associated with cocaine that were not evident in the 1970s."

A particularly ominous trend is the apparent increase in the non-medical use of anabolic steroids—synthetic derivatives of the natural male hormone testosterone. In the past, the drugs have been used by professional athletes to increase strength and training capacity. But a 1989 survey

conducted by the National Institute on Drug Abuse reported that more than a quarter of a million American teenagers, most of them boys, have used potentially harmful performance-enhancing steroids. A growing body of evidence has linked steroids to numerous health problems, including sterility, increased cholesterol levels, high blood pressure, liver damage, irritability, and even violent behavior.⁷

A number of states, including Pennsylvania, now include anabolic steroids in their legislation covering controlled dangerous substances.

The Business of Drugs

As a business, drug trafficking is subject to economic forces similar to those affecting legitimate business, but those economic forces are shaped by its illegality. Prices, for example, are affected by the usual factors of demand, supply, and market competition; but they are also vastly inflated by the illegal status of drugs and by the concomitant risks.

Volatile Drug Market of the 1980s

During the 1980s, the drug market showed major alterations in the factors of demand, supply, and competition. The drug trade was reshaped by fluctuations in consumption patterns at the same time that sources of supply were undergoing geographic shifts, and the entry of new groups was modifying the competitive situation. Inner-city heroin abuse rose sharply in the 1960s and then stabilized; use of marijuana became widespread in the late 1960s and 1970s; cocaine became a drug of choice in the early 1980s, followed by an explosion in crack use later in the decade. Cocaine was once considered a relatively safe drug, expensive, but chic, among the upper classes; but the "cocaine wars" and subsequent introduction of crack brought cheaper supplies and its use by lower-income populations.

Geographic sources of supply shifted just as dramatically. After efforts of the United States and Turkey achieved success in limiting the influx of Turkish heroin, new sources of heroin supply rapidly developed elsewhere in the Middle East, in Southeast and Southwest Asia, and in Mexico. With the advent of cocaine as the drug of choice, South America emerged as a major drug source.

A third factor in the volatility of the drug marketplace has been the change in the groups engaged in drug trafficking. During the 1950s and early 1960s, the traffic in illegal drugs—especially heroin—was dominated by La Cosa Nostra. For a variety of reasons, LCN control slackened in subsequent decades; and there was a proliferation in the number and variety of non-traditional groups which became involved in drug trafficking: Hispanics, Blacks, Jamaicans, outlaw motorcycle gangs, Asians, and numerous independents and "entrepreneurs."

Changes in usage patterns and sources of supply, together with reduced LCN involvement, created considerable market flux and opportunities for both established and emerging entrepreneurs in the drug marketplace. New relationships and connections had to be established with foreign nationals and growers of illicit crops. Ethnically-based organized crime groups (*e.g.*, Colombians, Mexicans, and Chinese) with linguistic and geographic links to the new sources of supply were well positioned to assume prominence in the drug trade.

Profits and Risks

The international and domestic traffic in illegal drugs, by any estimate, is a multibillion-dollar-a-year industry. The illegal status of drugs guarantees vast profits but also presents drug traffickers with an array of risks not faced by legitimate businessmen. The profits to be made from illegal drugs are astronomical. For example, in a little over a decade, cocaine has probably become the most profitable illicit business in

history, propelling a small number of South American drug lords into the ranks of the world's wealthiest. The profits attract a continual influx of new entrepreneurs, and price differentials among cities provide incentives for the spread of drugs to new territories. An organization with considerable vertical control through several levels of distribution will obtain maximum profits. Most of the final price is compensation to dealers for legal risks incurred in domestic distribution.

If the profits from illegal drugs are greater than profits from most legitimate businesses, the risks are also greater: the risks of losing the bulk of one's assets under federal forfeiture rules; of losing one's freedom if caught (perhaps for life, if convicted as a "drug kingpin"); or of losing life itself at the hands of rivals. Furthermore, illegal entrepreneurs cannot call upon the courts for protection against infringement of patents, defaults on money owed them, unfair competition, extortion, or any of the other risks faced in their dealings.

In general, the higher the level of distribution, the lower the risk, because those at higher levels are more insulated from direct handling of the product. They have better access to effective money-laundering techniques and have less contact with untrustworthy associates. They are less visible and more remote from the dangers of the street. (Some of the sophisticated strategies used by specific middle and upper level organizations are discussed elsewhere in this and other chapters.)

The highest risks are borne by those organizations dealing at the street-level. Street-level dealers are the most visible and are arrested most often, both because of the frequency with which they ply their trade and the degree of openness necessary for high-volume business. They are also more subject to conflict with rivals over "turf" and exposure to situations that have a violent spillover.

Distribution Levels

Many functional levels separate the

billionaire drug lords at one extreme, from the small-time dealers and consumers at the other extreme. Depending upon the drug, the business side may include growers, manufacturers, importers, wholesalers, distributors, and retailers. The manufacturing and importation of drugs like cocaine and heroin are concentrated in the hands of a few major trafficking organizations, which generally specialize in a single substance. However, wholesalers and distributors typically are drawn from a variety of groups, and they may sell or distribute more than one kind of drug. At the street level, consumers and dealers comprise an amorphous group that fluctuates in response to factors such as drug tastes and law enforcement initiatives.⁸

Several factors influence the structure of drug distribution networks. Greater structural complexity is found for drugs like cocaine and heroin which are imported and which require preparation (such as "cutting"). Street-dealers for these drugs are only the last link of a long and largely invisible distribution chain along which the drugs pass from producers—often continents away—to users in the Commonwealth. Relatively little is known about the few (probably less than a dozen) major international operations that control the manufacture and importation of heroin and cocaine. Information on mid-level dealing is expanding but still sketchy. Most visible to organized crime investigators are the small entrepreneurial street dealing groups, with little formal structure.

"Fast-Drug" Franchises: The Retailing of Drugs

The continuous influx of new entrepreneurs has heightened competition and led to attempts to expand the market by attracting new customers and to maintain or gain market share through innovative marketing and through violence. The Commission has documented some of the strategies and characteristics of street-level drug distribution networks in some of the major urban markets of

the state. Such networks include the notorious "tape" gangs that flourished in Philadelphia in the mid- and late 1980s. The business of drug trafficking is exemplified in the history of the Blue Star/Red Star gang featured at the end of this chapter.

At the street level, drug entrepreneurs must achieve a balance between satisfying the customer and managing the risks both from law enforcement and from rivals. These constraints result in many common features, although specifics may vary according to type of location.⁹ Following are some factors which influence the success or failure of street drug networks:

Customer convenience. To compete effectively, dealers often provide 24-hour service, at convenient locations on street corners, in fortified "gate houses," or on the premises of "legitimate" businesses or residences. Some seek to establish product identity and retain customer loyalty through "trade marks" and unique packaging.

Product innovation. The development of new products has expanded the market for illegal drugs. The most significant innovation of the 1980s was the development of "crack" cocaine (described in greater detail below), but there have been numerous other innovations involving heroin, cocaine, and other drugs, including new methods of ingestion and new combinations of drugs.

Low inventory. Under state and federal sentencing guidelines, penalties are lower for offenses involving smaller quantities of drugs, thus providing an incentive for even major organizations to minimize the amount of drugs and/or money kept in any one place or held by any one person.

Innovative delivery and storage methods. Dealers use increasingly clever methods of storage, delivery, and collection. Dealers may use "fronts" to purchase or rent properties to be used for cutting or storing drugs, and even then the drugs may be hidden in hollow walls. Smaller quantities may be kept in the hubcaps of parked cars on vacant lots or in a perforated basketball on a community

playground. Lower level personnel make deliveries on foot, in cars, taxis, or trucks—sometimes in vehicles with specially modified hidden compartments.

Countersurveillance. All groups aggressively employ countersurveillance techniques. Some methods are relatively simple, such as the employment of young children as "bombayellers" or "veneno-watchers" ("bomba" is slang for "cop"; "veneno" means poison) by Puerto Rican "tape" gangs (so-called from the color-coded tape on bags of cocaine sold by the gangs) in Philadelphia. Also simple but effective are the fortified gate houses of Jamaican posses, with sealed doors that have a hole barely large enough to exchange drugs and money, but not large enough to see who is inside. Some groups use sophisticated electronics such as scanners to intercept police radio activity, cellular phones to reduce the risk of wiretapping, coded "beepers" to minimize verbal communication and face-to-face contacts, and even "night vision" (high-tech glasses which allow one to see in the dark).

Separation of Roles/Activities. Role separation (or division of functions) in drug street sales is designed to counteract police buy-and-bust street-sweep tactics and to make it very difficult for police to trace either the drugs or money back to the "owner," even if some lower-level sellers can be "turned." Tasks are often specialized so that the same individuals do not handle both money and drugs. Organization leaders try to insulate themselves as much as possible from handling drugs (and/or cash), and to delegate tasks involving handling of drugs (cutting, "baby-sitting" stashes, or transporting inventory) to low level personnel. Women are often preferred as couriers of drugs or money, since they are thought less likely to attract law enforcement attention.

Use of juveniles. For the same reason, use of juveniles, including some very young children, expanded during the 1980s. Dealers could thereby shift much of the overt risk

to juveniles, who would generally expect to receive more lenient treatment within the juvenile justice system. For their part, juveniles are attracted by the prospects of easy money, are impressed by the flashy lifestyle of the dealers, and are easily intimidated by adult dealers.

Short-lived existence. Drug groups involved in street-level dealing have the potential of making profits that match those of mid-level distributors, but the greater risks from competitors and law enforcement mean that they seldom last as long. Although such groups have a brief life-span, the individuals involved in these operations may remain active over long periods (unless they become victims of murder), developing new associations and forming new groups.

Intermittent activity. For many street-level cocaine dealers, as well as street sellers of other drugs, their dealing is sporadic and alternates with other legal and illegal income activities.¹⁰ Even mid- to upper-level cocaine dealers may remain in the trade for relatively short periods.¹¹ Some voluntarily curtail their activities because of suspected law enforcement scrutiny. Others may have their activities interrupted by imprisonment and then re-enter the business when they are released (although some continue to supervise operations from within prison).

Polydrug dealers. Street dealers and lower level distributors may deal in more than one type of drug in order to meet the needs of their customers. They maintain contacts with various mid-level distributors to allow "one-stop shopping" by their customers.

Use by Dealers. Some street dealers are themselves addicts, although distributors prefer not to do business with addicts, who are regarded as poor risks (addicts are considered more vulnerable to being "turned" by law enforcement and more likely to "rip off" supplies or profits to serve their own habits).

Violence. Drug dealers use violence to protect themselves against rip-offs, rivals, disloyal employees, informers, or other threats. The greatest incidence of violence in Pennsylvania

has been seen on the part of groups most heavily involved in street-level distribution: the Puerto Rican tape gangs, the Jamaican posses, and Black groups such as the Junior Black Mafia. For example, many of the original members of the Junior Black Mafia—involved in both mid-level and street-level dealing—have been killed by rivals or have been arrested and imprisoned by the justice system because of their involvement in violent crime. Some of the Puerto Rican tape gangs, Jamaican Posses, and other street-level groups have been similarly dismantled by violence or law enforcement.

Structure. Typical street-dealing networks are headed by a "boss," assisted by one or more "lieutenants," who are likely to be close friends or even brothers of the boss. Managers oversee several locations; they may collect the proceeds and ensure that an adequate supply of drugs is available from the safe house where the stock is kept. Some groups may have enforcers who mete out discipline within the gang and deal with problems from competitors or from customers who refuse to pay. A bookkeeper or "accountant" completes the central staff.

Heroin and cocaine operations utilize "cutters" and "baggers" (often female family members or friends) who dilute the heroin or cocaine with inexpensive fillers. Crack operations require "cookers" to transform the cocaine hydrochloride into crack. On the street or in the gate house, the actual dealing may be conducted by a teenager or young adult, often helped by younger assistants who serve as lookouts or as "steerers" who hawk the virtues of the particular product and direct customers to their dealer. Children as young as ten years old can begin at \$25 to \$70 per day, while teenage dealers can make as much as \$500 to \$1000 per week. Gangs in control of lucrative locations can gross hundreds of thousands of dollars a year.

Principal Drug Trafficking Groups

The number and variety of groups involved in drug trafficking in the state increased substantially during the 1980s. Many "non-traditional" groups entered and/or gained greater prominence in drug trafficking during the decade. These include Hispanic groups, Blacks, Jamaicans, and outlaw motorcycle gangs. In addition, more "traditional" groups increased their activities, including those with LCN connections and the Sicilian Mafia. Numerous "entrepreneurs" and free-lance groups also contributed to the expansion of drug markets in the Commonwealth. Outside the state, Asian organized crime groups have become a significant force in heroin importation, and serve as a major source for Dominican and other heroin traffickers in Pennsylvania. The table at the end of this chapter lists representative examples of ethnic and non-traditional drug groups that operated in the Commonwealth during the 1980s. The activities of these groups are covered in greater depth in subsequent chapters.

Perhaps the most notable development of the 1980s was the proliferation of Hispanic drug trafficking operations, which was propelled by the growing popularity of cocaine. During the late 1970s, in a series of bloody confrontations dubbed the "Cocaine Wars," the Colombian cocaine cartels seized control of U.S. distribution from Cuban groups. During the 1980s, the Colombian cartels began to expand their distribution network beyond their Miami and New York bases of operation, and Colombian mid-level operations appeared in Philadelphia and elsewhere in Pennsylvania. Colombian control of cocaine gave other Hispanic groups a competitive edge because of their geographic, cultural, and linguistic advantages.

Natives of the Dominican Republic became important entrants to the drug market during the latter half of the decade. Their criminal and entrepreneurial skills are evident in

product innovations, marketing techniques, low profile, and efficient mechanisms for handling arrest and other contingencies. Their ability to offer customers a high quality product at competitive prices assured Dominican groups of an important role in the marketing of both cocaine and heroin during the 1980s. Dominican groups have been particularly active in the Eastern corridor of the state, in an arc extending from Philadelphia to Allentown to Reading to Lancaster.

Puerto Rican and (to a lesser extent) Cuban groups had a presence in organized crime in the Commonwealth prior to the 1980s, but their importance to the drug scene increased markedly during the 1980s. Puerto Ricans constitute the most populous group of Hispanic heritage in the Commonwealth, and a number of Puerto Rican entrepreneurs had traditionally run *bolita* (a Puerto Rican numbers game) operations in the larger Hispanic communities in Pennsylvania. During the 1980s the majority of such operations also entered the drug market (primarily cocaine), lured by the large profits to be made. Other small, fluid drug groups made up of Puerto Ricans also emerged during the decade.

Cuban narcotics trafficking became a more important factor in Pennsylvania following the influx of "Mariel" refugees in the early 1980s. Numerous other Latin American nationalities are also represented in the Commonwealth drug scene and are discussed in the chapter on Hispanic organized crime.

LCN-connected operations have always been a significant factor in drug trafficking, and during the 1980s, it became apparent that the Sicilian Mafia was also establishing a presence. LCN and Sicilian Mafia Families continue to play a major role outside the state as sources for imported heroin. Sicilian heroin distributors have also been active within the state. In Eastern Pennsylvania, the Philadelphia LCN has been heavily involved in the traffic in methamphetamine while in the Western part of the state the Pittsburgh LCN has been heavily

involved in cocaine distribution.

Black narcotics traffickers in Pennsylvania first attracted attention with the involvement of the "Black Mafia" in heroin distribution in Philadelphia during the 1970s. During the 1980s, Black operations became more important, dominating the drug scene—heroin, cocaine, and methamphetamine—in predominantly Black neighborhoods of Philadelphia, Pittsburgh, and elsewhere. Important players included former members of the Black Mafia, some of whom participated in the formation of the Junior Black Mafia, a renewed attempt to form an overarching drug syndicate within Philadelphia. However, no single organization has succeeded in establishing control over the chaotic and frequently bloody drug market in Philadelphia's inner-city neighborhoods. In the latter half of the decade, in Philadelphia and several other cities of the Commonwealth, violent Jamaican Posses became important rivals to Black operations in the marketing of cocaine—especially crack—within Black communities. (See the table at the end of this chapter.)

In recent years, outlaw motorcycle gangs such as the Pagans and the Warlocks have carved out a significant niche in the drug market, particularly in methamphetamine and in cocaine. Until their ranks were thinned by major prosecutions later in the decade, the Pagans worked with some members of the Bruno/Scarfo LCN Family to manufacture and distribute methamphetamine in the Philadelphia area. The Pagans are also influential in the distribution of PCP, steroids, and cocaine.

The profits to be made from drug trafficking also attracted numerous independent entrepreneurs from many areas and many walks of life. Numerous operations independent of the more-or-less established drug trafficking groups described above have sprung up across the Commonwealth. Geographic areas more remote from the established spheres of influence of La Cosa Nostra and various Hispanic trafficking groups have been especially hospitable to the develop-

ment of independent operations although these new operations may obtain their drugs from LCN, Hispanic groups, or outlaw motorcycle gangs.

Some Differences Among Drug Trafficking Groups

Drug trafficking organizations vary considerably in style, size, structure, and organization—just as legitimate business organizations do. For example, the Colombian cartels present interesting parallels to modern multinational corporations, and their strong vertical integration somewhat resembles the vertical monopolies found in branches of some industries such as agribusiness, where one corporation maintains control over a product from the field of wheat through the wrapped loaf of bread. On the other hand, even though outlaw motorcycle groups in many respects resemble overgrown delinquent gangs, they frequently function as efficient drug networks; just as gang members have established a reliable pipeline for moving such illegal items as stolen motorcycle parts, they also have a reliable pipeline for moving illegal drugs from person to person; chapter to chapter; and increasingly in recent years, from one biker club to another.

Drug trafficking groups also differ in their criminal styles. Dominicans, for example, maintain a low profile and use violence sparingly (but effectively). Rather than seeking to corrupt officials, they arrange quick bail and disappearance for arrested workers. Jamaican posses, on the other hand, for many years reveled in their outlaw status and made maximum use of violence to invade new territories and eliminate competition.

The role of family and ethnic ties, long recognized in connection with traditional organized crime, is central to many drug organizations, particularly their nuclei. In fact, a greater emphasis on familial, ethnic, and close associational ties is one important way in which drug distribution networks—at various levels—differ from the legitimate business world. While the availability of capital is equally important in both worlds, and

relationships can be important in the business world, entrance into and acceptance into drug dealing networks are determined even more by familiarity and situational factors—"being in the right place at the right time." Familiarity is enhanced by shared experiences and blood ties.

Understanding the significance of such ties to the business of drugs has important implications for law enforcement. For example, the arrest of a particular drug dealer or distributor may have relatively little impact on the activities of the operation if another family member or associate is free to carry on the work of the group; investigations directed at "genealogy" (lineage) are likely to help target the entire drug enterprise. Much discussion in this and subsequent chapters is devoted to the different ethnic groups involved in drug trafficking in Pennsylvania (with occasional reference to the activities of a particular family group).

Regional Differences

The types of groups involved in a given region of the state, as well as the level and type of drug trafficking activity, are affected in important ways by regional characteristics, including ethnic and socioeconomic composition of the population, population size, tradition of organized crime activity, proximity to major sources of drugs (*e.g.*, New York City), and availability of transportation. For example, Hispanic groups are attracted to areas with sizable Hispanic populations, and Black operations are most likely to be found in localities with significant Black populations. Communities in Eastern Pennsylvania generally feel the first impact of trends working their way westward from the New York Metropolitan area. LCN-connected operations are most numerous in those areas of Pennsylvania under the influence of the Bruno/Scarfo Family (Southeast), the Bufalino Family (Northeast), or the LaRocca/Genovese Family (Pittsburgh area). Independent operations are most likely to develop in areas of the

state not dominated by existing powerful organized crime interests.

In general, drug trafficking will be greater in areas of greater population concentration, large Black and/or Hispanic populations, depressed economic conditions, a history of traditional organized crime activity, along major transportation routes, and close to New York. Not surprisingly, the most intense drug trafficking activity is found in Philadelphia, by far the largest city in the state (and fifth largest city in the country), with major concentrations of low income Black and Hispanic populations, a long tradition of influence by one of the major LCN families in the country, close to New York City, and a major transportation center. All of the major drug trafficking groups are active in Philadelphia: LCN, Colombians, Dominicans, Puerto Ricans, other Hispanic groups, the Pagans outlaw motorcycle gang, the Junior Black Mafia and other Black organizations, Jamaican Posses, and various free-lance groups. All types of drugs are represented, and crack cocaine has made greater inroads among inner city populations in Philadelphia than in other cities. Philadelphia is also a regional center for the trans-shipment of drugs to other parts of the state and nation.

The Major Drugs¹²

COCAINE

As a drug, cocaine is a "hybrid," in the sense that it acts both as a powerful stimulant and as local anesthetic. Far from being non-addictive (as was believed for many years), cocaine is actually one of the most addictive of drugs. In humans, chronic use of cocaine damages the brain neurotransmitter systems beyond repair. Other severe side effects of cocaine use include heightened risks of heart attack, blood vessel spasms in the brain, stroke, and deep depression which may quickly follow the brief euphoria.

Although pure cocaine (cocaine

hydrochloride) is sometimes sold to consumers, it is usually diluted ("cut") with a variety of other ingredients, such as lactose, lidocaine, and mannitol. Users most often "snort" it through the nasal passages, but they may also inject cocaine into the vein with a needle or inhale its vapors. In "speedballing," cocaine is mixed with heroin and water and injected into a vein. With each method, cocaine enters the blood stream and produces typical effects, including elevated pulse and respiration, increased body temperature and a short-lived euphoria. Cocaine users often take other drugs to counteract the effects of the cocaine or to boost the drug's primary effects. For example, the user may resort to tranquilizers or sleeping pills to counteract the insomnia that may accompany cocaine use.

Crack—In recent years, variant forms of cocaine have been synthesized in laboratories or produced through techniques that concentrate the cocaine and make it even more powerful. "Free-basing," or smoking cocaine in a free-base form, became popular among heavy users during the late 1970s and early 1980s because this method produces a more potent high. However, this practice required the use of volatile substances that could be dangerous to the user.

In the mid-1980s, a simple, safe, and inexpensive procedure was developed for converting cocaine hydrochloride back to cocaine base, which yields chips, chunks, or "rocks," also known as "crack." The procedure involves mixing cocaine powder with baking soda and water and heating it, which produces a solid product that is "cracked" into rock-like fragments that are ready to be sold. Today, crack is the most widely used form of altered cocaine. It is most frequently smoked in "crack pipes."

The advent of crack revolutionized the business of cocaine. First, the relatively low retail price of crack has brought it within reach of the poor and the young. Secondly, crack is a more highly addictive form of cocaine, and results in dependency after relatively few uses. Third, crack can be

combined with other drugs, such as sprinkling it on marijuana cigarettes and "lacing" or combining it with heroin. Fourth, the simplicity of the cocaine/crack conversion process allows almost anyone with access to small amounts of cocaine to manufacture crack. This ease makes crack production less susceptible to control by just a few large groups.¹³

Most cocaine sold in Pennsylvania, as elsewhere, originates with coca plants cultivated by peasant farmers in Andean countries of South America, particularly Peru and Bolivia. Drug cartels centered in the Colombian cities of Medellin and Cali (see Chapter 9) generally purchase the raw cocaine paste and then process it into cocaine hydrochloride at clandestine manufacturing sites in Colombia.

After processing is completed, cartel smugglers arrange shipment to the United States by ship, border-running aircraft, or any of dozens of innovative smuggling methods, depending upon current law enforcement activity. Colombian drug smugglers frequently route cocaine into the United States through third-party countries such as the Caribbean nations or Mexico. Whether transported directly to the United States or routed through other countries, the shipment is generally received by Colombian importers in major cities such as Miami, New York or Los Angeles, who in turn sell the drug to large wholesalers and/or mid-level distributors. The major routes of cocaine entry into Pennsylvania are displayed in Figure 3.1. on the following page.

Of all illegal drugs, the cocaine industry is the most vertically integrated, with the cartels maintaining control over the product from the purchase of coca paste in Peru or Bolivia, through its manufacture into cocaine in Colombia, shipment to the United States, and often through several stages of the distribution network in this country. Mid-level Colombian distributors have sizable operations in Philadelphia, and Colombians have been involved in other areas of the state as well.

Dominicans, Cubans, Jamaicans,

and LCN-connected groups are among the many distributors who buy from Colombian cocaine wholesalers in multi-kilo quantities. Puerto Rican, Jamaican, and Black groups are active at a somewhat lower level of distribution, often diluting the cocaine before selling it to other groups. Independents from other ethnic origins and walks of life are active in other aspects of retailing around the state.

To illustrate the many levels of cocaine distribution, the Crime Commission pieced together information from different law enforcement cases to trace the vertical chain of supply from Colombian importers in New York, through Colombian wholesalers in Philadelphia (the Londonos); then, to other multi-kilo and smaller distributors in ounce and pound quantities; to a small suburban dealer in half-gram to multi-gram quantities; and finally to middle class users and partial gram dealers in towns like New Hope, Bridgeport, Worcester, Norristown, and Ambler. See Figure 3.2.

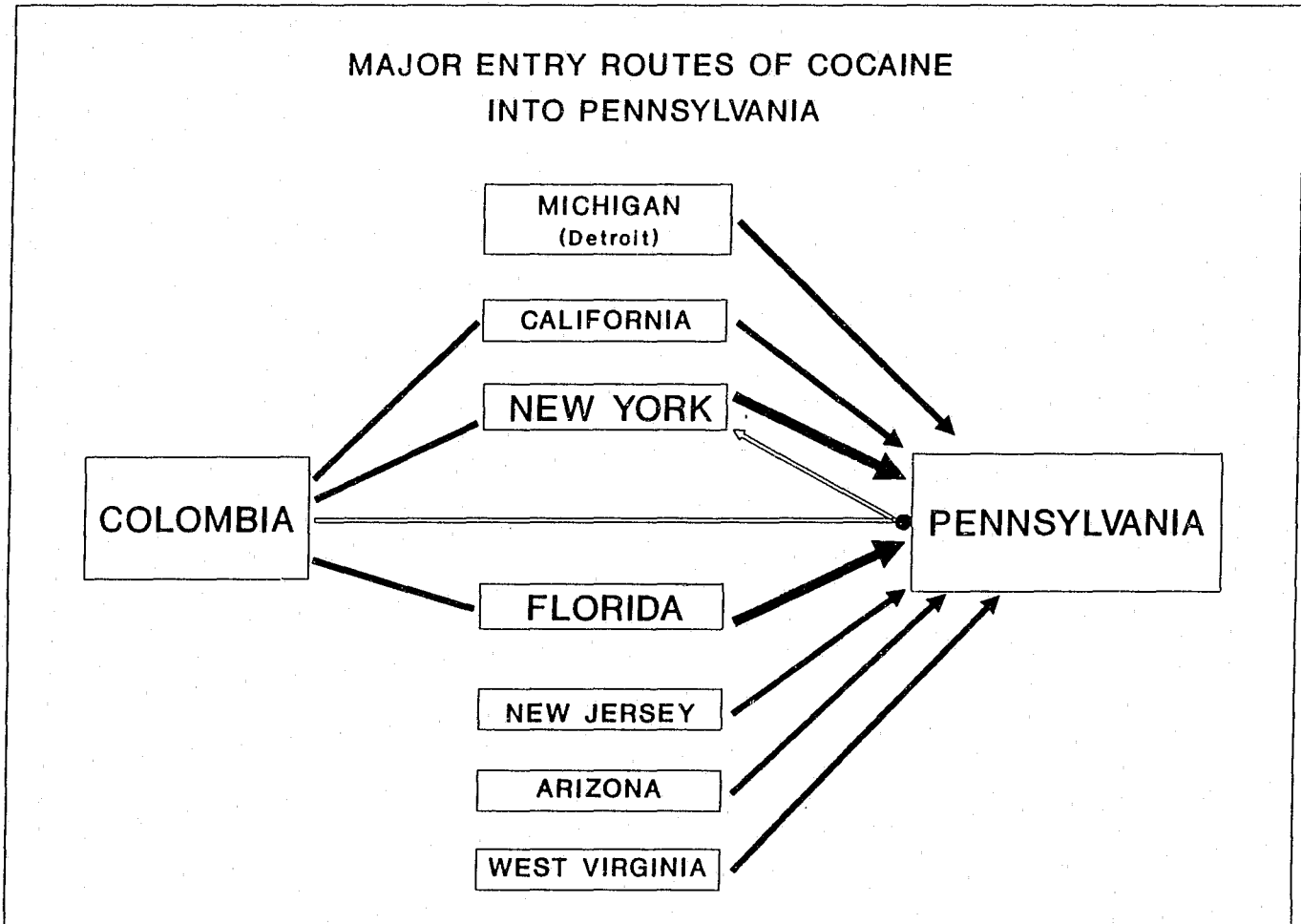
Many distribution networks (as is depicted in Figure 3.2) market the cocaine hydrochloride in pure or diluted form. Those that "cook" the cocaine into crack differ somewhat. Depending upon the community, much of the street distribution of crack in Pennsylvania is handled by Blacks, Jamaicans, and Puerto Ricans. Jamaican groups, in particular, have specialized in crack distribution. Dominicans, recently, have become heavily involved in selling crack in Philadelphia's Hispanic community.

While instances of crack use and sales have been reported in most areas of the state, the principal markets for crack are the low-income, inner city neighborhoods of Philadelphia and Pittsburgh. Crack began to appear in Philadelphia around 1986, and the market mushroomed in succeeding years. There, intense competition for market share contributed to drug-related killings that increased the homicide rate by one-third or more between 1985 and the end of the decade (see later section on drugs and violence).

In the Greater Pittsburgh area, crack first surfaced as a major problem in

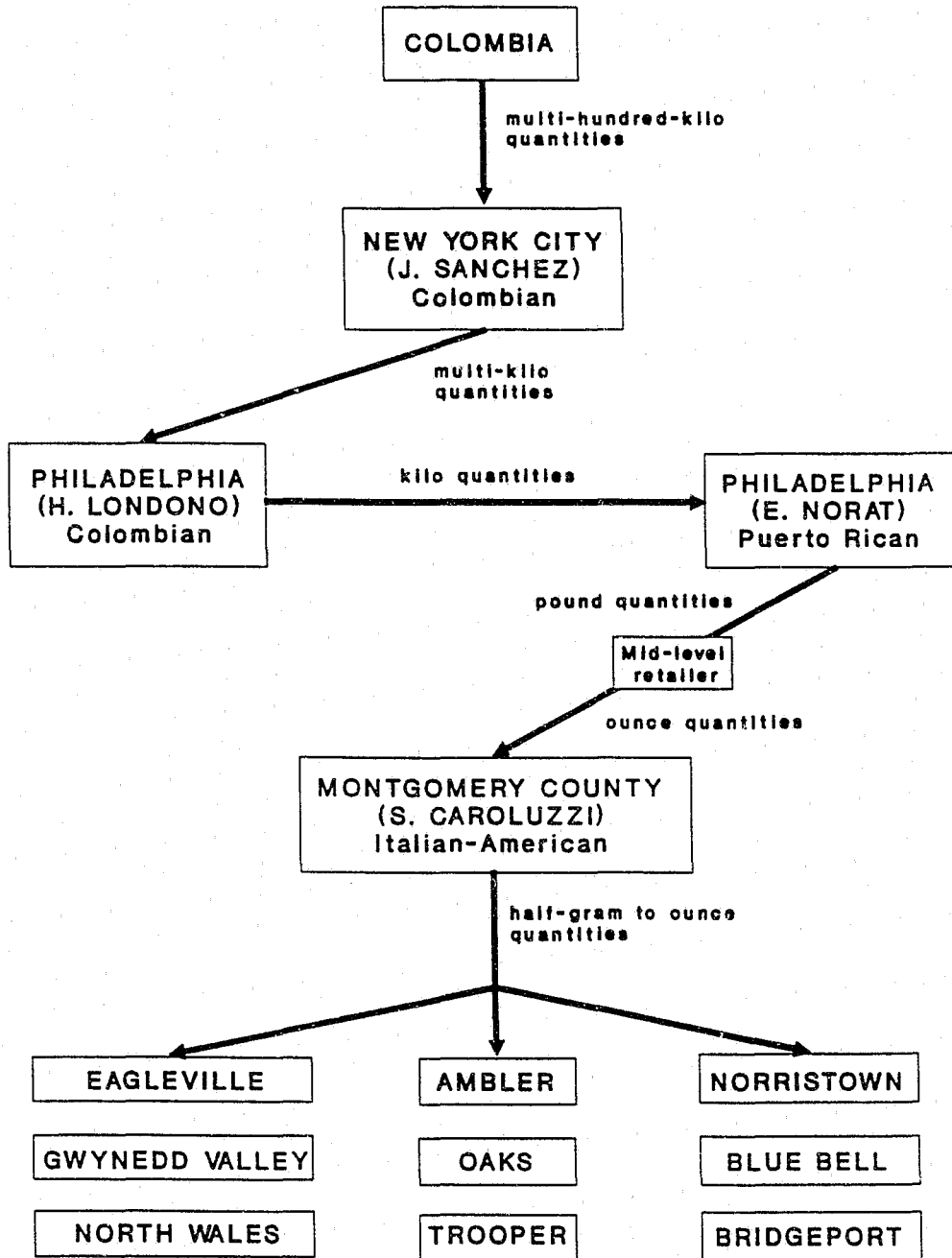
Figure

3.1



Figure

3.2 COCAINE TRAFFICKING:
FROM COLOMBIA TO SUBURBIA



CUSTOMERS INCLUDED:
Computer hardware supplier
Self-employed businessman
Automobile salesman
Real estate agent

1989. Between 1988 and 1989, arrests for crack cocaine in the City of Pittsburgh jumped from virtually none to several hundred. Smaller municipalities such as New Castle and Aliquippa also report a growing crack market. Couriers bring most of the crack from source cities such as New York and Detroit. Crack bought in New York or Detroit can be sold in Pittsburgh at a markup price that is four or five times the original purchase price. Retail sales occur in rented apartments or hotel rooms in impoverished neighborhoods.

Crack distribution (*e.g.*, as based on crack-related arrests) has been found in other localities in the state, including Chambersburg, Erie, Gettysburg, Glenside, Harrisburg, Kennett Square, Norristown, Reading, Wilkesburg, Williamsport, and York. Crack does not require centralization of manufacturing and distribution which, in the case of many other controlled substances, enables market dominance by a limited number of organizations. Originally, crack was distributed primarily by local dealer networks that bought the traditional cocaine hydrochloride from wholesalers, converted it to crack, and sold it to users. Although this system of local preparation quickly gave way to the significant involvement of Jamaican posses and other large organizations, the crack trade remains susceptible to competition from numerous small "cottage industry" distributors. It will be difficult for large organizations to maintain market dominance for any great period of time, at least without the use of violence or corruption.

Los Angeles Gangs ("Crips") Selling Crack in York

One of the most frightening drug-market phenomena of the past decade has been the emergence of youth gangs as prominent drug-dealing groups. The best known of these are a loose collection of factions, represented under the rival labels "Crips" and "Bloods." Based in Los Angeles, the members belong to factions within the Crips or the Bloods

gang that are determined by the areas where they live or operate within the city. In recent years, gang members belonging to different factions have established cocaine and/or crack operations as far away as Kansas City and Anchorage. To date the only publicized Pennsylvania incursion of the Los Angeles gangs occurred in York in the late 1980s.

This incursion began in 1986 when Crip member Benjamin West, 25, moved to York from California with Sabrina Cole, 25, a former York resident. West had been convicted of drug-dealing charges in Los Angeles in 1985. He began his drug operation shortly after arriving in York and was arrested in December 1986 by York police for possession with intent to deliver cocaine. West subsequently fled back to Los Angeles where he contacted his associates, some of whom were gang members, and dispatched them to York with cocaine. Over the next couple of years, other Los Angeles dealers branched out from the main distribution network and established their own drug rings with their York contacts. By selling the crack at cheaper prices than the competition, the Los Angeles dealers soon dominated the crack market in York.

These operations relied heavily on developing local contacts with York residents to distribute crack from their houses or apartments in exchange for cash, drugs, or both. Frequently, these individuals were Black females in need of money. Juveniles were also used as holders of drugs.

The operations also used couriers to transport drugs and drug profits back-and-forth between Los Angeles and York. Money was also transferred to Los Angeles through Western Union. Once the money arrived in Los Angeles, it was handed over to the individuals in charge of the operations, such as Benjamin West.

A series of arrests and prosecutions effectively ended the Crips "invasion" roughly two years after it began. West was arrested by the Los Angeles police in June 1988 on drug charges; the police also discovered there was an outstanding felony

warrant from York for West's arrest on drug charges. In October 1988, police officers in York issued arrest warrants for 123 alleged drug dealers, the largest drug bust in the city's history. The same day, a federal grand jury in Harrisburg issued four separate indictments charging 21 individuals with conspiracy to distribute crack in the York area (as part of a larger investigation of Los Angeles crack operations). The indictments included the major crack operatives from the Los Angeles gangs. Currently, there are no reports of Los Angeles gang members distributing narcotics in York (or anywhere else in the state).

Smuggling Coke Through the Port of Philadelphia

In recent years the Port of Philadelphia has been used for a number of important smuggling schemes involving cocaine headed for New York, including the following (these are described more fully in Chapter 9):

- An enterprise headed by George and Rafael Agudelo (Colombian-Americans residing in California) involved half-ton shipments of cocaine concealed in cavities of massive non-working pieces of industrial machinery carried on Colombian freighters docking in Philadelphia and other ports.¹⁴
- A conspiracy run by Robert Alcaino, a Chilean national, and three Argentine citizens with ties to the Medellin cartel, involved over a ton of cocaine concealed in an anchovy shipment from Buenos Aires to New York via Philadelphia.
- Over ten tons of cocaine thought to have originated with the Cali cartel involved packages of cocaine buried in over 200 large barrels of a caustic chemical called sodium hydroxide and shipped from Panama to New York through Philadelphia.

Smuggling Along the Interstate Highways

Pennsylvania's network of interstate highways has been attractive to those seeking to smuggle cocaine over land.

Sizable seizures were made in 1989 and 1990. One case in March of 1989 involved close to a half-ton of cocaine discovered by the FBI buried in a refrigerated truck full of oranges, after a phone call from a frightened driver who claimed to be an innocent party. Exactly one year later, in March of 1990, 169 kilograms of cocaine were seized after the State Police stopped a speeding U-Haul truck along the Pennsylvania Turnpike. The cocaine was destined for Detroit, MI.

HEROIN

Heroin is classified as a narcotic, a type of drug used medically to relieve physical or psychological pain. Heroin is derived from the opium poppy, grown for centuries throughout Asia and the Middle East and, in recent years, in Mexico. Heroin may be ingested in a variety of ways—injected intravenously or subcutaneously, or even smoked if it is very pure. Chronic users commonly inject it directly into their veins with a hypodermic syringe. Frequent injections eventually produce the tell-tale "tracks" or scars on arms or legs which identify addicts. Since addicts often share needles, they are at high risk for AIDS and hepatitis. Addiction occurs when users develop tolerance, requiring ever larger quantities to achieve a "high" (state of euphoria) and when sudden cessation in use is accompanied by the experience of "withdrawal" symptoms.

Opium has many legitimate uses, both for farmers (cooking oil, cattle feed, and fuel) and for medicine (pain killers). The opium from poppies is chemically transformed into morphine, which becomes the base for synthesizing heroin. Ironically, heroin was first synthesized early in the century in the search for a drug to cure morphine addiction.

Opium poppies (like coca plants) are grown abroad by peasant farmers; but, unlike cocaine, heroin production and importation is not dominated by any single group. Most of the heroin sold in the United States originates from three major opium-producing

areas: the Golden Triangle of Southeast Asia (parts of Laos, Myanmar [formerly Burma], and Thailand); the Golden Crescent in Southwest Asia (Pakistan, Afghanistan, Lebanon, and Iran); or Mexico. The major importers of heroin entering the Commonwealth in the 1980s have been the Sicilian Mafia and the American LCN, although in recent years Chinese-imported heroin has been reaching the state through Dominican distributors.

New York City is the point of entry for most heroin sold in Pennsylvania, particularly heroin originating in Asia. Current assessments are that Southeast Asia heroin is readily available in Philadelphia, with purity levels ranging from three to 48 percent for street bags ("bundles" or "racks"), and purity levels between 15 and 89 percent for ounces selling at \$8,000 to \$10,000. Other sources of heroin entering the state include Washington, DC, Cleveland, OH, and Detroit, MI. Some Mexican heroin entering through California has also reached both the Philadelphia and Pittsburgh areas. The major routes of heroin entry into the Commonwealth are displayed in Figure 3.3.

Sicilian Mafia

In 1986 the Philadelphia Organized Crime Strike Force uncovered a large Sicilian drug distribution network that brought multi-kilogram quantities of heroin from Italy to the United States (including more than 30 kilograms between May 1985 and March 1986). Simone Zito of Eagleville, one of the group's ringleaders, was identified as an associate of the Sicilian Mafia. His role, along with other Sicilian associates in this country, was to bring heroin to the United States by using couriers, preferably women, who strapped the heroin to their bodies and transported the drug in groups of up to five at a time on an airline flight. Once in the United States, the heroin was sold to members of the Sicilian-American faction of the Gambino LCN for roughly \$100,000 per kilogram. The heroin was then routed to retailers through the owners of Sicilian pizza shops.¹⁵

Two years later, in 1988, two Lehigh Valley men (Jerry L. Mark and John J. Sculley) were arrested for their involvement in the "Pizza Connection II," a sequel to the well-known "Pizza Connection" case of 1984 (See Chapter 5). The two men aided a Sicilian Mafia drug network in the export of low-priced cocaine from the United States to Italy, where it was exchanged for Southwest Asian heroin. The heroin was smuggled into the United States through New York and distributed by drug traffickers based in the Lehigh Valley; Washington, DC; Charlotte, NC; Miami; Houston; and Los Angeles.

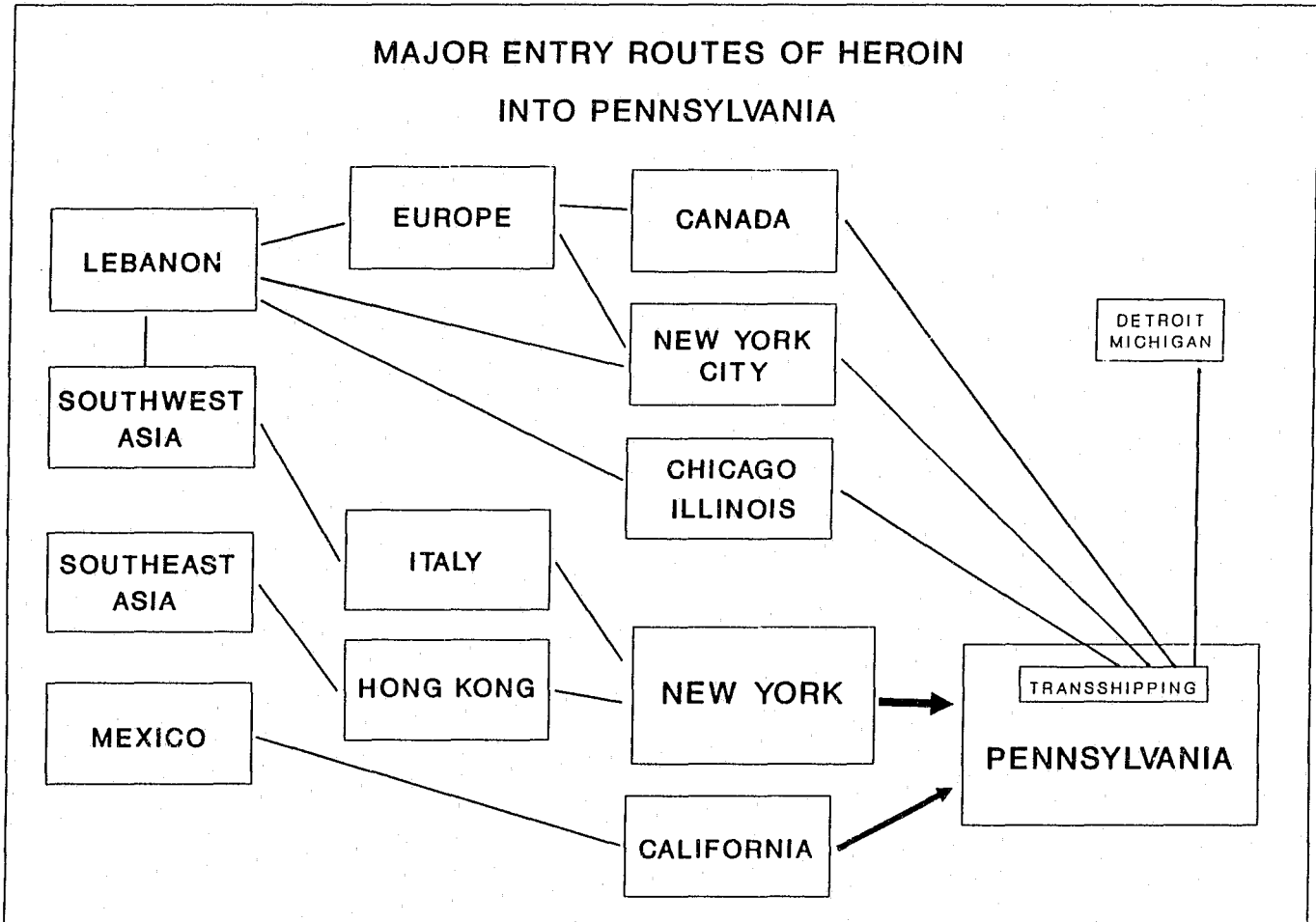
Because the 1984 round-ups disrupted long-entrenched trafficking routes, members of the Sicilian Mafia and their associates turned to relatively rural sections of Pennsylvania and New Jersey to carry out some of their operations so as to attract less law enforcement attention than would occur in more heavily populated metropolitan areas. But in March 1988, 233 people in the United States and Italy, including Mark and Sculley from Bethlehem, were charged with trafficking in heroin and cocaine in what then Attorney General Edwin Meese called "the largest drug case ever developed by the federal government." Mark, who served as a courier traveling between Europe and the Lehigh Valley to exchange cocaine from the United States for heroin in Italy, pleaded guilty as charged and became a government witness. Sculley, who obtained cocaine and heroin in New York City to distribute in the Lehigh Valley, also pleaded guilty as charged.

Black and Hispanic Groups

Black, Dominican, and Puerto Rican groups are the major mid-level and street distributors of heroin within the state. Black groups are prominent in Pittsburgh and Philadelphia, whereas Dominicans are active in Philadelphia and in other areas (*e.g.*, Reading) where there are sizable Hispanic populations. Puerto Rican groups have also been active in some areas such as the York-Lancaster-Reading

Figure

3.3



area. Small groups of Lebanese-Americans in Erie and in New Castle have imported heroin from Lebanon for distribution in Detroit, MI.

Heroin use and street-level dealing are usually confined to predominantly Black, inner-city neighborhoods, and to a lesser extent to some Puerto Rican neighborhoods. Heroin distribution within Philadelphia, Pittsburgh, and other, smaller urban areas in the Commonwealth is carried out primarily by small groups, usually headed by and identified with one individual. These groups are generally structured in such a way that each level of the operation tends to protect the next level from police infiltration.

At the top of the individual retail operation, a boss or small group of partners obtains relatively small quantities—multi-ounces or pounds—from New York City or another large urban area. Couriers transport the heroin using leased automobiles, trains, buses, and commercial aircraft. The head of the organization maintains stash houses, which are frequently listed in the name of a "straw" owner or renter—usually a family member or girlfriend (the heads are almost always male). Once the heroin arrives at a secure stash house, trusted cutters dilute it and package it in individual doses, for example, in the cutoff end of a balloon. Bundles of 15 to 20 doses (units) are distributed to individual dealers, or to one or more lieutenants, each of whom supervises and supplies a number of dealers.

The balloons are retailed from street corners or taverns. Dealers are often assisted by runners or "touters" who solicit drug sales. The runner will accept money from a customer unknown to the dealer, exchange the money for balloons from the dealer, and return to the customer with the number of balloons desired. This arrangement protects the identity of the dealer and of those farther up the hierarchy. Balloons normally retail for between \$20 and \$25; a bundle retails for approximately \$250.

With established lines of distribution in this country for a long period of time, the heroin trade is currently a

more "stable" market than the cocaine market. (The heroin user population is also more stable, as evidenced by the older age of the addict population.) As many as five (or more) levels are involved in heroin distribution before it reaches the user population, as is illustrated by the network of Roland Bartlett, a Black entrepreneur who controlled a segment of the Philadelphia heroin market during the mid-1980s. Bartlett obtained his heroin from LCN-connected sources in New York City, and had one of his lieutenants deliver it to an apartment in King of Prussia. There his common-law wife and other female family members and associates cut the heroin (often to levels of purity as low as one percent) and packaged it for distribution to street dealers. Bartlett referred to his organization as "The Family," and included family members in the operation, as well as other associates, as presented in Figure 3.4. (See Chapter 7 for more detail on the Bartlett operation.)

An interesting dimension of the narcotics problem has been the effort by chemists to create "designer drugs," synthetic chemical analogs for heroin and other drugs popular with addicts. The opiate form of fentanyl is one of the most successful designer drugs. Originally developed as an anesthetic, it was modified into analog opiate form—3-methyl fentanyl—by street chemists for the express purpose of creating a heroin analog that would bypass the restrictions of the controlled substances law. Although banned under the Anti-Drug Abuse Act of 1986, these chemical substitutes continue to be a major component of the traffic in dangerous drugs. In 1988, Pittsburgh heroin dealers marketed 3-methyl fentanyl as "China White," the street name for the finest grade of Southeast Asian heroin. The extreme potency of the synthetic drug caused a number of fatal and near-fatal overdoses in the Pittsburgh area.

Although heroin use has never been very widespread within the general population, new forms of cheaper, more powerful heroin and of synthetic

heroin substitutes may become available in the 1990s and thus destabilize the heroin market and contribute to increased heroin trafficking. Some drug experts believe that in the 1990s smokable forms of heroin will be developed. It is anticipated that fear of AIDS by drug addicts will increase demand for a potent smokable heroin.

MARIJUANA

Marijuana is the most widely used illegal drug in the United States, consumed annually by as many as 20 million Americans. An estimated ten million use the drug daily or at least once a week.¹⁶ Marijuana is commonly obtained from the leaves and seeds of varieties of the marijuana plant, the most common being *Cannabis sativa*. Probably originating in the Middle East or Asia, marijuana which grows throughout the world has a long history. Also known as hemp, the marijuana plant has been used for making cloth and rope; its seeds have been used in birdseed; and the resins have been used in paint and soap, and as oil for illumination.¹⁷ Marijuana's principal uses have been as a recreational drug and as a medicine. Its medical applications today include the relief of eye pressure in glaucoma and the mitigation of nausea in cancer treatment.

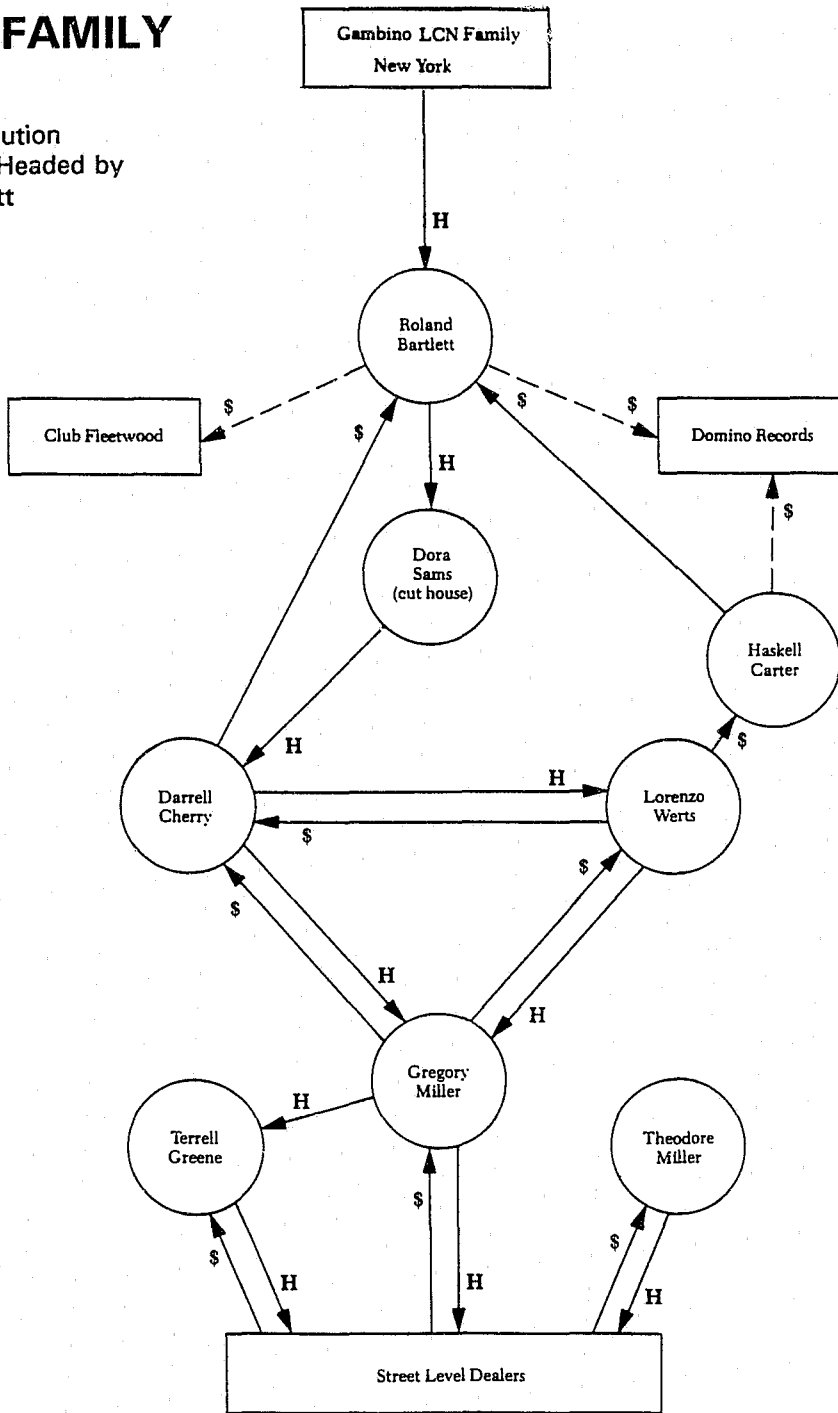
It is usually ingested by smoking, although it is sometimes brewed as a tea or mixed with foodstuffs and chewed. Its effects include a feeling of euphoria (a mild "high"), disorientation, a sense of heightened awareness, and, in some cases, a mild hallucinatory effect. Although the addictive potential is much lower for marijuana than for most other drugs, its continued use can create a form of psychological dependency in users.



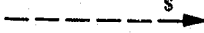
Marijuana use is most dangerous when saturated or "laced" with more powerful drugs such as PCP, crack, or even heroin. Users are often unaware of the nature of the adulteration, which can lead to overdose or to the development of a dependency on the adulterating drug. Nevertheless,

Figure

3.4 THE FAMILY

Heroin Distribution
Organization Headed by
Roland Bartlett



-  heroin distribution
-  flow of money proceeds
-  alleged "laundering" of funds

unlike cocaine and heroin, there is no widespread agreement that marijuana is addicting, leads to violent crime, leads to the use of other drugs, or is more physically harmful than tobacco or alcohol. However, reports of possible genetic defects have been linked to sustained marijuana use, and such reports appear to have contributed to the dramatic increase in high school seniors' perception of the risks involved with taking the drug (from 35 percent in 1978 to 77 percent in 1988).¹⁸

Marijuana distribution may involve as few as two or three levels, especially if the product sold has been domestically cultivated.¹⁹ However, marijuana usually is imported from other countries. Much of the marijuana sold in Pennsylvania originates in countries such as Colombia, Jamaica, Mexico, and Belize. International networks of marijuana suppliers and distributors sometimes work in concert with operations supplying other drugs such as cocaine or heroin. Once in the United States, marijuana dealing is an easy-entry business; and there are varied patterns to marijuana trafficking in this country.

Colombian marijuana has been seen in all regions of Pennsylvania and generally reaches the state after trans-shipment through Florida and sometimes through other states such as Georgia and Nebraska. Jamaican marijuana is often shipped by way of New York and has been seen in Philadelphia and Johnstown. Mexican marijuana has reached areas of Central and Southeastern Pennsylvania by way of California, Colorado, or Ohio. Marijuana from Belize has been smuggled into Western Pennsylvania. (See Figure 3.5, displaying major marijuana entry routes into Pennsylvania.)

Marijuana is the only illegal drug that is domestically cultivated for commercial use in illicit drug trafficking, and marijuana growing presents an increasing problem for law enforcement in a number of states. It is a hardy plant which can thrive under a wide variety of horticultural and climatic conditions and which nearly anyone can grow. At the same time, it lends

itself well to more sophisticated breeding techniques and growing technologies. Domestic marijuana cultivation, which dates back to the early 1970s, expanded greatly in the late 1980s and is rapidly replacing foreign supplies. Estimates indicate that domestically produced marijuana accounts for 25 to 50 percent of the total marijuana consumed in this country. The federal government estimates there are between 90,000 and 150,000 commercial growers in the U.S. and over one million people who grow for personal use.²⁰

While marijuana growers sometimes protect their plots with armed guards and booby traps, at the present time the domestic marijuana industry is mostly small-scale and non-violent. It still has the character of a cottage industry which is highly decentralized, and there is relatively little networking among growers. This may change, however, with the discovery in 1989 of the first truly large scale marijuana growing network, spanning nine states. Other such networks can be expected to arise. It is foreseeable that the maturing domestic industry will move toward a structure in which violence becomes a necessary part of business and more traditional criminal elements gain greater control over domestic production.²¹

The marijuana domestic industry is a matter of increasing importance for Pennsylvania, since "homegrown" marijuana has been found in many localities. Helicopter surveillance between 1983 and 1988 identified over 1,500 marijuana plots, resulting in the destruction of tens of thousands of marijuana plants within the state's boundaries. Just this past August (1990), for example, the Pennsylvania State Police:

- found two fields of 12-foot-high marijuana plants in densely wooded state forest lands in Southwest Tioga County. About 5,700 plants were seized, with an estimated street value of nearly \$10 million—between 2,000 and 3,000 pounds.
- spotted and eradicated marijuana plants on the Tamarack swamp in Northern Clinton County.

Marijuana Smuggling in Western Pennsylvania

Seventeen individuals were indicted and charged by a federal grand jury in 1985 for importing and distributing over 100,000 pounds of marijuana and 5,000 pounds of cocaine from Colombia, Belize, Jamaica and the Bahamas into Pennsylvania by airplane. This case resulted from the seizure of 19,000 pounds of marijuana from a DC-6 aircraft in Johnstown on April 16, 1984. Steven Petrone, 37, of Pittsburgh was one of the principals of the operation. The others were Jack Stroming and Louis Hendel, former high school friends of Petrone who resided in Florida. All three were convicted and sentenced to prison. This network operated between approximately 1981 and 1985. It smuggled marijuana into Florida, Georgia, and the Pennsylvania communities of Harrisburg, Johnstown and Seven Springs.

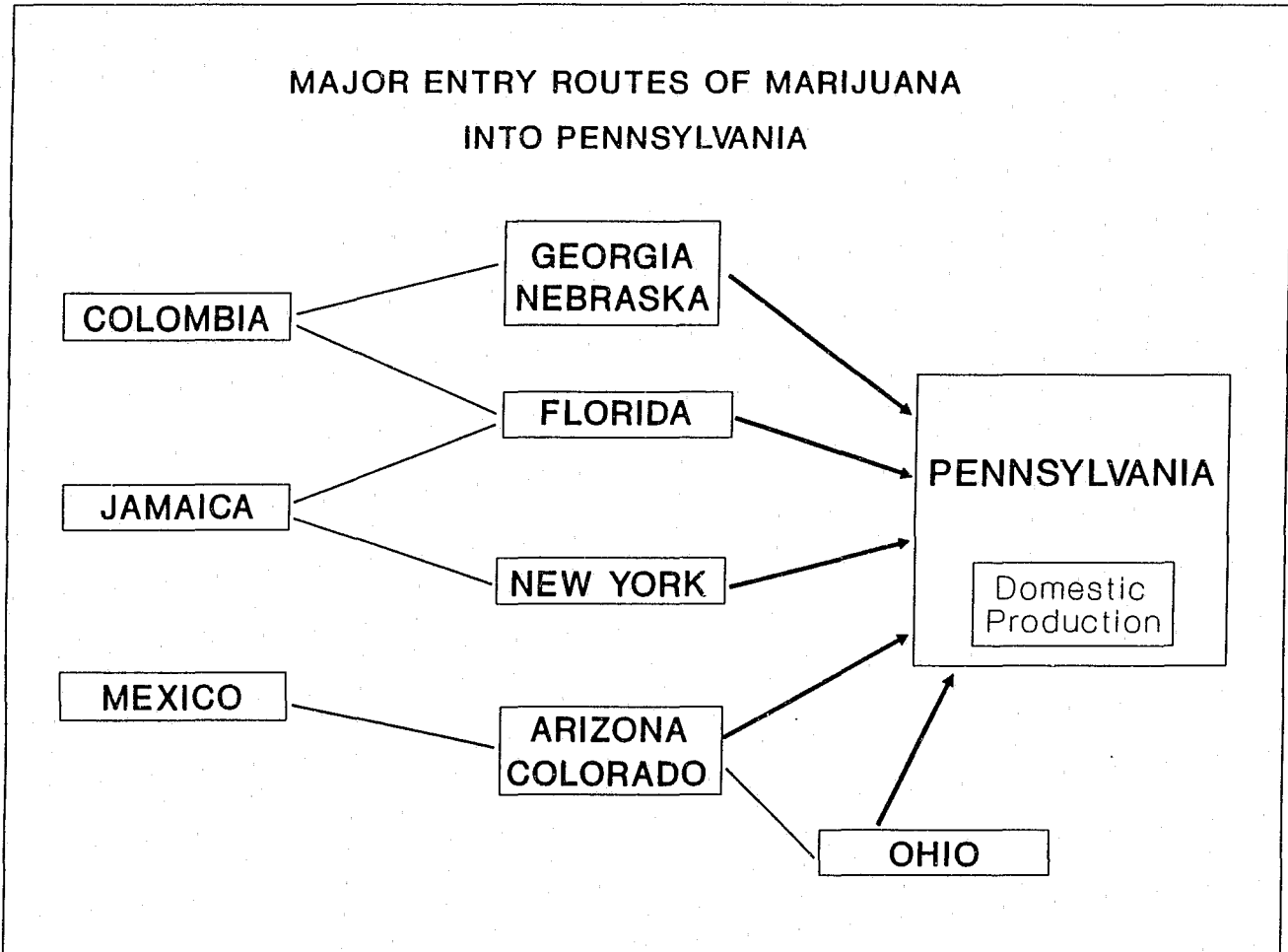
A network with connections to the Pittsburgh LCN Crime Family was indicted in 1983. Dean K. Felton, 38, of Pitcairn and six others were charged with operating a marijuana distribution operation. Gary Golden, 46, an associate of the LaRocca/Genovese LCN Family, used Felton and Thomas E. Long as his marijuana sources. (See also section on Pittsburgh LCN in Chapter 5.). Felton was convicted on drug-related charges in 1985 and was sentenced to ten years in prison. Long was indicted in 1981 and became a fugitive.

Golden's later suppliers of cocaine included George Kost, 46, of Pittsburgh, and Hilmer B. Sandini, 65, of Florida. Golden was arrested in 1982 after a reverse-sting operation. He was indicted, convicted and sentenced to 30 years in prison. In 1988, his sentence was reduced to 25 years.

Richard Kowaleski, 53, of Pittsburgh, was indicted in August 1985, convicted that December and sentenced in February 1986 to ten years in prison on tax evasion charges. The source of his unreported income was shown to be his dealings

Figure

3.5



in large quantities of marijuana which had been obtained from the Antonio Fuentes-Guerrero organization in Juarez, Mexico.

Lewistown Marijuana Distribution

William E. Wilt, 29, of Coburn, was involved in the distribution of cocaine and marijuana in the Lewistown area. He was arrested in 1987 after providing two kilograms of cocaine to an undercover agent. He then agreed to cooperate with federal authorities. His cooperation led to the convictions of brothers Frank and Dean Rodriguez and Abelardo Frisby, Wilt's cocaine sources in Arizona. When Frisby was arrested in Arizona, 231 pounds of Mexican marijuana were seized. Wilt's cooperation also led to the conviction of Ronald Edmondson in Colorado Springs, believed to be a mid-level manager for the Felix-Gallardo group, one of the top drug trafficking organizations in Mexico, which has exported marijuana to Canada and the United States. Some of the drugs distributed through the network went to Boston, Atlanta, Seattle and Chicago; those distributed by Wilt were distributed in Mifflin County. Wilt was sentenced to eight months in prison and three year's probation for his participation in the network.

Reading-based Marijuana Distribution

Mark Hastings, 40; Michael "Myron" Eskin, 46; and his brother, Robert "Bert" Eskin, 43, all former Berks County residents, controlled a large-scale marijuana and cocaine trafficking organization between 1978 and 1985. The marijuana was purchased in Jamaica, transported to Florida, and delivered to Reading by airplane, truck, or automobile. The operation distributed 40 tons of marijuana and in excess of 50 kilos of cocaine throughout Pennsylvania, New Jersey and Washington, DC.

The three leaders, along with six others, were charged on May 9, 1988, with distribution of cocaine and marijuana and tax evasion. The three pled guilty and were sentenced in

December 1988: Hastings to five and a half years in prison, Michael Eskin to three and a half years in prison and Robert Eskin to five years in prison.

In another Reading area case, Vincent Santarelli, 62, of Fleetwood, was arrested in November 1980, along with William M. Guinther, 64, and William Steingraber, Jr., 32, for transporting 343 pounds of marijuana into the Reading airport from Florida. Santarelli was convicted and sentenced in June 1982, to 18-to-59 months incarceration. He remains a significant marijuana distributor in Berks County, and is also involved in other illegal activities.

A third Reading case involved Martin "Luke" Shifflett, Jr., 44, and Neil F. "Nelson" Perate, 37, both former Berks County residents. The two led a network of six men who were indicted on August 7, 1986, for their involvement in a large-scale cocaine and marijuana distribution network. This operation obtained cocaine from a Colombian in Florida and distributed 15 to 25 kilos a month in Berks, Montgomery, and Philadelphia counties from 1982 to 1985. It also distributed thousands of pounds of marijuana. It had a \$1 million credit line with Louis Regaldo, a Colombian drug wholesaler in Florida.

Members of the operation used threats to collect delinquent debts and to discipline employees. Money was laundered through Shifflett's landscaping business, Apex Enterprises. Shifflett was arrested on March 4, 1986, while attempting to bring \$28,000 into the state of Washington from Canada. All the defendants except Shifflett pled guilty to various counts in January 1987. Shifflett was convicted in February 1987, and sentenced in June of that year to 15 years in prison. Perate was sentenced to 33 months in prison.

Marijuana Distribution in Erie

Patrick R. DiLoreto, 40, of Erie, was arrested with seven others on April 20, 1988, after a federal indictment charged them with cocaine and marijuana distribution between 1983 and 1987. DiLoreto was also charged

with conducting a continuing criminal enterprise. This operation distributed 10½ pounds of cocaine and 60 to 70 pounds of marijuana. All of the defendants were found guilty on August 10, 1988. In October 1988, DiLoreto was sentenced to over 15 years in prison.

DiLoreto obtained cocaine from an organization headed by Merchie C. "The Joker" Calabrese, Jr., 59, with residences in Erie and Florida. This organization was involved in the distribution of cocaine, marijuana, and quaaludes in Erie. In April 1989, Calabrese, his wife, two sons and father-in-law were federally indicted on drug trafficking and money laundering charges. In September 1989, Calabrese was found guilty on charges based on drug distribution, tax evasion, and the federal "drug kingpin" statute. He was sentenced to 30 years in prison.

Other Pennsylvania Marijuana Operations

Raymond D. Goshorn, 37, Big Cove Tannery (Fulton County), controlled a cocaine and marijuana distribution network in Southcentral Pennsylvania. Between 1978 and 1985, this network distributed over 100 kilos of cocaine and 500 pounds of marijuana. His sources were unidentified Cubans in Florida. Goshorn and four associates were indicted for cocaine trafficking and money laundering. Assets worth \$1.5 million including Goshorn's residence, a sawmill, hunting club, and land were seized. On October 1, 1985, Goshorn pled guilty and was sentenced to 12 years' imprisonment and a \$135,000 fine. His associates—including his wife—also pled guilty and received sentences ranging from 18 months to six years.

Michael John Canino, 41, Warminster, and several others were involved in a marijuana distribution network which operated in Bucks County. In August of 1984, they arranged for marijuana to be shipped from Jamaica to New York. The next day, they transported the marijuana to Bucks County. Canino was con-

victed and sentenced in September 1986 to four years in prison for his participation in importing more than five and a half tons of marijuana. The following year, he was also arrested in Illinois on continuing criminal enterprise charges, and in 1989 was sentenced to 26 years' incarceration.

METHAMPHETAMINE

Stimulants like methamphetamine are used by a significant fraction of the population. Among high school seniors questioned in 1989, nearly 11 percent admitted to having taken stimulants within the past year, second only to marijuana in level of use (but down from levels about twice as high earlier in the decade).²²

Stimulants were once used in diet pills to reduce appetite, but the legal uses of these drugs are now confined to the treatment of juvenile hyperactivity and narcolepsy. Methamphetamine, also known as "crank" or "speed," has become increasingly available since the beginning of the decade when clandestine laboratory operators first discovered a simple chemical process known as ephedrine reduction to produce the drug. Methamphetamine is administered either by injection or orally in pill form. Methamphetamine is an intense "upper." The drug provides some of the feelings of euphoria (including alertness) and strength that are characteristic of a cocaine "high" and thus is sometimes substituted for cocaine in certain addictive situations.

The main active ingredient in methamphetamine is phenyl-2-propanone, also known as P2P, which is usually imported from Western Europe, often Germany. Bulk shipments of German P2P may be smuggled into the United States via the Caribbean, Canada, or Mexico. While P2P is a controlled substance in the U.S., it is not in a number of other countries. In the past, methamphetamine trafficking organizations have been closely associated with traditional organized crime and with outlaw motorcycle gangs. The organizations usually employ free-lance "cookers" (or sell

P2P to them) who in turn manufacture methamphetamine for distribution.

Although the precursor chemicals are generally imported, methamphetamine is generally produced in illicit domestic laboratories; and many clandestine labs have operated in the Commonwealth, particularly in Philadelphia, Delaware County, the Pocomios, and some rural counties of Northeast and Central Pennsylvania. In 1989 alone, major laboratories were discovered in Huntingdon County near Hollidaysburg, and in Lancaster County near Lancaster.

Vast profits are possible in the manufacture of methamphetamine. The price of a gallon of P2P in France or West Germany in the early 1980s was \$135 to \$155. Once the drums reached Philadelphia, a gallon typically sold for between \$2,500 to \$7,500 at the wholesale level, a mark-up of between 1,800 and 4,800 percent. In the mid-1980s, a gallon which the LCN brought in was selling for as high as \$28,000 in Philadelphia—\$8,000 of which was the "cut" for the Philadelphia LCN (See Chapter 5). A gallon of P2P translates into 10 to 12 pounds of almost pure methamphetamine. Over the decade, the price of finished methamphetamine rose from about \$6,000 per pound to \$10,000 per pound. A gallon of P2P, then, could translate into gross profits of \$60,000 to \$120,000.

Philadelphia was considered the "meth capital" of the U.S. in the early 1980s because of its prominence in methamphetamine production and distribution, and it continues to be the center for much of the meth trade in the Commonwealth. In recent years, Southern California has accounted for a significant portion of methamphetamine production, and San Diego is now considered the methamphetamine capital of the United States. Worldwide, South Korea is reported to be the largest source of methamphetamine.

"Ice," a new smokable form of crystalline methamphetamine has been introduced into the United States from Asia. Originally it entered the mainland United States through

Hawaii. The effects of crystal methamphetamine are somewhat comparable to, but not as intense as, those of crack. However, while the average crack "high" lasts approximately 10 to 20 minutes, the "high" or effect from crystal meth can last from two to 14 hours. Because it is highly addictive and is sold at a relatively low price, some experts cautioned that crystal meth has the potential of becoming the crack problem of the 1990s. However, in 1990, federal authorities stated that the initial fears of a widespread "ice" epidemic comparable to the crack problem were overstated and that ice has not become readily available or popular.

Methamphetamine is available in most communities of the state, with elements of the Bruno/Scarfo LCN Family and of the Pagans and Warlocks outlaw motorcycle gangs involved in trafficking. Pittsburgh's LaRocca/Genovese LCN Family has also been involved in meth distribution. (See respective chapters on these groups.) Independent groups have also carved out a significant market niche. For example, Joseph Hashem, Jr., and his brother Thomas, former bookmakers, became the largest distributors of methamphetamine in the Scranton/Wilkes-Barre area, as part of a group grossing over \$2 million in sales during 1982.

Raiton Group

Between 1978 and 1982, the largest importer of P2P on the East Coast was Ronald Raiton, a multi-millionaire businessman formerly of Dresher, Montgomery County. Raiton entered into a partnership with Norristown businessmen, Joseph DiSantis, Jr., and his father, Joseph DiSantis, Sr., who initially acted as financiers and managers for the importation of P2P. The Raiton group purchased P2P in England, France, and West Germany, and then smuggled it into the United States through Canada, where they had set up Toro International Trading Company, or through the Bahamas, Martinique, and the Barbados to Florida or directly to New York City.

Raiton was arrested in September 1979 for attempting to sell \$350,000 worth of cocaine to an undercover DEA agent and subsequently became a government informant. His collaboration prompted a series of investigations which resulted in the arrest and incarceration of numerous groups involved in the methamphetamine business between 1979 and 1982. After it was apparent that Raiton was collaborating with authorities, local meth traffickers turned to other sources of supply. Raiton's associate and office man, Albert "Al Vogel" Spielvogel, replaced him for some time.

K & A Gang Involvement

Raiton had sold hundreds of gallons of P2P to, among other customers, Bruno/Scarfo LCN soldier Raymond "Long John" Martorano and his close partner John Berkery, leader of the notorious K & A Gang. Berkery, in turn, would sell P2P and meth to members and associates of the K & A Gang, such as Roy Stocker, Michael Rispo, Edward Loney, and Hugh Breslin, who at various times also bought P2P directly from Raiton. Martorano controlled his own distribution network through the LCN, with the help of Frank Vadino in particular, and distributed P2P as far away as Montreal, Canada. (See Chapter 5.)

The first major meth network indictment was returned in January 1982, and included Raymond Martorano, John Berkery and 36 others. Martorano was sentenced to ten years in prison, and Berkery fled the country to Ireland, where he obtained Irish residency. Berkery re-entered the United States periodically under a false identity while continuing his involvement in P2P and methamphetamine.

After Berkery became a fugitive, leadership was passed on to Carl Jackson. Between 1981 and 1986, Jackson and other K & A members continued smuggling P2P and manufacturing meth. Law enforcement authorities identified almost 60 individuals involved in fluid partnerships, gravitating around three prin-

cipal leaders: Jackson, Maurice McAdams, and Edward MacEntee. The three used Spielvogel and Richard Coccoli to establish a P2P "pipeline" from Europe via Toronto, Canada, where Coccoli incorporated Lar Chemical Company in 1982. The group also smuggled P2P into Boston, MA, and into New York City, destined for the Philadelphia area. The Jackson organization, through smuggling hundreds of gallons of P2P, and manufacturing and distributing about 1,000 pounds of methamphetamine per year for five years, was one of the largest meth organizations in the United States at the time.

In April 1987, John Berkery's brother, Edward, purchased 20 to 28 gallons of P2P in West Germany and smuggled it to Albany, NY, via Federal Express. On June 8, 1987, the FBI arrested Edward and John Berkery near Newark International Airport in New Jersey after they had overseen the transportation of the P2P. John Berkery was sentenced to 15 years in prison in August of that year.

In December 1990, another major P2P and methamphetamine manufacturing ring, linked to the old K & A Gang, was federally indicted in Philadelphia. The leader, Steve Zagnoyny, 51, a former K & A associate, and eight others conspired to manufacture more than 2,000 pounds of meth—worth approximately \$15 million wholesale—at clandestine labs in Maine and Pennsylvania. About 800 pounds of chemicals were trucked to a secluded location near Steuben, ME, in October 1990, and cooking commenced. On November 14, while cooking was in progress, police raided the location and arrested Zagnoyny and three others - Arthur K. Hummel, 34, and Robert G. Edwards, 28, both of Quakertown; and David Abbey, 39, of Steuben, ME, a former Philadelphia resident.

Former K & A Gang member Roy Stocker teamed up with Philadelphia LCN members and associates to import P2P and distribute methamphetamine. Between 1981 and 1987, Stocker and LCN member Albert Pontani smuggled in large quantities

of P2P (See Chapter 5). The two also were involved with another former K & A Gang member, Charles Hitchens. In 1985, they gave him a 55-gallon drum of P2P for manufacturing, but Hitchens disappeared. Stocker later located him and obtained \$165,000 from Hitchens as Stocker's share of the deal.

In April 1989, Charles Hitchens and 11 others were indicted in what the DEA characterized as "a significant case." DEA identified Hitchens as being the second-largest methamphetamine dealer in the world, and specifically identified more than 1,500 pounds of methamphetamine that was manufactured and distributed. Hitchens was already in jail serving a five-year sentence following his March 17, 1987, arrest in Florida with three other individuals for P2P distribution and possession of 20 pounds of methamphetamine.

The methamphetamine trade has also attracted "amateurs," such as the ring of employees at the Peach Bottom nuclear plant south of Harrisburg, who imported pound quantities of methamphetamine from Philadelphia for local distribution.

HALLUCINOGENS

Hallucinogenic drugs like LSD (lysergic acid diethylamide) and PCP (phencyclidine) distort the perception of objective reality. They include naturally occurring hallucinogens such as the peyote cactus (mescaline) and psilocybin mushrooms, as well as illicitly manufactured substances such as LSD and PCP. Demand for LSD has fallen off since its peak period during the early 1970s, but renewed interest in the drug is now being seen, particularly on college campuses.

PCP has remained a favorite drug in some areas during the past decade. Originally produced as an anesthetic for veterinary use, PCP was taken off the market when its hallucinogenic qualities were discovered. Its only current legal use is as an immobilizing agent for large animals. PCP is noted for inducing feelings of strength and invulnerability. Abusers often exhibit

disoriented and unpredictable behavior; they simultaneously can be extremely dangerous to themselves and to others since PCP has an anesthetic effect that renders its users relatively impervious to pain. Moreover, the effects of PCP can last for hours or even days. Because the chemical is stored in the body's fatty tissues, the PCP user can experience a sudden rush when the substance re-enters the bloodstream long after taking the drug.

Production of PCP takes place in clandestine laboratories, and the drug is sold under at least 50 other names, including Angel Dust, Crystal, Supergrass, and Killer Weed. The latter two varieties are so-called because they refer to marijuana or parsley sprinkled with PCP. It is estimated that almost 80 percent of the PCP found in this country originates in laboratories in California. PCP is available in areas throughout the United States, but no Pennsylvania networks of distribution have been identified by local or federal authorities.

DIVERTED DRUGS

In addition to illegally produced synthetic drugs such as methamphetamine and PCP, many prescription drugs—drugs which may be legally prescribed by physicians—are diverted to the illegal market. These drugs reach street abusers by way of improper or illegal prescription practices or by way of pharmacy thefts (e.g., drug store burglaries).

Barbiturates (whose sedative or depressant effects are similar to those of alcohol) and narcotic analgesics (less addictive alternatives to opiates for use as "euphoric" painkillers) are the two major classes of diverted prescription drugs. The best known of the narcotic-analgesics (synthetic opiates) are Dilaudid (hydromorphone), Percodan (oxycodone), and codeine phosphate (cough syrups and pain suppressant tablets). These substances are often used by heroin addicts, both as substitutes for and as supplements to heroin.

Anabolic steroids constitute a class of diverted drug that has become increasingly popular with young athletes. Steroids accelerate the formation of muscle mass, and they have been taken by world-class athletes seeking to "bulk-up" for competition. Health problems linked to steroid abuse include sterility, elevated cholesterol levels, liver damage, high blood pressure, irritability and even violence. Lamentably, serious young athletes—who are otherwise at low risk for drug abuse—are often overtly or covertly encouraged to use steroids by coaches, teachers, parents, or peers for whom "winning is everything." An August 1990 report released by the Department of Health and Human Services estimated that over 250,000 students—mostly males—in grades 7 to 12 were using or had used steroids.²³ As many as seven percent of American high-school males have taken or are taking steroids, according to a survey of 3,400 boys by Charles Yesalis, Pennsylvania State University professor. In Pennsylvania, recent indictments for trafficking in counterfeit and bogus steroids include the following.

- In Western Pennsylvania, Robert Keith Powell, 23, of Clarion, and Jonathan Boyd, 21, of Edinboro, were federally indicted in August 1990 for possession with intent to deliver anabolic steroids and counterfeit steroids. The conspiracy was carried out from the spring of 1988 to the fall of 1990, while they were students—Powell at Clarion State University and Boyd at Edinboro University of Pennsylvania. They were both charged with being involved in a nationwide steroid ring which distributed steroids to athletes and others. On November 29, 1990, Powell was found not guilty; Boyd was found guilty on one count, and subsequently sentenced to three years probation.

- In Central Pennsylvania, a Harrisburg federal grand jury charged five men in October 1990 with manufacturing and distributing fake steroids. The leader of the operation was identified as Sergio Oliveira of Wexford; the others were Mark LeJeune and Lawrence Cummins of Pittsburgh;

Richard Darrah of State College; and Mauro Oliveira of Los Angeles, CA. The group distributed over 100,000 vials of bogus steroids between 1987 and 1990, and had moved its clandestine laboratory to State College in an effort to avoid law enforcement detection.

Some prescription drugs headed for the illegal market are imported. For example, synthetic depressants such as Quaaludes and Mandrax are smuggled into the United States through Canada and Mexico. Historically, Colombia has been a major manufacturer and exporter of counterfeit Quaaludes (the tranquilizer methaqualone) to the United States, especially during the 1970s and early 1980s. Quaaludes, Mandrax, and their look-alikes, are sold by street-dealers.

However, most diverted prescription drugs are manufactured in the United States. Sometimes the product is stolen in quantity from a pharmaceutical house. In other cases a distributor will "bust a script"—obtain a legal prescription through fraud or pass a forged prescription as a legitimate one. But unscrupulous doctors and pharmacists have become the major marketers of illicit prescription drugs. Through the underworld grapevine, an addict learns of a doctor willing to write bad prescriptions or dispense controlled substances, or of a pharmacist who fills bad prescriptions. Once the word is out, addicts quickly make an appointment with the "cooperative" doctor or pharmacist.

Charging anywhere between \$20 and \$50 for an appointment, corrupt doctors may issue bad prescriptions to as many as 50 patients a day. "Patients" may return every second week for another appointment. In some instances, doctors have referred patients to specific pharmacists, getting a kickback from the proceeds and also ensuring that patients, carrying a doctor's prescription, do not wander into legitimate pharmacies which might contact law enforcement.

The consequences of diverted drugs can be fatal. Over the last few years,

the office of the coroner for Erie County identified at least 26 deaths that were attributed directly to the abuse of "sets." According to the federal Drug Abuse Warning Network ("DAWN"), the Philadelphia area has ranked high among the nation's metropolitan areas reporting medical emergencies and deaths mentioning the presence of glutethimide.²⁴ Used as a heroin substitute, sets combine glutethimide (also called Doriden) with codeine (often available as Tylenol with codeine). The consumers were heroin users who found sets less costly than heroin, more easily administered (orally instead of intravenously), more easily supplied, and more standardized in dosage. It should be noted, also, that glutethimide was reclassified from a Schedule III to a Schedule II substance in Pennsylvania in 1989, tightening the regulations on its prescription.

Relationship of Illegal Drugs to Other Crimes

In Pennsylvania, as elsewhere, illegal drugs are intimately associated with a wide array of other crimes in a manner not observed with dangerous but legal drugs like alcohol or tobacco. Increased property crime, high levels of violence, and corruption characterize communities with entrenched patterns of drug trafficking. (See Figure 3.6)

Illegal drug trafficking generally accompanies, and is accompanied by, an intricate mix of individual and group crimes. Some crimes are linked to the high prices and high profits of the drug trade (to acquire needed revenue or protect profits), some are endemic to the subcultural context of the drug scene, while still others are fostered by the conditions under which drug trafficking flourishes.

Drug-Abuser Crimes

At the individual level, some offenders prefer to be "high" when they commit a crime, while others need to commit crimes to pay for their dependency. The strength of the drug-crime association is revealed in the high percent of arrestees who test positive for drug use. For several years, the National Institute of Justice has been testing samples of arrestees for drug use in the nation's largest cities, including Philadelphia, through the Drug Use Forecasting ("DUF") program. The tests revealed that more than one-half of the male arrestees charged with violent or income-generating crimes (including robbery, burglary, and theft) tested positive for drug use, most commonly cocaine.

Among the 22 cities now in the DUF/NIJ program, Philadelphia generally ranks at or near the top in terms of the percent of arrestees who test positive for drugs. During the most recent quarter for which data are available (October-December 1989), Philadelphia ranked first in percent of male and female arrestees (81 percent and 78 percent, respectively) testing positive for drug use. Almost three-fourths of all arrestees in Philadelphia tested positive for cocaine; of these, about one-third tested positive for two or more drugs.

Public concern over the drug-crime link often focuses on what has been referred to as to psychopharmacological violence ("do violent drugs, do violent crimes"), in which some individuals exhibit violent behavior while in states of heightened excitability or irrationality induced by certain drugs like PCP, or sometimes amphetamines or barbiturates.²⁵ Much more frequent, however, are those acts of violence that are tied to specific exigencies of the drug subculture. Two friends engage in a brawl because one refuses to give the other a "taste". A husband abuses his wife because she raided his stash. A user, afraid of catching AIDS, retaliates against an acquaintance who uses paraphernalia without permission. A female drug user is the victim of rape at the hands of drug dealers.

Most common of all are the dependency-driven crimes that are incidental to obtaining drugs, or the money to obtain drugs. Those who lack the financial resources to support their dependency may turn to crimes like burglary, robbery, theft, or prostitution.

Crimes of Drug Trafficking Groups

Drug trafficking groups are generally involved in a variety of crimes other than drug sales. Sometimes this is because of criminal involvements that predate their trafficking activities, such as fencing, gambling, loansharking, and other crimes which provide the capital and contacts to become involved. Crimes of trafficking groups may also stem from the economic imperatives of drug trafficking as a business: violence to protect business, bribery of police and public officials, tax evasion, and money laundering.

► Fencing

Fencing has long been the link between theft and the larger social system. Without fences to dispose of stolen goods, the risks of crime for thieves would increase substantially. For the rest of society, fences give people the chance to purchase goods at less than market price. Because of the intimate relationships between theft and fencing, and between drugs and theft, fences today often offer addict-thieves the opportunity to exchange stolen goods for drugs; and some drug dealers are accepting stolen goods as payment for drugs.

This trend is reflected in observations of "Sam Goodman" (not his real name), a large-scale dealer in stolen goods who operated in Pennsylvania and nearby states. He developed extensive networks not only with thieves, but also with outlets for stolen property and with complicitous criminal justice officials. His fencing network is depicted in Figure 3.7. Sam, who recently died of natural causes, maintained that he "retired" from fencing in the late 1980s because of the expanding links between

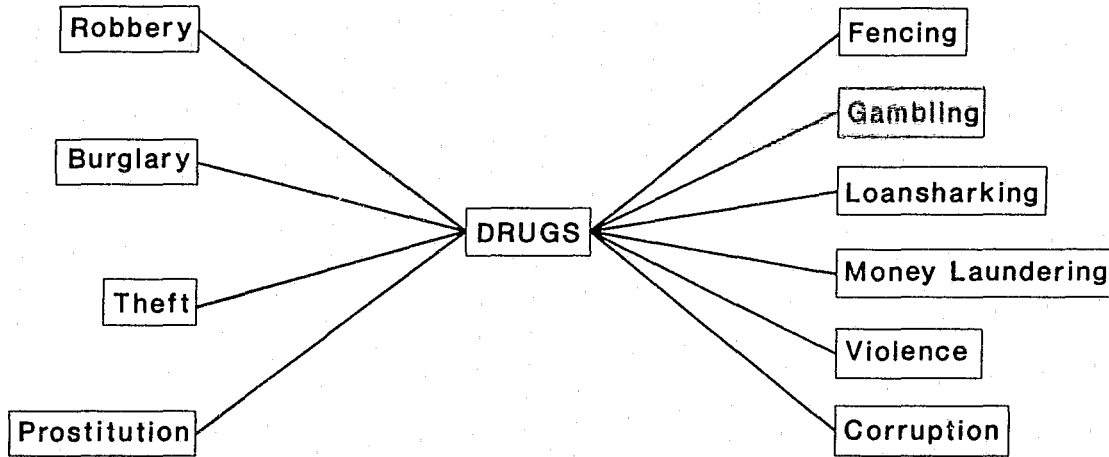
Figure

3.6

THE RELATIONSHIP OF ILLEGAL DRUGS TO OTHER CRIMES

Drug Abuser Crimes

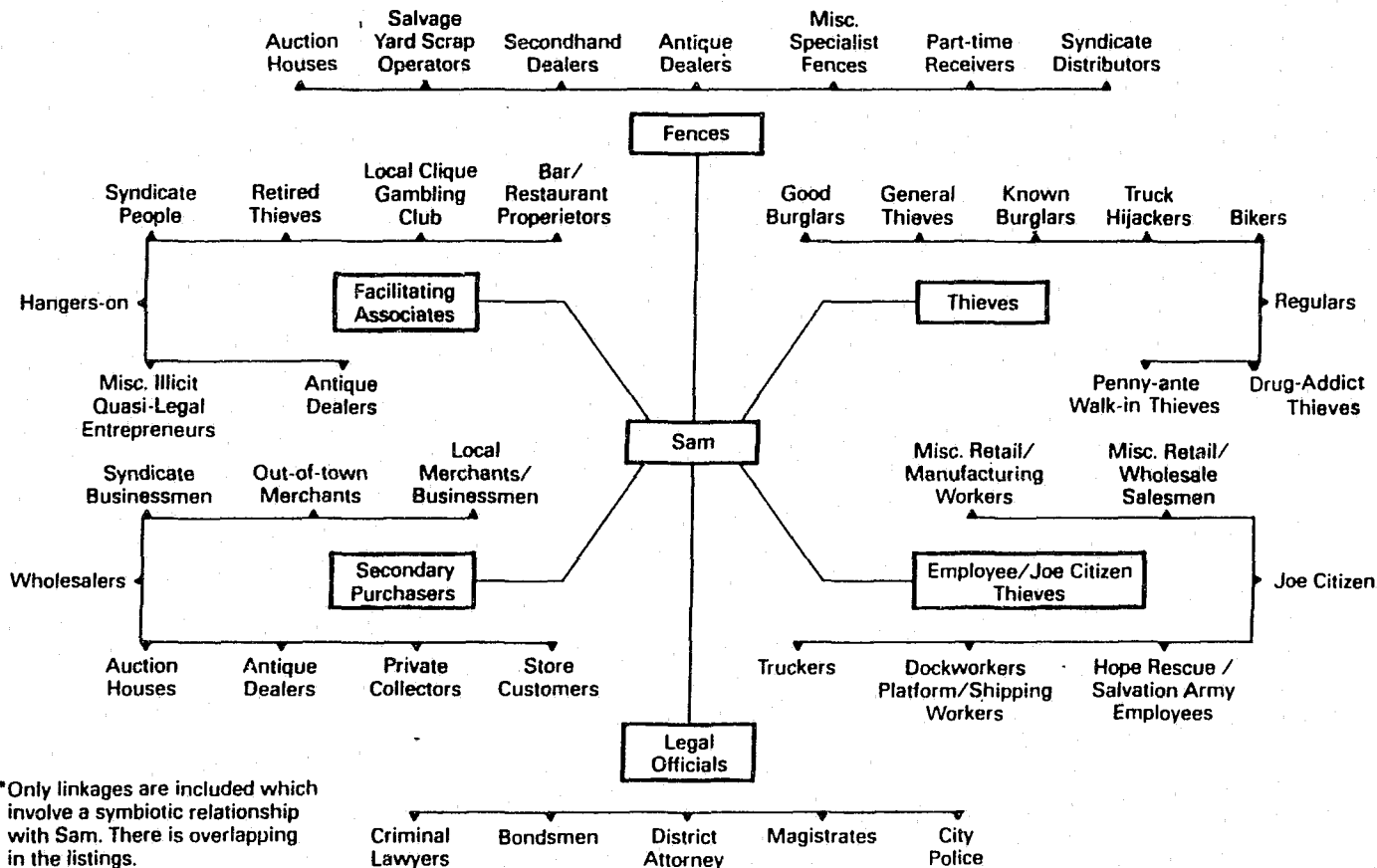
Drug Trafficker Crimes



Figure

Figure 3.7†

SAM'S FENCING NETWORK *



*Only linkages are included which involve a symbiotic relationship with Sam. There is overlapping in the listings.

†N.B. Reproduced with permission of Rowman & Littlefield. Source: Darrell J. Steffensmeier, *The Fence: In the Shadow of Two Worlds*, Rowman & Littlefield, Totowa, NJ, 1986, p. 158.

drugs, theft, and fencing. His comments provide an insider's views into the growing links between fencing and drugs:²⁶

"Fencing ain't what it used to be. You have fewer 'real' thieves today—guys who stick to burglary or shoplifting, and get good at it. The money now is in dope. So, more and more I was finding myself buying from the dopers—not just the guy strung out on drugs, but the guy who wants spending money so he can get high and party with his girlfriend. Buying [stolen property] from dopers is good money, 'cause they're itchy to sell. But headaches. Whew! Who needs it.

"I never peddled drugs myself. Never used that as a carrot. No way. Always paid in cash. But other dealers [*i.e.*, fences], yes. Some would pay in drugs—so much dope for so many pieces of jewelry, antiques, or whatever. And it can go the other way—a dope dealer taking 'warm' merchandise instead of cash. The line can be thin whether the guy is more a dope dealer or more a fence."

The Crime Commission identified numerous instances which back the substance of Sam's observations:

- Searches of drug dealers' residences commonly turn up large amounts of stolen property, presumably obtained in exchange for drugs.
- Cuban drug dealer Carlos Bazabe in Lebanon provided cocaine in exchange for stolen furs, gold chains, diamond rings, televisions, and other merchandise.
- In York, Pennsylvania, the Puerto Rican heroin distribution ring of Carlos "Polo" Padilla accepted stolen merchandise in exchange for drugs. Padilla's group obtained heroin from an individual in New York City who owned a clothing store and resold stolen merchandise obtained by Padilla from addicts. Sometimes addicts would "steal to order" when the dealers wanted special items.
- In the Harrisburg vicinity, Kinh Ly and his wife Laura Ly, Vietnamese operators of a "Speedy Pizza" shop, recruited employees of the pizza

outlets (in Heidelberg Township and Lower Paxton) to commit thefts and burglaries. The employees then exchanged stolen merchandise for cocaine obtained from Hoanh "Tony" Do, a Vietnamese supplier in New Jersey, who then transported the goods back to New Jersey. This operation brought the first Dauphin County racketeering conviction, in 1989.

• Joseph Snisky of Pardeesville used Mountain City Distributing Co., as a site for distributing marijuana, cocaine, and methamphetamine. Snisky was also a large-scale fence and handled a wide range of stolen property, including coins, electronic equipment, jewelry and weapons. Local burglars who fenced their stolen merchandise through Snisky were sometimes paid with marijuana or cocaine.

• Richard Good headed a burglary ring and cocaine distribution network that operated in Berks County in the early 1980s. The burglary ring burglarized local homes, stealing items such as jewelry, silver, weapons, and coins. Good occasionally traded cocaine to the members of the ring in exchange for their stolen merchandise; he also used the burglary ring as a network for distributing cocaine. In July 1982, Good's body was pulled from the Susquehanna River in what turned out to be a drug-related murder; he had been shot in the head with a shotgun, wrapped in carpet, chained to cinderblocks, and dumped into the river.

The cases document a significant pattern in the Commonwealth, *viz.*, that drug trafficking operations often represent an expansion of criminal involvements that predate any connection to drugs. Just as aggressive businessmen are quick to take advantage of new products and new markets, career criminals have been quick to see the profit potential of expanding operations to include drugs. The same pattern can be seen in the movement of gambling operations into drugs.

► Gambling and Loansharking

In legitimate areas of business investment, profits are generally proportional to risk. For example, "junk bonds" offer a higher rate of return than "blue chips," but at a greater risk of losing the investment. In the world of organized crime, gambling is a "blue chip" stock. Profits are sufficient and dependable ("the house always wins"), and risks are relatively low. However, the business of drugs offers astronomical profits, and the high profits of cocaine in particular have lured increasing numbers of gambling operators to turn to drug dealing as an even more lucrative enterprise, using their gambling profits as venture capital.

This pattern of events has been the case with LCN-connected organized crime groups as well as with traditional Black and Puerto Rican numbers operators. For example, in the Pittsburgh area, LCN associate Marvin Droznez profitably turned from gambling to drugs. On at least one occasion he also used gambling debts to convert a gambler into a drug dealer (See Chapter 5). Droznez has said, "I find that large-scale gambling generates large-scale drug trafficking." As interest in playing the numbers wanes in inner city neighborhoods, increasing numbers of Black numbers operators have turned to drug dealing, including James Nichols and Richard Spraggins in Philadelphia, and James "Sonny" Bryant in the Coatesville area (See Chapter 7).

A similar phenomenon has occurred in Hispanic neighborhoods. With the legal state lottery cutting into the profits from "bolita" (a traditional Puerto Rican numbers lottery), Puerto Rican gambling operations have increasingly become involved in drug trafficking. For a number of Puerto Rican operations in the Eastern half of the state, the transition was facilitated by the husband-wife team of Roberto Delgado, a Puerto Rican numbers operator himself, and Victoria Castano Delgado, a Colombian with ties to the Cali cocaine cartel. (See Chapters 4, Gambling and Loan-

sharking, and 9, Hispanic Organized Crime.)

Numerous independents have also turned from gambling to drugs. For example, in the Lehigh Valley, George Sam, a racketeer, used profits from gambling and loansharking to broker drug deals. In the Hazleton and Scranton/Wilkes-Barre areas the Hashem brothers used profits from bookmaking and prostitution to finance a large methamphetamine ring and to make loanshark loans to other drug dealers. These and many other cases involving the gambling-to-drugs transition are discussed in greater detail elsewhere in this report.

The drug trade often nurtures, and is nurtured by, loansharks and shylock loans. One case involved Ronald Bramer, restaurant owner and admitted drug dealer. According to testimony at the 1988 federal trial of Scarfo LCN member Albert Pontani, Bramer helped to establish a P2P smuggling operation as a way to pay off a loansharking debt he owed Pontani. (See Chapter 5 for more detail.)

► Money Laundering

The immense cash flow generated by drugs constitutes a mixed blessing for traffickers. While it is the opportunity for massive profits that lures traffickers in the first place, the sudden wealth will attract law enforcement scrutiny unless they are able to conceal its illicit origins effectively. Since most legitimate businesses rely on checks or other financial instruments when large sums of money are involved, mere proximity to a large amount of cash (*e.g.*, the stereotypical suitcase full of bills) suggests the possibility of an illegal source (*e.g.*, drugs) or an illegal use (*e.g.* unreported income for purposes of tax evasion). Large amounts of cash also put one at risk of robbery or theft at the hands of other criminals.

Drug traffickers therefore have powerful incentives to "launder" such money by converting it to other assets which enable them to benefit

from the proceeds while concealing the illegal origins, the true ownership, and/or other potentially incriminating or embarrassing factors. We use the term "money laundering" here in the broadest sense of techniques used by drug traffickers to conceal the illegal proceeds of drug transactions.

Efforts to launder drug proceeds constitute a point of vulnerability that can lead to successful detection and prosecution of offenders—not just high level international "drug lords," but also the successful local mid-level and street-level offenders who often generate enormous sums that may match or even exceed those of upper-level distributors. Attempts to hide illegal drug revenues range from simple concealment or physical transport out of the country, to complicated investment schemes and numbered accounts in offshore banks. It is probably the least sophisticated techniques that are most likely to come to the attention of law enforcement. The following are among the methods used by drug trafficking groups in Pennsylvania:

Burial. Authorities discovered over \$4 million in cash buried in plastic sewer pipes and bags on property owned by an associate of Frederik Luytjes, the Air America entrepreneur who flew tons of cocaine from Colombia to Pennsylvania for the Cali cartel.

Structural Concealment. Hiding large amounts of cash in walls and under floors of houses is a temporary expedient until more effective means of disposal can be implemented. For example, Jamaican posses sometimes hide large amounts of cash in hollow walls in safe houses or under stairways.

Conspicuous consumption. Less sophisticated drug traffickers often use cash to purchase luxury items like expensive sports cars and jewelry. Law enforcement first became interested in the activities of certain members of the Junior Black Mafia in Philadelphia when they noted the congregation of young men in expensive cars and expensive clothes at a JBM hangout in a low income neighborhood. Representatives of Colombian cartels are instructed to blend

into their neighborhoods and to refrain from flaunting their riches.

Physical transport offshore. Moving cash out of the country is important to avoid its seizure by U.S. law enforcement. Trafficking groups whose families or power base are located outside the continental United States have added incentive to transport large amounts of cash back to their families or home. Often Hispanic groups follow this practice. For example, trusted Colombian couriers gather proceeds from safes in secure locations. Bills of small denomination may be exchanged for larger denominations at check cashing agencies and then compressed into compact packages often using the same equipment used to package cocaine into kilo "bricks." The courier then flies back to Colombia on a commercial airline, and the cash is deposited with Colombian banks which often pay much higher interest rates than in the United States. At one point, for example, the Cali cartel had Frederik Luytjes carry huge amounts of cash on flying trips to Colombia, using the same planes that smuggled vast amounts of cocaine into the United States. Physically carrying cash out of the country is also common with Dominican groups. Puerto Rican groups often carry cash to Puerto Rico, which, although a U.S. territory, is close to non-U.S. locations with banks that cater to clients desiring secrecy. Other foreign-based groups have also transported cash on commercial flights, including Jamaican posses and Sicilian Mafia operatives.

Cash transfers. Some groups transfer substantial amounts of cash by money order or electronic fund transfers. For example, the Dominican cocaine operation of Dominicano Gonzalez in Tobyhanna used both techniques to send money to the Dominican Republic. He sometimes purchased U.S. postal money orders at the Tobyhanna Post Office, while other times he carried cash to New York, where associates would execute wire transfers. Until recently, amounts less than \$10,000 did not require federal reporting. Now,

multiple transactions with totals aggregating to \$10,000 or more require reporting.

Portable investments. Cash may be used to purchase precious stamps, coins, jewels, or other easily portable objects which will appreciate in value, and which are easily concealed and transported. As long as individual purchases involve sums under \$10,000 (or the aggregate of \$10,000) federal currency transaction reporting requirements are circumvented. Cashier's checks or bearer bonds for less than \$10,000 are nearly as liquid as cash and are far easier to transport. For those with massive amounts of money to convert, however, the \$10,000 limit is extremely inconvenient. One of Frederik Luytjes' associates would scurry around Scranton with shopping bags of cash, purchasing dozens of cashier's checks for just under the \$10,000 limit (a method called "smurfing"). When Luytjes became aware that an indictment was impending in late 1985, he had his investment broker liquidate his multi-million dollar account into bearer bonds.

Casinos. Cash can be taken to Atlantic City casinos and used to purchase chips. Later, the unused chips can be turned in for a personal or cashier's check from the casino, and the money can then be reported as gambling winnings to avoid tax evasion charges.

Check Cashing Services. This innovative money laundering scheme is becoming increasingly popular. Check cashing services which provide a number of benefits to organized crime groups, particularly money laundering, are widespread across the state. New Jersey's State Commission of Investigation documented instances of money laundering among other illegal activities—through check cashing businesses in that state.²⁷

Real estate. Many drug dealers purchase commercial and residential real estate, especially in the vicinity of drug dealing locations. This practice is often motivated more by a desire for security than by money laundering considerations. The more of the territory they control, the less chance

of surveillance by the wrong people. However, the initial purchase may offer a minor "laundering" opportunity, if the seller will agree to a lower "official" selling price, with the difference made up in unreported cash.

Commercial Operations. Commercial ventures which have a considerable cash flow, such as grocery stores, bars, and restaurants, may enable the operator to commingle drug revenues with legitimate proceeds. They also serve as sites for drug transactions. Other commercial investments by Pennsylvania drug entrepreneurs have included limousine services, automobile dealerships, travel companies, check cashing agencies, record companies, an electronics store, a video rental company, and numerous others.

"Straw" owners. Drug operators often conceal the true ownership of assets such as cars or real estate by having them registered in the names of other family members, girl friends, or associates. If law enforcement fails to take care in identifying an operator's network of family and friends, they will be handicapped in efforts to seize assets or to estimate the true dimensions of an operation.

Bogus sales. This method is exemplified by Luytjes' sale of Air America to a mysterious Brazilian, R. J. Ortega, for \$14.2 million while declaring a purchase price of only \$10.2 million.

Complicity of legitimate professionals and businessmen. With the right "incentives," professionals, such as lawyers and accountants, may be induced to help drug entrepreneurs devise ingenious laundering schemes or complicated mechanisms for concealing ownership of assets. Similarly, bankers or others subject to currency transaction reporting requirements—such as coin or stamp dealers—may agree to overlook federal law and conduct transactions exceeding the \$10,000 limit. For example, Luytjes secured the assistance of Scranton businessman Joe Donahue in obtaining five United Penn Bank cashier's checks worth \$200,000 each, and then transferring large sums to offshore investments in Grand Cayman Island.

► Systemic Violence

Systemic violence is endemic to the parallel worlds of drug dealing, drug taking, and drug seeking and occurs for various reasons: "territorial disputes between rival drug dealers; assaults and homicides committed within dealing and trafficking hierarchies as means of enforcing normative codes; robberies of drug dealers, often followed by unusually violent retaliations against informers; punishment for selling adulterated, phony, or otherwise 'bad' drugs; punishment for failing to pay one's debts; and general disputes over drugs or drug paraphernalia."²⁸

Drug-related violence appears to have reached an all-time high in some areas of the state the past few years. In Philadelphia, murders identified by the police as drug-related mushroomed from 65 in 1986, to 77 in 1987, 110 in 1988, and 152 in 1989. Drug-related murders accounted for about one-fifth of the total murders (343) in 1986 as compared to one-third of all murders (501) in 1989. Drug dealers in the state resort to violence to eliminate competition, to protect territory, to discipline workers, and to collect debts.

Innocent bystanders, along with drug dealers and drug buyers, have been caught in the cross-fire of competing drug dealers. While Jamaican drug organizations, or "posses", have received the most publicity concerning their affinity for violence, other groups of drug dealers also resort to violence. Violence tends to be directly related to level of risk, and is most frequently found among groups dealing at the street-level.

Some examples of such violence are shown below:

- In 1983, members of Roland Bartlett's heroin operation were responsible for the murder of James "Muscle" Reynolds (a dealer who failed to pay for \$800 worth of heroin), and for the murders of Noble Green and William "Bud" Johnson.
- In 1986, 15-year old Antonio Martinez, a dealer for the Puerto Rican Gold-Star Tape gang, killed rival

gang member Jose Ruiz when Gold-Star became fearful of encroachment by the Blue Tape gang.

- In 1987, youths from Montgomery County, seeking free drugs, shot and killed tape gang dealer Jose Perez when he demanded payment.

- In March 1988, two brothers, one 15-years old and the other 13-years old, who were working for a Jamaican organization selling crack from "gatehouses," were both executed with bullets in the back of their heads because they were suspected of stealing small amounts of drugs from the organization. A third youth, 12 years old, also marked for death, managed to escape.

- On July 18, 1988, five-year old Marcus Yates was killed in a shoot out in a variety store in Philadelphia between members of the Shower Posse and Michael Gaynor, another Jamaican.

- In August of 1989, Donald Branch was killed and two other men were injured while they sat in a restaurant. All three were innocent bystanders, the victims of a botched attempt to assassinate a leader of the Junior Black Mafia.

► **Corruption**

The enormous profits that are derived from the illicit drug trade are often used for the corruption of public officials. First, the major imported drugs—cocaine, heroin, and marijuana/hashish—are associated with significant corruption in most of the producer countries. Second, local law enforcement and judicial entities in this country have also been linked to drug-related corruption. Such incidents can range from an officer pocketing drugs for resale by himself or associates, to the officer's taking of bribes from drug distributors to not arrest them or to let them go after arrest, to drug use by officers, or to "rip-offs" of drug dealers (taking cash or drugs and not turning it in as evidence). Notorious examples of official corruption involved members of the Philadelphia Police Department narcotics unit assigned to "elite" units known as "Five Squad" and "One

Squad."

In *United States v. Wilson et al.*, six former Philadelphia police officers, formerly assigned to a narcotics unit known as the "Five Squad," were charged with extorting and stealing money, drugs and other property during the execution of search warrants, and with selling the stolen or extorted drugs for profit. The crimes were committed from 1980 until 1984, when the "Five Squad" was abolished. Two other former members of the "Five Squad" confessed to their involvement and subsequently testified against the six defendants. Four defendants were convicted in November 1989 and were sentenced in January 1990. Sentenced to 15 years imprisonment were former squad lieutenant John Wilson, 45; and former officers James Cattalo, 36, and David Grove, 40. Former squad sergeant Ronald Griongo, 53, was sentenced to five years' imprisonment.

In a related investigation, the District Attorney's Office in Philadelphia also prosecuted at least seven former members of the "One Squad" narcotics unit, then headed by former lieutenant William O'Brien, 46. In January 1990, during jury selection, O'Brien pled guilty to charges of running a corrupt organization, conspiracy, bribery, theft, and delivery of a controlled substance. The trial of five defendants began in February 1990. Two former officers were found guilty in March 1990—James Hill, 51, and William McQuillan, 37. They will be sentenced in April 1991. Three defendants were acquitted on all charges, and trial is scheduled for another defendant in June 1991.

Policy Implications

Space permits discussion of only a few of the numerous areas of social policy affected by the drug problem in the Commonwealth. Here we provide a brief overview of selected policy issues in relation to law enforcement, the justice system, legal status, treatment, education, the

economy, and city structure.

Law Enforcement

Although drug use in the population at large declined over the 1980s, the percentage of the population that has tried drugs like marijuana and cocaine is so large that it is obviously impossible for law enforcement to arrest all illegal drug users or even all of those involved in drug sales. The concentration of enforcement efforts on drug trafficking groups—as opposed to individuals—can maximize the effect of limited resources.

A number of resources are necessary to assist law enforcement agencies in their efforts to target, investigate, and prosecute drug trafficking groups in the Commonwealth. Some of those are:

- **More Complete Arrest Data**

Law enforcers need and should collect more comprehensive information on arrestees charged with drug trafficking. This information, essential for intelligence purposes, includes each arrestee's full name, race, nationality, place of birth, and date of birth. State and nationwide arrest data need to distinguish among arrests for cocaine, crack, and opiates so as to facilitate tracking of arrest patterns for these serious drugs.

- **More Detailed Forensic Testing**

Current forensic testing of drugs seized includes only rudimentary testing to determine that a drug is a certain controlled substance or not. This testing does not allow for the identification of certain "designer drugs," nor does it allow for the determination of "signature manufacturing" of drugs such as methamphetamine. Such test results, while expensive could be used in selective instances to give proactive data to enforcement agencies and would alert them to new drugs or drug formulas appearing in their area.

- **Training of Law Enforcement Regarding Foreign Names**

Officers need to know that foreign names (Oriental, Spanish, Nigerian, etc.) are written significantly different from English names. Spanish surnames, for example, include both a paternal name and a maternal name,

and the primary family name does not appear as the final unit of the full name. Since Hispanic traffickers often seek to confuse law enforcers by reversing their names or varying the spelling, computer searches should take this into account.

● **Training on Trafficking Groups**

Law enforcement officers who work in drug enforcement need special training in the structure and operation of drug trafficking groups. Training on the investigation and prosecution of enterprise crime (RICO) is of special value in dealing with drug trafficking groups. Law enforcement needs to be especially alert to the role of family and associational patterns—including the role of female relatives and acquaintances. On the assumption that women are less likely to arouse suspicion, traffickers often utilize them as drug couriers and as "straw" owners of weapons and property. A focus on individual traffickers often permits continued group operation even after key players are incarcerated.

● **Training on Money Laundering and Asset Investigations**

Officers would also benefit from greater training in money laundering, since the need to dispose of large quantities of cash constitutes a prime area of vulnerability.

● **Recruitment of Black, Hispanic and Oriental, and Female Officers**

Officers from varied cultural, ethnic, and linguistic backgrounds are needed to develop intelligence on nontraditional organized crime groups and to increase our insight into the structure and methods of operation employed by these groups.

● **Interagency Cooperation and Coordination of Efforts**

Drug enforcement efforts are currently divided among numerous local, state, and federal agencies. It is important that these groups not work at cross purposes, and that their efforts not be handicapped by interagency rivalries or duplication of effort. The Violent Drug Traffickers project in Philadelphia has provided important experience in inter-agency cooperation. So far, the project has effected 42 indictments, and 386 individuals have been

arrested; the conviction rate has been 100 percent; and over \$2 million in assets have been forfeited.

● **Assessment of Potential for Corruption**

In general, any agency which has personnel involved in drug investigations is highly vulnerable to corruption. Adequate internal safeguards, as well as a proactive anti-corruption posture, are needed both in pre-employment screening and during employment. Internal Affairs bureaus should be particularly sensitive to this potential problem.

● **Need for "Intelligence-based" Investigation and Analysis**

A critical factor in law enforcement efficiency in combating sophisticated and complex organized crime situations, such as major drug importation and distribution enterprises, is the collection, analysis and sharing of tactical and strategic criminal intelligence. The most critical need is for the dissemination and utilization of timely and useful intelligence within the law enforcement community. This goal will require greatly expanded numbers of investigators and analysts ably instructed in (and committed to) the intelligence-gathering and -assessment process.

The Criminal Justice System

The drug problem subjects the entire justice system to tremendous strain. This strain increased over the decade of the 1980s because of a rapid escalation in drug arrests and the high percentage of arrestees who test positive for drugs. Drug arrests in Pennsylvania increased from a little under 14,000 in 1980, to over 31,000 in 1989. They accounted for 3.5 percent of all arrests in the state in 1980 as compared to 7.2 percent in 1989. Furthermore, although more than half of drug arrests in 1980 were for simple possession of marijuana, by the end of the decade cocaine arrests—mostly for selling—accounted for more than two-thirds of the total.

In addition to the greater number of arrests for drug offenses, a very large proportion of other arrests are drug-related. Drug-Use Forecasting (DUF)

data for Philadelphia indicate that 80 percent or more of all arrestees test positive for drug use. Based on nationwide tabulations, the DUF data also show that arrestees charged with such crimes as larceny, burglary, and prostitution are somewhat more likely to test positive for drug use than those committing violent crimes. This observation suggests that obtaining drugs or money for drugs may be part of the motive for such crimes. Furthermore, 44 percent of Philadelphia arrestees reported a need for drug or alcohol treatment, while only a fourth had received treatment in prior jail stays.

Prison and jail overcrowding increased over the course of the decade. Although institutional capacity increased by about 40 percent (from about 17,500 to 24,500), populations doubled (from 15,800 to over 32,000). Increased incarceration rates were mainly the result of harsher sentences, but some of the increase came about because of more drug-related crime.

Even larger increases occurred in offender populations supervised by county probation departments in the state. In 1980 county probation departments supervised a little over 53,000 offenders; by 1988 that number had more than doubled, to over 114,000. During the same period, the number of probation officers grew by only 33 percent, compared to the 113 percent increase in the offender population. The average caseload per officer (county probation) in 1980 was about 74; by 1988 the average caseload had increased by 59 percent, to about 117 offenders per officer.²⁹

The Limitations of Enforcement

For decades, the criminal justice system has served as the primary governmental line of defense against the drug problem. The basic assumption is that effective enforcement and punishment are required to provide a credible deterrent to drug abuse. Many, however, believe that the drug "problem" is a societal one, not an enforcement one. Some limitations

of the effectiveness of law enforcement as a solution are shown below:

- Only a fraction of all illegal drug users are exposed to arrest.

- Hard core addicts are so compelled by their addiction that a rational calculation of arrest risks is unlikely in any case.

- While a somewhat larger proportion of those engaged in selling are exposed to risk, the potential profits are likely to attract willing recruits even if the probability of arrest and conviction is increased.

- Drug offenders have high rates of recidivism. Drug addicts are at high risk for recidivism, especially if they do not receive treatment for their addictions and if they return to the same conditions that contributed to their drug use in the first place.

- Even in prison, drug abusers find ways of obtaining drugs; and drug traffickers find inventive ways to continue their business from inside, sometimes with the participation of prison personnel.

Current practices do not always ensure the strongest penalties for those who are the top leaders in trafficking operations. State and federal sentencing practices often define the severity of offense in terms of quantities of drugs and/or money. However, drug dealers adjust their activities to the law, and in many organizations the top leaders insulate themselves from direct contact with large quantities of drugs or cash. Furthermore, leaders can sometimes "earn" lesser sentences than their subordinates by cooperating with the prosecution. RICO-based prosecutions, however, have been more effective in "rooting-out" entire organizations and in ensuring penalties commensurate with the individual's roles within the organization.

It is important that safeguards be improved to keep drugs out of prisons and to ensure that drug traffickers sentenced to prison are unable to continue their operations. It seems likely that prison and jail overcrowding will require increased use of alternatives to incarceration for less serious drug offenders. However, to provide more effective supervision, it may be

necessary to undertake increased hiring of probation and parole officers. To reduce the role addiction plays in recidivism, offenders need greater access to treatment programs both in prison and in the community.

Non-Law Enforcement Incentives

The optimum allocation of resources in drug enforcement is a principal concern facing policymakers in the Commonwealth. Policymakers need to explore whether increased investment in other directions may be more cost-effective in the long run than over-reliance on a justice system that is "straining at the seams." Other options include education, treatment, and revitalization of urban neighborhoods. Another option not discussed in this report is a re-examination of the legal status of drugs.

Education

Many would agree that prevention programs are the best hope for any long-term solution to the drug problem, and education can play a major role. Education concerning the harmful effects of drugs is largely credited with the declines in drug use observed for the public at large during the 1980s. In 1975, only 43 percent of graduating high school seniors perceived "great risk" in regular smoking of marijuana, while the percent had increased to 77 percent by 1988. For cocaine, the percent seeing "great risk" in regular use jumped from 73 percent to 89 percent.

Pennsylvania high school seniors surveyed in 1989 saw knowledge of the potential effects of drugs as more important than knowledge of their illegal status in determining whether they would refrain from use of illegal drugs.³⁰ Only 26 percent thought that knowledge of their illegal status was "very important" in making decisions about drug use, while 39 percent considered knowledge of effects "very important."

Public service ads in the media may need to be supplemented by systematic programs in the schools. School districts vary widely in the amount

and quality of education they provide students concerning drugs. Some districts introduce programs only after significant problems come to light. However, education will be more effective as a preventive if introduced before problems become serious. Students need honest, accurate information that can help them stand up to peer pressure.

Treatment

Given the compelling nature of physical addiction, it is difficult for drug abusers to overcome their problem without treatment. Drug treatment programs have a much lower per capita cost than incarceration. However, existing public treatment capacity is inadequate to meet the demand. Despite the addiction crisis of the 1980s, state funding for treatment programs increased only marginally. Total admissions for treatment increased from about 61,000 to nearly 70,000 between 1980 and 1985 but remained stable during the latter half of the decade when the greatest increases in addiction took place. A fairly constant number of treatment slots was juggled among the different drugs of abuse, with increased admissions for cocaine and declining admissions for opiates and alcohol—although alcohol continued to account for about half of the total. Pregnant drug abusers have particular difficulty in obtaining treatment because of fear of legal liability in the case of treatment failure.³¹

Recent research indicates that many drug offenders want treatment. The research also shows that legally mandated drug treatment—in prison or as a requirement of probation—can be as effective in curbing recidivism as self-initiated treatment participation.³² Increased investment in drug treatment both within prison and as an alternative to incarceration can help to reduce recidivism and pressures on the justice system.

Revitalization of Urban Neighborhoods

Education alone cannot fulfill the goal of prevention. Education appears

to be less effective in reaching those populations at greatest risk for hard core addiction. Therefore, any program to prevent drug abuse needs to address the underlying social and economic problems of our deteriorating cities. Long term poverty, unemployment, and neighborhood disintegration provide fertile ground for drug dealers. In neighborhoods where the most visible symbols of success are the fast cars and flashy clothes and jewels of drug dealers, enterprising youths find it hard to resist the promises of easy riches. They know that if they drop out of school they will face unemployment; but they also know that completing high school will improve their chances only marginally, given the downward spiral of urban decay that is so visible all around them.

Economic and social revitalization of our inner cities will not be cheap, but investment in the future may well be more cost effective in the long run than the continuing escalation in costs of crime, health, welfare, law enforcement, and corrections that are likely to accompany continued neglect of the most vulnerable segment of society.

Summary

Drug trafficking became the most serious organized crime problem in the Commonwealth during the 1980s, with substantial increases in drug-related violence and crime. The cocaine "explosion" fostered the entrance of numerous new and emerging criminal groups into the drug markets of Pennsylvania, including organizations of Hispanic origin, other domestic groups, and independent criminal entrepreneurs. A number of drug trafficking groups are also involved in other serious crimes, including fencing stolen property, gambling and loansharking, money laundering, violence and corruption.

Realistic fears of drug abuse and crime are disrupting and limiting the lives of Commonwealth citizens.

Along with continued and improved law enforcement efforts, greatly reducing drug abuse and drug-related crime will require ending poverty, improving schools, strengthening families and revitalizing community institutions.

BLUE STAR/RED STAR - AN INTER-HISPANIC "TAPE" GANG

In 1985, a juvenile homicide involving what was then called the Blue Tape Gang gave rise to the joint federal/local Neighborhood Drug Dealers' Project (NDDP) in Philadelphia. The 15-year old victim was selling the wrong color of packaged cocaine at the wrong corner location and was killed because of it. This homicide precipitated one of many street-level cases prosecuted federally under the NDDP. One of the first included an undercover drug buy from Alejandro Ramirez Compan at Hancock and Cambria Streets; this purchase was further investigated by officers of the DEA Task Force. This investigation grew into the large-scale federal investigation of what has been called the Blue Star/Red Star Tape Gang case. Ultimately, a 102-count federal indictment was returned on September 21, 1989, against 41 individuals in the gang, alleging narcotics trafficking and conspiracy in a continuing criminal enterprise.

The Blue Star/Red Star investigation unraveled a tangled skein of relationships and intrigues which illustrate several aspects of the world of street-level drug trafficking in the Hispanic neighborhoods of Philadelphia during the mid- to late 1980s. These included the "tape" gang phenomenon, the transition to the marketing of crack, interaction among Hispanic drug traffickers of different national origins, marketing strategies and inventory control, the importance of kinship in structuring drug networks, intergang and intrgang rivalries and violence, and elements of both volatility and continuity in control of drug locations.

Like the many other "tape gangs" which spread rapidly in Puerto Rican neighborhoods of Philadelphia during the mid-1980s, the Blue Star/Red Star

gang epitomized free enterprise in cocaine trafficking. Starting in late 1984, the gang offered around-the-clock service to walk-up and drive-in customers, selling cocaine (and later crack) in small plastic bags identified with its initial blue star trademark. The inscription "Red Star Posse" later appeared on a jacket seized from one of the owners. Other "tape" gangs in the area used yellow, blue, red, and other colors of tape to identify their product. To confuse law enforcement, the Blue Star gang periodically switched its "brand name: and corresponding packaging from "blue star" to "red bag" and to "red star" to "pink bag."

Although tape gangs have been primarily a Puerto Rican phenomenon, the Blue Star/Red Star tape gang was initially headed by two Cuban Mariel refugees. At the intersection of Cambria and Hancock Streets, Cubans Alejandro Ramirez Compan, 34 (also know as Alejandro Mercado), and Juan Carlos Baldajil (deceased), utilized Cuban and Puerto Rican youths as corner managers and street dealers for their cocaine operation. Carlos "Carlitos" Merced, a Puerto Rican, 24, was co-owner, with Ramirez, of the Blue Star cocaine organization. After Ramirez' incarceration on federal drug charges (he was eventually sentenced to 20 years' imprisonment), his interest in the organization was sold to Jorge "Lolo" Cintron, 31, a Puerto Rican, who then became Merced's partner. Through Cintron, Jose E. "Rick" Rivera, 25, another Puerto Rican, entered the organization as a supervisory manager. Both Ramirez and Cintron had extensive arrest records. [Prior to his purchasing Ramirez' interest in the organization, Cintron owned his own, smaller,

organization, called "Clear Tape," which he sold when he bought into the more profitable "Blue Star."]

Members of the organization referred to themselves as "The Company," and their business acumen built a profitable enterprise. Like the fast-food franchises, gangs such as Blue Star/Red Star rely on high-volume business to turn huge profits. The proximity of such North Philadelphia street markets to major expressways attracts drive-up customers from more affluent areas. These gangs are also major employers of teens (and even younger children), and no McDonalds or Burger King could hope to compete with tape gang "salaries." "Cop-watchers" can take home up to \$70 per day, while top street dealers in their late teens/early twenties can net as much as \$2,000 per week, tax free.

Street dealers for "The Company" usually worked in pairs, with one shouting the "blue star" or "red star" brand name and steering prospective buyers to the second dealer, who would exchange drugs for money and who doubled as a police lookout. After awhile, the pair generally reversed roles. Profits were shared equally.

The shouting and bustling activity, and the sounds of snarled traffic created a carnival atmosphere as the Blue Star/Red Star Tape Gang competed with the White Bag Gang on opposite sides of the intersection. The group was so successful that customers' cars sometimes caused gridlock in the neighborhood. The operation grossed between \$10,000 to \$14,000 per day.

Cut-throat competition for control of desirable locations led to high levels of violence among tape gangs and to

high "property values" for street corners attracting large numbers of customers. Gangs aspiring to take over a "hot" corner might seek to "muscle" it through threatened or actual violence. A mechanism which evolved to mitigate the need for violence was the practice of "renting" or "selling" street locations. [This renting and selling of street locations as often as not included the right to sell in a given location without accompanying real estate (like franchising). Sale prices of the higher volume locations were usually in excess of the value of surrounding real estate.]

The Cuban leaders of the Blue Star/Red Star Gang were arrested in 1987. Compan initially tried to continue directing his portion of the drug trafficking operation from prison. After a year in jail, Compan began to discuss with Merced the prospect of selling his interest in the corner. Compan had been in charge of the "store" and its employees, while Merced ran the "packaging department." In 1988, Compan sold his portion of the business to Jorge "Lolo" Cintron for about \$40,000. Under Merced and Cintron, who added crack cocaine to the product line, the gang continued to control three of the four corners at the Hancock and Cambria intersection.

The importance of ethnic and kinship relations was highlighted by the Blue Star/Red Star investigation. Two of the original Cuban dealers of the gang were married to, or lived with Puerto Rican women. Compan's common-law wife was born in Puerto Rico. Baldajil's wife was also Puerto Rican born, and her brother Jose Carlos Rosado was a street dealer for the group.

Jorge "Lolo" Cintron, to whom Compan sold his interest in the corner operation, was a native of Puerto Rico whose common-law was also born there. Perez' sister, was married to manager Reynold "Frenchie" Desamour, 40, from Haiti. Cintron's brother Jose "Chrispolo Torres" Cintron, 37, was a corner manager.

Desamour's brother-in-law Jose Arvelo, also a Puerto Rican, was a street dealer, and two of the Arvelo cousins were also involved in the gang. They were Mack Velen, 28, a Puerto Rican, who acted as a corner manager, and his brother Tony Velen who was used as a "hit man."

The investigation also illustrated management strategies used by tape gangs. When those in control of the Blue Star/Red Star gang suspected dealers or manager of stealing money or selling drugs and pocketing the profits, a system of "bundle numbers" was instituted. There were fifty \$10 bags per bundle, and dealers had to turn in \$400 to the "stock guy" before getting another bundle. To facilitate bookkeeping, each bundle contained a small, one-inch square piece of cardboard with a number. The bundles were given out in sequence. At any given time, this system let operators know how many bundles were out, how many bundles had come back, and how cash flow was holding up.

Dealers made \$2 per bag, yielding \$100 profit if all bags were sold at \$10 each. A dealer could discount large quantities for quick profits, such as \$475, get another bundle right away, and continue selling. If a dealer lost money, he could sell the next bundle at prices designed to make up the difference. If a white customer appeared, the dealer might sell a \$10 bag for \$20 on the premise that the white customer was naive or stupid. The corner would make the same, and the extra money would go into the dealer's pockets. The corner manager did not care how much the dealer sold the drugs for as long as the manager got his \$400 per bundle.

The eventual downfall of the Blue Star/Red Star operation followed the murder of Baldajil, one of the Cuban founders. Baldajil had been relocated to Puerto Rico after cooperating with law enforcement. When he later returned to Philadelphia, Baldajil began working for the "White Bag" gang under David Crespo, Cintron's rival

who controlled the fourth corner of the Hancock and Cambria intersection. Baldajil threatened to wrest control of his former operation from Cintron. Cintron put out a murder contract; and Baldajil was killed on September 17, 1988, by Tony Velen and Wykee Adams.

Cintron was arrested in January 1989 and is now serving a life sentence for the murder. Carlos Merced was arrested in March 1989 on local drug charges and became a fugitive in September of that year, after his federal indictment in the Blue Star/Red Star case (he is still at large). The drug business at the corner continued to operate a little longer under the leadership of Desamour and Cintron's brother Jose. They rented the location from Cintron's common-law wife for \$2,000 per week. The location was later sold for about \$37,000 to Dominicans, who retained Desamour as manager. Desamour was arrested and held without bail in January 1990 on homicide charges arising from Baldajil's murder. (He has been acquitted but remains in custody as his federal bail was revoked after his conviction in the Blue Star/Red Star case.) Of the 41 defendants named in the September 1989 indictment, five became fugitives, 29 pled guilty, three went to trial and were convicted, two had their charges dismissed, one is a juvenile, and one is deceased.

A SAMPLING OF ETHNIC-BASED DRUG GROUPS IN PENNSYLVANIA IN THE 1980S

COLOMBIAN

- **Gabriel Montilla Organization** — family-based cocaine operation centered in North Philadelphia. Montilla has direct ties to drug lords in Colombia.
- **Eduardo Villa Organization** — a family-based cocaine operation which supplied the Poconos resort area from the early to mid 1980s.
- **Salomon Schuster-Benitez** — major world wide cocaine distributor who smuggled cocaine into the U.S. through Florida. From Florida the cocaine was distributed in Pittsburgh by a number of major drug traffickers with connections to the LaRocca/Genovese LCN Family.

DOMINICAN

- **Pedro Frias-Camacho Organization** — major heroin distributor in the Hispanic areas of North Philadelphia until the late 1980s. In 1989, 21 members of this organization were indicted on heroin distribution charges; to-date, 13 have been convicted. The remaining eight are fugitives.
- **Juan Rodriguez Organization** — family-based cocaine operation centered in Reading.
- **Dominicano Gonzalez Group** — family-based cocaine operation centered in the Poconos region of Northeastern Pennsylvania. Members were recently arrested and convicted of cocaine trafficking charges.
- **Danilo and Roque Leonardo Organization** — family-based cocaine operation based in Reading which supplied cocaine to York and other localities. The Leonardos, who were arrested on cocaine distribution charges, were formerly part of Juan Rodriguez's organization.
- **Rafael Cruz** — headed a cocaine distribution operation in Allentown. Cruz was formerly part of Juan Rodriguez's operation.
- **Luis Garcia** — A former Rodriguez employee who established his own cocaine operation in Reading. Garcia has also been involved in distributing heroin.

PUERTO RICAN

- **Juan Acevedo Organization** — family-based cocaine and *bolita* (numbers betting) operation centered in Allentown.
 - **Jose Rivera Organization** — family-based cocaine and *bolita* operation centered in Reading.
 - **Sanchez Brothers (Mercedes, Gilberto, Andres, and Agapito)** — family-based cocaine and *bolita* operation centered in North Philadelphia.
 - **Delgado/Castano Organization** — Roberto Delgado (deceased Puerto Rican) and Victoria Castano (Colombian) have headed a cocaine and *bolita* operation in Philadelphia. Victoria, with her brother Cesar, now head the organization which is a major supplier of cocaine to other *bolita* organizations in Southeastern Pennsylvania.
 - **Hernandez Brothers (Angel and Jose)** — headed the Yellow Tape Gang which distributed cocaine in the vicinity of Fifth Street and Glenwood Avenue in Philadelphia.
 - **Luis Ortiz** — headed the Gray Tape Gang which distributed cocaine at the intersection of Marshall and Tioga in Philadelphia. After Ortiz's murder in September 1988, the operation was taken over by his mother and half-brother. This organization was dismantled in 1989 when 32 of its members were indicted.
- ## CUBAN
- **Hidalgo Brothers (Francisco and Lazaro)** — headed a large cocaine operation centered in Philadelphia throughout much of the 1980s.
 - **Carlos Bazabe Group** — a major supplier of cocaine in the Lebanon area until his arrest in 1986. While incarcerated at the Dauphin County Prison, Bazabe, with another Cuban inmate, organized a cocaine distribution ring that distributed the drug to other inmates.
 - **Rolando Chenard Group** — headed a family-based cocaine operation centered in Johnstown, until his arrest in 1986. His wife, Miroslava, who currently lives in New

York, continues to supply cocaine to a Johnstown cocaine distributor.

- **Ramon Sosa** — a Cuban from Florida who supplied cocaine to a number of operations in Pittsburgh with connections to the LaRocca/Genovese LCN Family.

OTHER HISPANIC GROUPS

- **Pedro Salazar-Haro Organization** — A Peruvian who heads a family-based cocaine operation centered in Allentown.

- **Dr. Jose Isea (deceased)** — A Venezuelan who headed an operation which distributed cocaine throughout Central Pennsylvania.

- **Francisco Perez** — An Aruban who until his recent arrest and conviction on cocaine charges distributed cocaine in the Reading area.

JAMAICAN

- **Richard Daley Organization** — Daley, as head of the Shower Posse in Philadelphia, headed a drug operation centered in Southwest Philadelphia. His operation was broken up in May 1990, when 42 members were indicted.

- **Robert Smith Organization** — Smith, as a member of the Spangler Posse, headed a marijuana and cocaine distribution network centered in Philadelphia. His organization was dismantled by the indictment of 23 of its members in December 1988.

- **Beresford Gardner Organization** — cocaine and marijuana operation centered in West Philadelphia. Nine members of this organization, including Gardner, were recently indicted on drug trafficking charges.

- **Derrick Grandison Organization** — cocaine operation centered in Philadelphia. In July 1990, 46 members of this organization were indicted on drug trafficking charges.

BLACK AMERICANS

- **Roland Bartlett Organization** — family-based heroin and cocaine operation centered in Philadelphia. In March 1987, Bartlett and 34 members of his organization were arrested on narcotics trafficking charges. Bartlett died in prison in January 1990.

- **Willie Rispers Organization** — a heroin distribution operation centered in Philadelphia. Rispers' organization supplies a number of dealers who were previously supplied by Bartlett's operation.

- **Darrell Nelson Organization** — cocaine and heroin operation centered in Pittsburgh.

- **Marcus Howell/Alvin Frazier Organization** — heroin, cocaine, and marijuana operation centered in Pittsburgh. Frazier is currently running the operation due to Howell's incarceration.

- **Reginald McGlory Organization** — heroin operation centered in Pittsburgh. This organization was decimated in 1989 with the indictment and subsequent conviction of eight of its members.

- **Morgan Organization (Charles, Victor, Angie)** — a family-based heroin, cocaine, marijuana, and dilaudid operation centered in Pittsburgh until its principal members were convicted on drug charges in the late 1980s and early 1990s.

- **Smith Organization (Gerald, Dennis, and Randy (deceased))** — a cocaine, marijuana, and methamphetamine operation centered in Columbia, Pennsylvania.

- **Junior Black Mafia** — an organization modelling itself after La Cosa Nostra was responsible for distribution of large quantities of cocaine in Philadelphia in the late 1980s. The organization has since been decimated by internal violence and incarceration of group members, including the leadership.

OUTLAW MOTORCYCLE GANGS

Pagans

- **Michael Grayson/Paul Ferry Group** — headed a large methamphetamine network responsible for distributing hundreds of pounds of the drug. Grayson was convicted in February 1985 and is currently incarcerated. Ferry was convicted in April 1985.

- **Daniel Zwibel/Robert Fitz** — participated in a cocaine distribution network headed by Eugene Gesuale, an associate of the Pittsburgh LCN.

- **Merle King Group** — methamphetamine, PCP, LSD, marijuana, and cocaine operation centered in Western Pennsylvania. King and other Pagan members were convicted in 1988 and sentenced to lengthy prison terms.

- **Daniel Delp Group** — headed a methamphetamine, PCP, LSD, marijuana, and cocaine operation. Delp was indicted in January 1989 along with 28 other Pagan members or associates on drug and firearms charges.

Warlocks

- **Christopher Rigler** — retired Warlock who has been

heavily involved in cocaine distribution and the manufacturing and distribution of methamphetamine.

- **Joseph Eiler** — heads a group that has been heavily involved in cocaine and methamphetamine trafficking.

LA COSA NOSTRA

- **Gary Golden Organization** — marijuana, cocaine, and prescription drug operation centered in Pittsburgh during the early 1980s. Golden is the cousin of LaRocca/Genovese LCN member Thomas Ciancutti.

- **Eugene Gesuale Organization** — cocaine operation centered in Pittsburgh until the mid 1980s. Gesuale had a close association with Michael Genovese and Charles Porter, respectively the boss and underboss of the LaRocca/Genovese LCN Family. Gesuale was also associated with the Pagans.

- **Joseph Rosa / Marvin Droznek / William Kostrick Organization** — cocaine operation centered in Pittsburgh. This operation was responsible for distributing more than 200 kilograms of cocaine in Western Pennsylvania. The operation was broken up in the late 1980s with the convictions of its principal operatives.

- **Paul Hankish Organization** — cocaine, heroin, and marijuana operation based in Wheeling, WV. Hankish, an associate of the LaRocca/Genovese LCN Family, along with a number of his associates were convicted of drug

charges in 1990. Hankish was subsequently sentenced to a lengthy prison term.

- **Charles Porter/Louis Raucci, Sr. Organization** — cocaine operation centered in Western Pennsylvania. Porter is the underboss and Raucci is a high ranking member of the LaRocca/Genovese LCN Family. Porter and Raucci were convicted in October 1990 on narcotics charges and subsequently sentenced to lengthy prison terms.

- **Nicodemo Scarfo Organization** — supported a methamphetamine operation centered in the Philadelphia/New Jersey area. The operation was broken up in the late 1980s with the convictions of a number its members, including Scarfo (boss of the Family) and Philip Leonetti (underboss of the Family).

- **John Martorano Group** — methamphetamine operation centered in Philadelphia from the late 1970s to the early 1980s. Martorano is a member of the Bruno/Scarfo LCN Family.

- **Harry Riccobene** — Bruno/Scarfo member who was involved in the distribution of methamphetamine with members of the Pagans in the early 1980s.

- **Albert Pontani** — Bruno/Scarfo member who operated a methamphetamine, marijuana, and quaalude operation in New Jersey and Eastern Pennsylvania.

- **Anthony Guarnieri Organization** — Guarnieri, (deceased) Bufalino LCN member, headed a marijuana operation which was active in Florida and Nevada.

ENDNOTES

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CHAPTER

4

GAMBLING AND LOANSHARKING: THE "LIFEBLOOD" OF ORGANIZED CRIME

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SYNOPSIS

- Often viewed as a "benign" vice, gambling has traditionally been organized crime's most reliable money-maker, whose profits have only recently been exceeded by those of drug trafficking.
- La Cosa Nostra influence pervades most forms of gambling around the state, although the extent of its involvement varies across localities.
- Major gambling operatives identified in the state are primarily Italian-American; some black numbers bankers are found in Philadelphia, and Hispanic "bolita" (a numbers game) operations are active in Philadelphia and several other cities in Southeastern Pennsylvania.
- Several longstanding Pennsylvania kingpins were successfully prosecuted during the decade.
- Sports betting continues to be popular throughout the state, but betting on illegal numbers and on horse races has declined in many areas. (Regional variations and local gambling operations are described in a section at the end of the chapter, "Pennsylvania Gambling Operations.")
- Video poker emerged as a popular "high-tech" form of gambling, with strong ties to traditional organized crime.
- Some gambling operatives are all-around racketeers, involved in numerous other illegal activities such as loansharking, drug trafficking, and fencing of stolen property.
- Loansharking is another major money-maker for traditional organized crime. It is frequently tied to gambling and, increasingly, to drug trafficking.

GAMBLING AND LOANSHARKING: THE "LIFEBLOOD" OF ORGANIZED CRIME

Gambling continues to be a reliable and substantial revenue producer for traditional organized crime elements in the Commonwealth, despite their significant involvement in drug trafficking. Loansharking—another big money-maker for traditional organized crime—is closely allied to gambling since habitual gamblers, including many bookmakers, are frequently short of money and thus a natural target for the illegal money lender. In recent years, narcotics traffickers have emerged as a major new class of customer for loansharks. Marginal businessmen are also prime candidates for illegal loans.

Gambling includes an assortment of legal and illegal games of chance and sporting events on which wagers are made. Depending on the location, legal gambling may include state lotteries, government-operated off-track betting parlors, and—in Nevada and Atlantic City—casino gambling. These authorized gambling activities earn money for state, county, and municipal governments; at the same time those very governments are also engaged in enforcing laws against unauthorized—and therefore illegal—gambling operations.

The most popular forms of illegal gambling in Pennsylvania are betting on sports, "numbers," dice and poker games, and coin-operated video games. Video poker gambling spread rapidly during the 1980s. Other illicit gambling activities in the state include betting on horse-races, casino games, and slot machines.

Estimates vary widely as to the money involved in illegal gambling. In the 1970s, the Justice Department estimated the gross profits at \$29 to \$39 billion, while the National Gambling Commission estimated gross revenues to be \$5 billion, with a net profit of about \$1 billion. The 1986 President's Commission on Organized Crime estimated net profits at about

\$2 billion. Although these estimates included outmoded statistics on dying forms of gambling such as horse-racing, they failed to include statistics on recent, popular forms of gambling such as video poker. It simply is not possible to estimate total revenues from illegal gambling with any accuracy. However, the revenues are considerable; and certainly run into the millions, probably billions, of dollars annually.

Gambling, Social Control, and Organized Crime

Humans have gambled since the dawn of history, wagering on a wide variety of games of chance, horse races, and sporting events. The legality of different forms of gambling has fluctuated in response to the shifting tides of public opinion. Legal and illegal gambling have had a symbiotic relationship, and often imitate one another. Both legal and illegal forms have been linked to official corruption, past and present.

Legal, government-sponsored lotteries have flourished in the United States from colonial times through the present. Thomas Jefferson is reported to have extolled lotteries "as a perfect tax because it is paid only by the willing." Private lotteries were also popular, and many charitable and educational institutions have used them to raise funds.

As private lotteries became too competitive with state lotteries, restrictions were introduced. The efforts of some states to compete for customers outside their own borders also aroused resentment. Instances of fraud and corruption also came to be associated with the unfettered competition. From roughly the 1830s on, more and more states banned lotteries

within their borders; and lotteries were illegal in most states by 1860.

However, following the Civil War, Southern states sought to revive their devastated economies through the use of lotteries. Abuses again crept in. When some states tried to develop a national market for their lottery tickets, the Louisiana Lottery Company and others were accused of "having bribed public officials, victimized the poor, and for having failed to return adequate revenues to the states from which they operated."¹ Such scandals prompted Congress to pass laws which prohibited the use of the federal mails to promote state lotteries and which excluded lotteries from interstate commerce.

Growth in Illegal Gambling

The allure of getting a large return on a small expenditure created opportunities for illegal lotteries (as well as other forms of gambling). By the late 1800s, "policy" gambling—a type of illegal lottery and a forerunner of modern numbers gambling—was expanding rapidly in the major urban areas of the Northeast and Midwest. By 1890, a single policy organization in Chicago had more than 200 policy writers.

During the same period, off-track betting organizations were also developing, using wire services to speed results of horse races to locations around the country. Fortunes were made by those who developed monopoly control over such services. Improved communications encouraged the development of ties among gambling operations around the country. By the turn of the century, extensive links had developed among gambling figures, other vice activities, politics, sports, and entertainment. The growing power of gambling syndicates had a broad impact on other aspects of urban life, and in many urban neigh-

borhoods, the gambling syndicates functioned essentially as local political organizations.

A major development of the 1920s was the introduction of the "numbers" game. Up to that point, policy had been the dominant form of gambling.² By the end of the 1920s, numbers had replaced policy in many urban areas, including Philadelphia, Pittsburgh, and New York City.

Concurrently, the necessity of covering the risks related to non-collection or to heavy betting action contributed to development of the "layoff" or "edge-off" system. During the first third of the century, several New York figures had already begun accepting bets from other bookmakers along the East Coast and in the Midwest. Larger and wealthier bookmakers, thus, began "insuring" the losses of smaller operators. For a gambling operation with sufficient capital and volume of business, such "layoff" service is more profitable than the business provided by individual bettors; thus wealth builds further wealth.

Organized Crime Involvement and the Kefauver Committee

Following the repeal of Prohibition in 1933, organized crime expanded its involvement in gambling. Faced with the loss of revenue from illegal liquor, many bootleggers turned to gambling enterprises. Bootleggers, often Jewish or Italian, had become wealthy; and many had area-wide or nationwide contacts. Alliances developed between the former bootleggers and the gamblers based partially upon the ready money and contacts of the bootleggers, as well their willingness to use force or violence.

The relationship between illegal gambling and organized crime first attracted widespread public attention during the 1950s when television brought the hearings of the U.S. Senate Kefauver Committee into American living rooms. Indignation grew as the hearing testimony delineated the role of gambling as the largest source of income for organized crime and underscored the relation-

ship between gambling, other rackets, and official corruption.

Two Pennsylvania cities were among those featured in the investigation. In Scranton, "horse parlors" were found to be operating openly, and a multi-million dollar lottery was uncovered. Although making no specific mention of corruption, the Kefauver report did comment on the "strange reluctance on the part of the police in Scranton to arrest anybody for violations of the gambling laws."³ The Committee found Reading to be an "open town," where horse parlors, slot machines, and numbers writing were all commonplace and "numerous complaints were made in vain to enforcement officers."⁴

Gambling as a "Benign" Vice

Starting in the late 1960s and early 1970s, the tide of public opinion began to shift. States again began to see lotteries and other forms of gambling as a useful source of revenue. State after state instituted government-sponsored lotteries and began to legalize bingo, pari-mutuel horse-race betting, and off-track betting. Many states, including Pennsylvania, are now considering proposals to legalize casinos, coin-operated poker machines, and still more exotic activities like riverboat gambling.

In Pennsylvania, the General Assembly first legalized gambling in 1972, when the state lottery was created and horse tracks were approved. Bingo was legalized in 1981; and in 1988, small games of chance, such as strip tickets, were approved. A year later, legalized off-track betting was legalized.

As state-sanctioned lotteries and off-track betting grew and diversified, illegal numbers and off-track betting served as models. Similarly, numbers operations have turned to the legal lotteries as the source of their daily number and sometimes for layoff. The 1980s saw declines in illegal wagering on horse races and illegal numbers, brought about, in part, by the availability of legal alternatives, *i.e.*, the state lottery, legalized off-

track betting, and legal casino gambling in nearby Atlantic City.

Throughout this country's history, the public and criminal justice authorities alike have tended to view gambling as a marginal crime, if a crime at all. In Pennsylvania, local police often practice a policy of "benign neglect"—sometimes overlooking even open violations of the gambling statutes. Typically sentences for gambling offenses in the Commonwealth have been small and unlikely to serve as effective deterrents. Public tolerance for gambling varies over time and from place to place. A number of localities in Pennsylvania have sustained numerous gambling operations over long periods of time because of broad public acceptance. For example, the continued popularity of illegal gambling in Reading is reflected in the June 1989 statement of a Reading gambling operative to the Crime Commission:

"Reading is one of the biggest gambling towns there ever was... Actually, there's nothing wrong with gambling. The only reason it's illegal is the state doesn't get their cut."

Some gambling operations have endured over decades while others last but a few years or a few months. Successful gambling operatives display sound business instincts and are well-connected. They also need sufficient capital to cover losses and must be able to sustain a reputation for reliability. Frequently they are groomed for their roles under the tutelage of gambling patriarchs, and these connections help them to build their own organizations or to take over existing operations when an older operative "retires" or dies. Bookmakers have contacts who can provide reliable layoff and/or reliable "line" information on current odds for races or sporting events. Many gambling operatives are involved in a wide variety of illegal activities.

Gambling operatives who extend credit to customers or who accept numerous and/or large wagers must have sufficient capital to survive major "hits" by bettors or seizures by law enforcement. (See "Primer on Gambling" at the end of this chapter.)

Lack of capital to cover losses is a major reason why smaller operatives go bankrupt, take on loanshark "partners" (see section below on loansharking), or subordinate themselves to a larger organization.

To retain customers, gambling operatives must maintain a reputation for reliability. Once a bookmaker acquires a reputation for failing to pay on winning bets, customers drift away and the operation fails. The importance of a reputation for reliability in building a successful operation was underscored in testimony before the Commission by a former writer for the prosperous Masley operation in Reading:

Q. Would you consider them [the Masleys] the biggest in the Berks County area?

A. Not only the biggest, but the most trustworthy. That's an important part. As long as you can place a bet with them and know that the next day your money is going to be there. That means more to anybody. And I consider them the biggest.

Q. ...they have a good reputation?

A. They're gold.

Significance of LCN Influence

The extent of traditional organized crime influence is difficult to assess. Contrary to the view of some observers, La Cosa Nostra does not monopolize illegal gambling operations in the Commonwealth. It is the dominant force, however. For example, within the last year law enforcement has been able to demonstrate the pervasive influence of the Pittsburgh LCN in virtually all illegal gambling activities in the Greater Pittsburgh area. LCN connections may also exist for operations designated as "independent" in this report. Thus, in discussing gambling operations around the state, the Commission frequently notes historic or current ties with traditional organized crime elements.

LCN influence over gambling varies considerably from place to place, and for different types of gambling activities. In some areas, LCN influence is minimal, or perhaps nonexistent. In some other localities, however,

LCN-connected operatives exact a "street tax" on the profits of gambling operations. Indirect influence may be exerted through dominance over major layoff services, or through LCN loansharking. Since gamblers are a ready market for criminal money lenders, loansharking allows the LCN to share in the profits (but not the losses) of many gambling operations.

Demographics

Bettors

A large proportion of the population participates in legal and illegal gambling activities. More than half (54 percent) of those responding to a 1989 Gallup Poll indicated that they had bought a state lottery ticket within the last 12 months, and about one in five (19 percent) said they had played the illegal numbers game.⁶ Reported participation in other gambling activities was also substantial: 22 percent bet on professional sports events, 23 percent played cards for money, 19 percent played a slot machine, and 14 percent bet on a horse race.⁷

A majority of all men (54 percent) gamble at least once a month, compared to 41 percent of women. Those participating in different activities on a weekly basis averaged 23 percent for state lotteries, six percent for professional football, five percent for the numbers games, and four percent for card games.

The socioeconomic profile of bettors varies by type of gambling. Patrons of both state lotteries and illegal numbers games represent certain groups more heavily: "males, Hispanics, Blacks, the middle-aged, Catholics, laborers, and those with less than a college degree."⁸ Numbers games have traditionally been popular among low income populations. To retain this clientele, a few numbers operators accept bets of as little as a nickel. Numbers games in this country originated with Black immigrants from the Caribbean, and Blacks constitute a large proportion of total patrons both for illegal numbers games and for legal state lot-

teries. (see Chapter on Black Organized Crime.) Bolita is a form of numbers betting that is popular in Hispanic communities in the state. (see Chapter on Hispanic Organized Crime.)

Sports bettors, in contrast, tend to represent a more "upscale" background: middle and upper income blue-collar and white-collar workers, managers, and professionals. Although small-time bettors from low income and blue collar backgrounds do participate, they constitute a minor portion of the sports bookmaking business; and operations relying primarily on such customers generally are not part of big money bookmaking. Finally, video gambling games proliferated during the early 1980s in Pennsylvania, and attracted young, blue-collar patrons of taverns and private clubs.

Gambling Operatives

A common characteristic of gambling operatives, such as bookmakers, is that they are also bettors. In fact, their first involvement with illegal gambling is typically through betting, then they join an operation as a writer or runner, and finally develop their own organization. According to gambling expert Peter Reuter, "the transition from bettor to runner is an easy one. It may be motivated by difficulty in obtaining money to pay off a series of losing bets. The bookmaker recruits new customers through writers/runners. An established customer is always acceptable as a runner bringing in new customers."⁹ (See "Primer on Bookmaking" for description of terms.)

Most bookmakers are middle-aged or older—considerably older than ordinary "street" criminals. Bookmaking is a fairly stable career, and the larger gambling operations have considerable longevity. When a dominant bookmaker in an area dies or "retires," the operation may be "inherited" by a key lieutenant, or it may be divided up among the chief writers or sub-banks.

The gambling industry in Pennsylvania is dominated by white males.

Italian operations tend to be larger and more numerous, but a variety of other white ethnic groups are also represented. Whether Italian or not, many of the leading operatives have direct or indirect links to traditional organized crime. A few Black and Hispanic numbers operations exist in several areas of the state. Black numbers bankers operate in Black neighborhoods of the Greater Philadelphia area, and a number of Black sub-banks can be found in Pittsburgh, particularly in the Hill District. The largest Black numbers banker in the state is James Nichols, who has been established in West Philadelphia since the 1950s. The Black numbers bankers in Philadelphia are generally independent, although they frequently lay off to white-run operations with links to traditional organized crime. Outside the Philadelphia area, Black involvement is limited to acting as sub-bankers in white-run operations, even though Blacks represent a major segment of the numbers betting population. (See the Chapter on Black Organized Crime for a more detailed discussion.)

Two significant trends have emerged during the 1980s relative to Black gambling activities: First, numbers betting has been declining in Black neighborhoods, and second, white-run operations today control a larger portion of numbers wagering in Black neighborhoods (*e.g.*, in Philadelphia) than when the decade began.

Several Puerto Rican-run numbers ("bolita") operations have flourished for the past decade or so in the Southeastern part of state, including the Acevedo operation in Allentown, the Delgado and Sanchez operations in Philadelphia, and the Rivera operation in Reading. These operations serve primarily Hispanic bettors. The Puerto Rican gambling operations typically lay off to each other, although large layoffs may be forwarded to white-run operations that provide layoff service. (See the Chapter on Hispanic Organized Crime for more details.)

Relatively few women head gambling operations, although they are often involved in ancillary roles of

gambling organizations, serving as clerks, writers, or office managers. Among women who do become involved in gambling, most owe their association with the trade to the gambling career of a husband, father, or other important man in their lives.

Two women have been identified by the Commission as large-scale bookmakers in the state.

- **Victoria Castano**, a Colombian, who took over the numbers operation headed by her Puerto Rican husband Roberto Delgado, prior to his death in 1989. Operating out of Delgado Enterprises in Philadelphia, the Delgados built a large numbers and cocaine operation.

- **Laura Sugalski** took over her father's numbers and sports bookmaking operation in the Conshohocken-Norristown area. Her father Charles Roop, Sr. died of cancer in 1987, and her brother Charles Roop, Jr. was killed in an industrial accident in the same year.

Some gambling operatives are "specialists" who handle only one form of gambling, such as numbers. Others are "generalists" who handle both numbers betting and sports wagering, and perhaps other forms of gambling such as craps and poker games. While some bookmakers are involved solely in illegal gambling, other bookmakers are "all-around-racketeers" involved in a wide variety of illicit activities. Frequently, gambling "generalists" are also involved in loansharking and other kinds of criminal or quasi-legitimate activities. They also tend to be associated with traditional organized crime, gambling being only one asset in a diversified criminal portfolio. Samuel Damiano is profiled as an example of a gambling figure with an extensive racketeering portfolio.

Samuel Damiano—Reading Gambling Figure and Racketeer

Following in the footsteps of his father, Santos "Santo" Damiano (deceased in 1987), Samuel "Sammy" Damiano, 58, 823 Penndale Avenue, has been a significant organized crime figure in Reading dating back to the 1960s. Santo Damiano was a close associate of Angelo Bruno, the former boss of the Philadelphia LCN; the younger Damiano is an associate of Joseph Scalleat, a Bruno/Scarfo LCN member from Hazleton, and of Scalleat's nephew, Peter Belletieri of Allentown. In many respects, Damiano typifies a gambling figure who is an all-around racketeer, as the following reveals.

Damiano's gambling activities have included: a partnership in a numbers business with Frank DeFazio, Sr., 69, 1160 Buttonwood Street, Reading; the sponsorship of high-stakes card and dice games run by others at 529 Cherry Street, Reading, and other locations; and the distribution and sale of illegal electronic gambling devices, such as Shawnee poker machines, to local bar and club owners. Sam's son, Troy Damiano, 21, has been involved in the distribution of football pools in Reading.

Damiano's criminal portfolio also includes prostitution, loansharking, fencing stolen property, extortion, drug trafficking, and bribery of public officials. His political influence was most extensive, perhaps in the early 1970s, when Damiano and some criminal justice officials were involved in kickback schemes.

Damiano has had involvements with several local bailbondsmen including John A. Bonanno and Bonanno's deceased father, Samuel Bonanno; Sam's cousin, Vincent M. Smith, also known as Vince Comito, a convicted burglar and perjurer; and Sam's nephew, Alfredo Marchio, who has been convicted of writing fraudulent bail. Damiano received kickbacks or other forms of compensation from the bailbondsmen.

In recent years, Marchio was held on retainer by several of the major Dominican drug traffickers in Reading. When a drug dealer for one of the Dominicans was arrested, bail was

arranged through Marchio. Damiano and Marchio also operated a travel agency, limousine service, money transfer service, and a notary business from the same office as the bailbond business. Providing these services at one location was a convenience, especially for the Dominican drug traffickers. They had the opportunity to book flights for their employees, wire money, and obtain notarization for passports and other documents from one location.

Damiano has also been a major loanshark in the area, providing loanshark loans with interest rates of ten percent of the outstanding principal per week. (These activities are discussed in the loansharking section.) Damiano's customers are generally involved in illegal activities, such as gambling and narcotics trafficking.

Damiano has also financed drug operations, including a methamphetamine manufacturing and distribution ring that operated in Pennsylvania, Delaware, and New Jersey. The methamphetamine was produced in Berks and Bucks Counties, then distributed in Philadelphia and Southern New Jersey. Several of the principals in this ring, Edward Henderson, 59, Vito Gentile, 26, and John Cassiliano, 57, also known as Rocco Conti, sometimes met with Damiano at his place of business, Berks Vending. Cassiliano ran a card game for Damiano in Reading during the early 1980s. In January 1990, eight individuals, including Henderson, Cassiliano, and Gentile, were indicted on charges of conspiracy, aiding and abetting, and manufacturing methamphetamine. Henderson and Cassiliano pled guilty and received prison sentences of ten years and four years four months, respectively. Gentile was acquitted of the charges.

Damiano himself has an extensive arrest record, starting with a firearms violation in 1956, when he was 23. In 1959, he was arrested for counterfeiting after passing six counterfeit \$100 bills at a poker game in Lancaster. He was convicted of the charges in 1960 and was sentenced to three years in prison. In 1967, he

was arrested for establishing a gambling place after the state police raided a farm owned by his mother, Mary Damiano. Seven others were also arrested as a result of the raid. Damiano was sentenced to probation, fines, and costs. Four years later, he was arrested for gambling violations, after the state police raided a craps game. Eleven others also were arrested on gambling-related charges. Damiano was sentenced to probation, fines, and costs. In August 1976, at 43, Damiano was arrested for aggravated assault and recklessly endangering after he allegedly punched an individual in the face, pointed a revolver, and threatened to blow the individual's head off. He was found not guilty.

Damiano's most recent arrest was by the FBI in October 1990 on charges of cocaine distribution, money laundering, and firearms violations. Also arrested were Damiano's son, Troy; his nephew, Dominic Lavigna, 23; and Myron "Reds" Taylor, a Black drug trafficker who was involved in prostitution activity with Damiano in the 1970s. Evidence for the case was gathered through an undercover investigation in which two Reading police officers posed as corrupt officers involved in cocaine trafficking. Damiano is awaiting trial on these charges.

Damiano's "legitimate" businesses include Berks Electric Appliance Repairs, 115 South 5th Street, and Berks Vending, 115-117 South 5th Street, Reading. His wife, Victoria Damiano, owns Troy's Steak Out at 529 Cherry Street, Reading. At least ten properties in Reading are listed as being owned by Sam Damiano or his wife. Four of the properties are listed under Stage Realty, Co., a corporation which lists Victoria Damiano as president and Santo Damiano (Sam's deceased father) as secretary. Damiano has dealt in stolen property and stored it at his farm. Some of the stolen merchandise was sold from Berks Vending and Berks Electric Appliance Repairs.

Successful Prosecutions

The 1980s witnessed an unprecedented number of significant prosecutions of major gambling figures in the Commonwealth. These prosecutions were initiated primarily by state or federal (rather than local) law enforcement. In some cases, the prosecutions were RICO-based and resulted in longer-than-usual sentences for the defendants. The three most significant prosecutions involved Tony Grosso of Pittsburgh, Anthony Leta of Williamsport, and the Mastronardos of Philadelphia.

Tony Grosso: Numbers Kingpin

Pennsylvania's undisputed illegal lottery kingpin, Anthony "Tony" Grosso, 76, dominated Pittsburgh's numbers-betting community for more than 40 years and built a large illicit gambling organization which grossed more than \$30 million annually. In October 1986, he pled guilty to 68 counts of a federal grand jury presentment. The charges alleged that Grosso, of Mt. Lebanon, operated a numbers organization with several thousand writers scattered throughout the Western Pennsylvania region.

Grosso was sentenced by a federal judge in January 1987 to 14 years in prison and later to 10 to 20 years in prison by an Allegheny County Court judge. During one hearing, Grosso testified that he had not filed a tax return since 1973. Grosso agreed to testify against a State Police corporal who had been charged by a state grand jury with receiving more than \$100,000 over several years in bribes and other illegal gratuities from Grosso. The corporal, who committed suicide shortly before he was scheduled to stand trial, was in charge of a State Police vice detail operating in Southwestern Pennsylvania.

Grosso has been arrested over 20 times between 1938 and the present. Relatively few of those arrests have resulted in incarceration. Prior to the

1980s, he served short jail terms for gambling-related convictions in 1943, 1950, 1964, and in the mid-1970s.

Grosso, who never used a bank account, testified that he did not know how many individuals were in his gambling operation because he had established it in a pyramid fashion with himself at the top. He said he did not know the identity of "runners and writers" near the bottom of the pyramid, nor did they necessarily know his identity. He said that his operation had many telephone girls who each made about \$500 per week and that each phone girl would have 10 to 20 writers "working the street."

Grosso paid his writers on a percentage basis. Should a writer offer 500-to-one odds to a customer, the writer would get 40 percent. A 600-to-one odds bet would provide the writer with 30 percent. On the average, a writer who turned in about \$1,000 per week in business would earn about \$300 per week, tax free. Grosso said his organization would gross at least \$400,000 weekly. His annual income, estimated by the IRS, was \$1.5 million to \$2.1 million.

Grosso apparently operated without paying "direct" tribute to the Pittsburgh LCN, primarily because of his political contacts. Because of his favorable affiliation with local political and police officials, however, Grosso was expected to do "favors" for the LaRocca/Genovese Family—such as providing information on an ongoing investigation or an upcoming raid.

Grosso's incarceration, in turn, has contributed to the Family's dominance of illegal gambling in the Greater Pittsburgh area. Today, the bulk of Grosso's numbers business has been taken over by Robert "Bobby I" Iannelli; and two brothers, Adolph "Junior" Williams and Salvatore "Sal" Williams, all of Pittsburgh. Iannelli and the Williams brothers are associates of the LaRocca/Genovese LCN Family.

Anthony Leta: Multi-County Network

The largest sports bookmaking network in the state's history was uncovered in Central Pennsylvania in

the early 1980s. It included major gambling figures from Williamsport, Scranton, Harrisburg, Philadelphia, Pottsville, and Pittsburgh, and Las Vegas, NV. The investigation of this network, which grossed an estimated \$400 million annually, was conducted by agents of the Pennsylvania Attorney General's Office, assisted by the FBI, the Pennsylvania Crime Commission, and the State Police. The case marked the first time court-authorized wiretaps were used by Pennsylvania law enforcement. Those wiretaps helped to identify additional suspects in New York, New Jersey, and Maryland. Eventually 51 suspects were charged by a multi-county grand jury.

The principal ringleader of the gambling network was Anthony "Tony" Leta, 63, of Montoursville, an associate of the Bufalino LCN Family. Considered at one time to be the largest layoff banker in the state, Leta has a history of gambling arrests dating as far back as 1959. His gambling operation, centered in the Williamsport area, has handled sports, horses, and numbers betting.

Leta, according to wiretaps placed on his phones during a 20-day period, made thousands of gambling-related calls during the same period. At least 106 of those calls were to or from Frank Joseph "Frank Masters" Masterana of Las Vegas, an associate of the late Anthony "Tony the Ant" Spilotro, who at the time controlled much of the Chicago LCN's activities in Nevada and California. Spilotro and Masterana controlled what became known as the "outlaw line," inside information designed to help specific bookmakers or gamblers. Masterana provided Leta with point spread information, which Leta then passed along to as many as 30 other bookmakers in Pennsylvania and elsewhere.

Also charged in the Leta case were a number of well-known gambling figures in the state, all with extensive arrest records for gambling violations. They included: Frank "Bonesy" Pricci, Joseph O. and Elio "Al" Baldassari, all from Scranton; Robert Rinaldi of La Plume; Philip Ebright of Dauphin; Harold "Skip" Margolis of Pittsburgh; and Matthew Whitaker of Pottsville.

Eventually, 50 of the defendants in the case pled guilty or were convicted at trial, and one defendant died.

Leta, after exhausting appeals, is currently serving a one and a half to three year sentence for his 1983 conviction. Sports bookmaking action in the Williamsport area has been picked up by several other individuals, including Leta's brother Vincent Leta, 58; a nephew Anthony Leta, 45; brothers, Francesco "Frank" Morrone, 43, and Michael Morrone, 46; and Anthony Zitello, 69, the owner of Tony's Glass Shop, where Leta often was employed.

Mastronardo Gambling Organization

The sports betting operation of the Mastronardo family was the target of a RICO-based prosecution in 1987. One of the largest of its kind in the Philadelphia area, grossing an estimated \$50 million annually, the operation was conducted by three family members and employees. The organization was headed by Joseph V. "Joe Vito" Mastronardo, Jr., 41, of Huntingdon Valley. John V. Mastronardo, Joseph's brother, handled the Philadelphia office. Their father, Joseph Mastronardo, Sr., oversaw the office in Boca Raton, FL. Herbert Cantley, a former account executive at Shearson Lehman Brothers, played a significant financial role by converting profits of the operation into bonds and securities. Thus, illegal money was converted into legal assets and income taxes were avoided.

The Mastronardo bookmaking operation was a credit business. Bets were taken over the telephone on a toll free number, and all calls were recorded by the organization. Computerized statements or billings were prepared for clients (bettors) every few days. Strong-arm tactics or violence were not used to collect debts. If a client reneged on a bet, Mastronardo would no longer do business with the bettor.

LCN member Nicholas "Nicky Crow" Caramandi bilked Mastronardo out of thousands of dollars. Caramandi refused to pay his gambling debts because Mastronardo was not one of

the "mob's protected bookies." The Mastronardo operation apparently did not pay "street tax" to the Philadelphia Family. (There are different viewpoints of law enforcement on this aspect.)

Cantley was primarily responsible for "laundering" or washing illegal profits for Mastronardo. Initially, the profits were converted to treasury or cashier checks and money orders in amounts under \$10,000 to circumvent the requirement of filing an IRS Currency Transaction Report. Cantley then used the checks and money orders to purchase bonds and securities through nominee accounts established at Shearson Lehman Brothers brokerage firm, his former employer. Cantley laundered more than \$1 million in illegal gambling money in this fashion.

In February 1987, the three Mastronardos, Cantley, and employees John Hector and Mario Scinicariello were convicted in federal court on RICO-based charges. Joseph Mastronardo, Jr., was subsequently sentenced to two years in jail and fined \$250,000. Joseph Mastronardo, Sr., received a three-month jail term and a fine of \$25,000.

Shearson Lehman Brothers was acquitted of all charges, as was Sheldon Shore, who was charged with allowing a brokerage account to be opened in his name, and allowing Mastronardo to trade in the account.

The Mastronardos continued to take bets from customers even during the federal trial. Since then, in 1988, Philadelphia Police executed search and seizure warrants at 12 locations, partly on the basis of information obtained from police agencies in New York City, Staten Island, and Los Angeles. In those raids, conducted against some individuals associated with the Mastronardo bookmaking operation, tally sheets worth \$1.39 million and sports bets worth \$3.39 million were confiscated.

In April 1989, Philadelphia Police conducted another series of raids at nine locations. They also conducted electronic surveillance on several suspects. Evidence gathered from these police efforts showed ties to the Mastronardo bookmaking opera-

tion. Confiscated during these raids were more than 10,000 illegal sports bets valued at \$3.1 million; tally sheets estimated at \$4.9 million; \$10,651 in cash; and four fax machines.

Gambling and Other Crimes

The syndicates or groups that dominate organized gambling usually commit a range of other crimes. Criminal behaviors tend to occur in combination and to be mutually supportive. Involvement in gambling activities opens a range of opportunities for other criminal behaviors. The end result of the entrenchment of gambling organizations is an intricate web of conspiratorial and individual crimes. This section touches on several crimes related to gambling, with a special focus on loansharking.

Activities such as false documentation, money-laundering, violence, and corruption of public officials may be carried out to foster and protect the gambling enterprise. Other crimes are strictly entrepreneurial in nature and take advantage of organizational resources and contacts to branch out into other areas of criminal activity such as loansharking, extortion, and the fencing of stolen goods. In recent years, many gambling operatives in Pennsylvania have branched off into drug trafficking.

Corruption of Public Officials

Although corruption of public officials by gambling operatives is not endemic in the Commonwealth, instances do exist. Gambling operatives who seek to corrupt officials are generally trying to protect themselves from arrests or planned raids, or they are attempting to gain an edge over the competition.

A 1984 federal investigation of corruption involving video poker ultimately led to the indictment of 23 Philadelphia Police officers for accepting "payoffs" from video poker vendors. Under the RICO Act, they

were charged with "[using] the Philadelphia Police Department as an enterprise... [taking] money not to enforce the law." Over a three and one-half year period, it is estimated that 16 of the officers received \$350,000 in payoffs. Among those convicted of corruption were the late James Martin, deputy commissioner of the Philadelphia Police Department; former Chief Inspector Joseph DePeri; and former Captain Denis Linso, as well as a number of other officers.

The Commission's investigation of organized crime in the Lehigh Valley took testimony concerning payoffs to several officials of the Liquor Control Board's Enforcement Section (prior to its transfer to the Pennsylvania State Police). Video poker vendors gave them gifts and payoffs to warn them of impending raids or to provide "tips" concerning complaints. According to testimony, the former Assistant Supervisor of the Enforcement Section in the Allentown Office, Nelson Wise, "had access to all complaints. If you were fortunate enough to be on his preferred list... you would be notified prior to any investigation." Wise recruited the assistance of Israel Roman, another PLCB agent, who also received gifts—including cash—in exchange for providing information on impending raids to Michael Insalaco of the Trade Union Club and Harry Kimmel of K & K Amusements in Reading. Joseph Capparell, a PLCB agent, not only tipped off owners—he even had his own video poker machines, obtained through Albert Scalleat, Jr.

Some examples of payoffs to police come from the testimony of Tony Grosso. Grosso was frequently able to minimize his own legal liabilities by informing on police officers. In the early 1970s, Grosso said he and other bookmakers in Pittsburgh paid an estimated \$300,000 to Samuel G. Ferraro, Allegheny County's chief of detectives, and to six other detectives. Ferraro, who was convicted and sent to prison in the mid-1970s for taking payoffs from gamblers, testified that some of Grosso's payoffs went to the late District Attorney Robert Duggan who

was found dead of a gunshot wound the same day he was indicted by a federal grand jury on tax evasion charges.

Grosso testified that bookmakers received confidential information about gambling investigations from three Pittsburgh police officers. In 1986, Grosso testified that he paid a state policeman more than \$125,000 in cash and gifts and permitted him the use of a hotel room the racketeer had rented. He said his "arrangement" with the corporal was that for every three cases he gave the officer as a "confidential informant," the officer would do a favor for Grosso, such as arrest competitors or give him information about police investigations directed at members of the Grosso organization. The payments, Grosso said, were for "protection from raids."

Some of Grosso's payoffs to police officers were financed with funds extorted from members of his own organization. Should one of his sub-banks refuse to pay the "protection" fee Grosso demanded, he would contact a police officer and have the gambler arrested. Grosso also eliminated his competition in the same manner.

In addition to the few cases noted here, other examples are cited elsewhere in this and other chapters. For example, in the chapter on Black organized crime, a treatment of Operation Freddy describes how an undercover officer (Officer "Fred") was able to uncover instances of police corruption involving major numbers operators in Black neighborhoods of Philadelphia.

Gambling and Drugs

Gambling and the drug trade in Pennsylvania have intersected in several ways during the 1980s:

- In any given locality, the major operatives in gambling and in drugs frequently know each other and associate with one another.
- A sizeable number of major gambling operatives have used gambling profits to finance drug deals.
- Some gambling operatives have

abandoned gambling in favor of drug trafficking; others have added drugs to their criminal portfolio.

- Gambling or drug operatives have induced bettors with large gambling debts to become drug dealers.

Abundant examples of the gambling/drugs nexus are presented both in this chapter and throughout the report. However, the activity that is most intimately tied to gambling continues to be loansharking.

Loansharking

"The safest and best business is loansharking. Borrowers don't complain, usually pay their loans back, and are always coming back for more." (Member of Bruno/Scarfo LCN.)

"A lot of people are afraid of shylocking. I always thought it was a better business than sports or numbers." (Associate of LaRocca/Genovese LCN.)

Loansharking is intimately associated with many aspects of organized crime, but most especially with gambling—legal as well as illegal. The close association between gambling and the lending of money at usurious rates is manifest in various ways:

- Gamblers borrow from loansharks to pay gambling debts.
- Many bookmakers are also loansharks.
- Many gambling operatives themselves borrow from loansharks.
- Loansharks often become "partners" of bookmakers who have difficulty in repaying loans.

Loansharking thrives on those with urgent financial needs who cannot obtain money from relatives, banks, or other legitimate sources. Both hope and despair can drive people to agree to the unreasonable interest rates of the shylock lender. The gambler hopes that the next game will bring a reversal of fortune. A struggling entrepreneur may need a short-term loan to cover a payroll that is due before payment is received on the current contract. A bookmaker may be unable to cover a major "hit." A speculator may want quick capital for a venture considered too risky by

conventional institutions. An increasingly common customer in recent years has been the narcotics trafficker seeking quick loans with no questions asked.

In contrast to most states, Pennsylvania does not outlaw the lending of money at usurious rates. The state's criminal statutes do not make usury an offense provided coercion is not used to collect the money. Pennsylvania, therefore, offers a hospitable environment for loansharking activities.

La Cosa Nostra, through its members and associates, is the dominant loanshark in the Commonwealth: LCN has an abundance of ready cash, the organization and the manpower to make collections, a reputation more fearsome than the law, and the muscle to back it up. Loansharking is attractive to LCN Families because it is a reliable money-maker that requires little time and relatively little intelligence or ability on the part of lower-level operatives.

In the "juice market," loanshark charges tend to vary inversely with the size of the loan (higher rates for small loans). The so-called "6-for-5," whereby \$6 is repaid within one week for every \$5 borrowed, used to be more common, but is now found only for very small loans. The one dollar profit amounts to 20 percent, but this is not the 20 percent per annum that many credit cards charge. If a 20 percent profit for one week were converted to an annual rate, it would amount to 1,040 percent (20 times 52). Generally, the smaller the loan, the higher the interest rates.

In a "knockdown loan," a repayment schedule requires fixed weekly payments, including both principal and interest, over a period of time. For example, a \$5,000 loan might be repaid in 14 weekly installments of \$500. The 40 percent interest over 14 weeks would average out to 2.9 percent per week, or nearly 150 percent per year. Another pattern of repayment requires weekly interest payments, with the principal repaid in a lump-sum "balloon" payment at the end of the term.

If a borrower cannot make the

payment on the date due, he faces "penalties"—such as paying compounded interest or making "vig" payments—that cause the debt on an original loan to keep increasing. Before the debt is finally settled, the total amount paid may add up to many times the original loan.

An even more notorious strategy is for the loanshark, or his collectors, to prod the delinquent borrower with threats or actual violence. According to one LCN associate, "I always had collateral... You owed me money, I could come and get you... I had a writ of habeas corpus... your body." The same associate noted that LCN connections and reputation can be a major asset in collections: "I always made sure that they [the Family] helped me with a big loan... If I didn't want to go collect the money from the guy, I could have the Family go collect."

An example of intimidation in the Scranton area occurred when Elmo Baldassari, Sr., a major racketeer, tried to collect on a usurious loan owed by a legitimate businessman. Patrick Nappi, owner of Eastern Design Associates in Dickson City, originally borrowed \$30,000 from Baldassari but found that he could not continue paying the "vig" of 20 percent per month. Baldassari demanded payment in full and made it clear that he would use violence if necessary. Although Nappi has been characterized as having a father-son relationship with Baldassari, fear for his safety convinced him to cooperate with the Crime Commission and the FBI.

On July 3, 1990, Elmo Baldassari—accompanied by his sons Elmo, Jr. and William and by Alan Andrzejewski—entered Nappi's office wielding a pick-ax handle. In the taped conversation that followed, Baldassari demanded payment, stating to Nappi: "I'm going to kill you."

Nappi then attempted to calm Baldassari by saying that someone was on the way, bringing a check to the office. Baldassari then shouted: "Ten f--- minutes you got. I'm going to kill you today. If that check ain't here, you're going to be dead. I want

that f--- check. You're not getting away today. I made up my mind to put you in the hospital or the cemetery. I don't believe you if you swore on your own kid."

Federal agents immediately arrested Elmo Baldassari. In January 1991, he pled guilty to one count of extortion, a charge for which he faces up to 20 years in prison. Prior to pleading guilty, Baldassari had been incarcerated without bail because he was a threat to the witness. Baldassari is scheduled to be sentenced in Williamsport in April 1991. Baldassari Jr., pled guilty to failing to report a crime that he had witnessed and faces up to three years in prison. William Baldassari and Andrzejewski were placed on supervised release.

Actually, intimidation is more common than violence. The loanshark is interested primarily in a steady income. Although the loanshark readily draws on the reputation for violence to insure the flow of payments, actual violence is "bad for business." Serious violence attracts law enforcement attention, and the customer will be unable to continue payments at all if dead or gravely disabled. On the other hand, high interest and compounding penalties help to increase the borrower's dependency on the loanshark, and he is frequently willing to let the borrower owe money for an indefinite period. A number of strategies mitigate the need for violence.

In some respects, loanshark methods resemble those of legitimate financial institutions. For example, it is customary to conduct "credit investigations" of a sort. According to one loanshark interviewed by the Commission, "You must know your borrower, or he must be vouched for by someone you know will make good on the loan." An LCN associate commented, "I had preferred customers and non-preferred customers... All banking facilities follow that procedure; they raise the interest if it's a risky loan."

To maintain a steady flow of customers, some loansharks pay a "finder's fee" to those who recruit new customers. In the Reading area, for example, Ronald Rinck, 51, served

as a "loan broker" for individuals having difficulty obtaining loans through legitimate financial institutions. He also functioned as the loan collector. As his referral fee, Rinck received five percent of the loan the customers received from Vincent Cascardo, a local loanshark who generally charged five percent interest per week. For his role as loan collector, Rinck received a percentage of the interest. Rinck testified before the Crime Commission:

"Well, my name is well known around town, and I have been in the money brokerage business and placing legitimate SBA loans and business loans. A couple of people I knew real well needed some money... and that is when Vince [Cascardo] offered to loan them money at ridiculous rates."

However, if a borrower defaults, the loanshark may require the sponsor to make good on the loan—another strategy that avoids the necessity of violence.

Many loansharks also require collateral—of a more conventional sort than the borrower's body, alluded to above. For example, Willie Price, a Black racketeer in the Chester area, requires borrowers to turn over automobile titles or deeds to homes as security against their loans. Alternatively, expensive jewels or other valuable possessions may be left in the loanshark's possession to increase the borrower's incentive to maintain the repayment schedule.

An even more significant form of collateral would be shares in a legitimate or illegitimate business; some businessmen, gambling operatives, or other racketeers find themselves with a new "partner" when they are unable to maintain payments. In this way loansharks can diversify both their criminal and their legitimate business interests.

Loansharks with additional criminal involvements can use other techniques to gain financial advantage from their clients' difficulty in meeting repayments. A loanshark involved in narcotics trafficking may suggest that the client become a drug dealer. A bookmaker may "forgive" part of a gambler's debt if the borrower be-

comes a writer. A loanshark who also is involved in the video poker industry may suggest placement of video poker machines in a client's business establishment and then accept 100 percent of the video poker receipts in lieu of loan payments.

George Sam, a racketeer in the Lehigh Valley area, uses a variety of techniques to expand his financial and criminal enterprises. One example involves Greg Newhard, former owner of the Haviland Inn, 2027 Tilghman Street, Allentown, who was heavily mortgaged with both the previous owner and with the Acceptance Associates of America, Inc., Finance Company (the latter at 23 percent interest). The Newhard case also illustrates the interplay between gambling and loansharking. A compulsive gambler, Newhard ran up major debts with Sam, and meeting both his gambling debts and his mortgage payments became increasingly difficult. He tried to increase his income by running a sports book at the Inn. As Newhard's financial problems increased, Sam installed video poker machines at the Inn and applied revenues from the machines toward Newhard's debt payments.

Sam was becoming a "hidden partner" in the Haviland Inn. Dorothy Newhard, Greg's wife, testified, "George knew more about what was going on at the Haviland than I did." Newhard's problems in meeting his payments continued, and Sam helped him obtain refinancing at a local bank despite the facts that business at the Inn was declining and that the finance company was threatening foreclosure. Eventually the bank too was on the verge of foreclosing the loan. Had the Newhards not filed for bankruptcy at the last minute, Sam very likely would have acquired the Inn for very little money when the bank put it up for auction.

Camouflage for Loansharks

Cooperation between bank officials and loansharks (or other racketeers) is not that unusual, and banks may wittingly or unwittingly serve as a source of loanshark capital and there-

by "camouflage" the illegal basis of the transaction. With the aid of a corrupt bank officer, a loanshark gets borrowers to sign a bank note for more than they originally needed. From that, the loanshark takes his "vig," leaving the borrower to pay off the bank.

Reading racketeer Samuel Damiano obtained capital for loanshark loans by taking out loans from a local bank. Damiano has obtained approval for loans from such bank officials as Fred Davis, former president of National Central Bank (now Hamilton Bank); Gary DiMariano, 49, vice-president of consumer banking group, Hamilton Bank; and Ronald Sease, 41, a former loan officer for Hamilton Bank. Damiano has also received kickbacks for arranging loans through the bank for individuals with questionable backgrounds. In return, Damiano has provided gifts and money to loan officers.

Check cashing businesses may function both as a base for a loanshark operation and as a promoter of loanshark arrangements, particularly with low income customers. When a customer seeks to borrow money, the check cashing agency cashes a customer check for an amount less than the check is written for. The agency thus takes its "vig" off the top; no record exists of the transaction, and the income generated is untaxed.

In this manner Anthony "Porky" DiSalvo, a close associate of the Bruno/Scarfo LCN Family, provides convenient loansharking services to low income borrowers in Philadelphia at Joe Braun's, a check-cashing business located at 4001 Torresdale Avenue. He makes loans at this location and then collects by subtracting payments from checks cashed by borrowers. His rates average two to three percent per week (104 to 156 percent per year).

The New Jersey State Commission of Investigation examined such schemes, and concluded: "Check cashing industries' huge cash flow... is being tapped at will by mobsters and other unscrupulous individuals... whose objectives include

such notorious activities as money laundering, income tax evasion, embezzlement, loansharking, "bust outs" and other frauds."¹⁰

In sum, loansharking is intimately associated with many other forms of organized crime, especially gambling. Numerous examples of loansharking can be found in the descriptions of particular racketeers and organizations provided elsewhere in this chapter and throughout this report.

Video Poker Business in Pennsylvania

Video poker opened a new gambling market in Pennsylvania and elsewhere during the 1980s. These electronic facsimiles of casino-style poker games and slot machines proliferated in bars and other convenient neighborhood locations in communities around the state, and they have developed into an illegal industry that generates millions of dollars in untaxed revenue.

The Commission targeted a major investigative effort on video poker, which emerged as a major money-maker for organized crime in the 1980s. The Commission's investigation is particularly timely as the proposal to legalize video poker is a major issue facing the citizenry and the legislative bodies of the Commonwealth.

Gambling by machine goes back at least to the introduction of modern slot machines ("one-armed bandits") in the 1890s. By 1931, Frank Costello, one of the major slot machine kings, had as many as 5,000 machines installed in New York City. More advanced slot machines simulate poker hands or other games of chance. Some proprietors permit fans of the ever popular "pinball" machine to exchange "free games" for cash. Advances in computer imaging brought a quantum leap in the technology of gambling machines, and early prototypes of video poker

machines date back to the early 1960s.

Video poker screens display computer-generated images and permit players to "place bets" and accumulate credits in the form of points. "Knock-off switches" and bookkeeping devices enable the proprietor to determine how many points a player accumulates. Once a minimum of 40 points has been accumulated, a player commonly receives 25 cents for each point. The "knock-off device" also prevents anyone from playing or cashing in on another player's credits and can clear the machine of credits in the event of a police raid.

By 1984, the rapid proliferation of poker machines, and their association with organized crime, attracted the attention of the U.S. Senate's Permanent Subcommittee on Investigations. According to Senator Sam Nunn:

"Given today's mushrooming video game industry, it is hardly surprising

The Weber Decision (July 20, 1989)

The Weber Decision of July 1989 has become an important tool in law enforcement efforts to control the proliferation of video poker machines.¹³ By declaring that video poker machines were illegal gambling devices *per se*, the decision meant that federal authorities in the Western District of Pennsylvania no longer have to prove that players have received pay-outs for winning games. The application of this decision is currently under appeal.

Through surveillance conducted from July 22 to July 24, 1985, the Pennsylvania State Police determined that 294 illegal machines were located at 149 establishments—mainly licensed liquor establishments—in the Erie area. On September 19, 1985, the State Police, along with the FBI and U.S. Marshals, confiscated the

294 machines. The machines consisted primarily of the brand names Quick Draw, Draw Poker, Hi-Lo, and Joker Poker.

Owners of the seized machines challenged the constitutionality of the seizure. On July 20, 1989, U.S. District Judge Gerald Weber ruled that 256 of the 294 machines confiscated on September 19, 1985, were illegal gambling devices *per se*, and that seizures may be made without observing pay-outs or determining that machines have knock-off switches.

In contrast to Judge Weber's decision the Pennsylvania Supreme Court has decided that video poker machines are not by themselves gambling devices. The Supreme Court determined under Pennsylvania's definition of gambling devices that these machines would

have to be shown to have been specially adapted for use as gambling devices with the addition of a "knock off" switch or other such device or law enforcement would have to show that payoffs had been made on specific machines.

that the game of poker has also now found its way into video arcades. What is unfortunate is the fact that its presence has already, at this relatively early stage, been linked to tax avoidance, the corruption of public officials, extortion, and the violence which so often accompanies it."¹¹ (October 1, 1984)

Law enforcement officials testifying at the hearings concurred with Nunn's assessment. Likening video poker to slot machines, Agent William L. Holmes of the FBI described 'the tremendous profit potential, "... you [could] lose probably around \$600 [an hour] if you fed the machine quickly enough..."¹²

Scarfo LCN member and mob-informant George Fresolone recently testified before the New Jersey State Commission of Investigation that a single video poker machine would generate, on average, \$16,000 per week in gross revenues. In a number of regional investigations conducted by the Crime Commission, profits per video poker machine ranged from \$300 to \$1,000 per week.

Video poker machines can be found in virtually every community in the Commonwealth. Two major Pennsylvania distributors are Merit Industries of Bensalem, and RMV of Imperial. Out-of-state distributors serving the Pennsylvania market include Bally Corporation of Chicago; SMS Amusements of Lakewood, NJ; and Grayhound Electronics of Toms River, NJ.

Many otherwise "legitimate" vending machine distributors have had to enter the video poker business in order to compete with racketeers. One witness testified before the Commission, "If you don't have the poker machines, you don't have the customers. It's as simple as that." However, the "honest" businessman continues to deal primarily in traditional vending machines (soda, candy, cigarettes, jukeboxes), and the video poker industry has remained largely separate and distinct from the vending industry. Many tavern owners have found that video poker machines help to

attract or retain customers in the face of flagging business. Video poker can also provide additional income and/or make up for income lost due to dropping liquor consumption.

Video poker operations that have connections to traditional organized crime or to other racketeers use a number of techniques to gain unfair business advantage over competitors. Common practices identified by the Commission include aggressive loans to attract customers and direct intimidation. Loans to customers have been common in the vending business for decades. Sites where vending machines are located are referred to as "locations," "stops," or "customers." They are considered assets of the vending company; and if the vending company is sold, the prospective purchaser expects to receive these locations as part of his purchase. To ensure longevity of these locations and to maintain the goodwill of customers, it is not uncommon for vendors to extend loans to customers who need money.

The Commission has found the extension of credit in order to obtain "locations" or "customers" is often the norm in the video poker industry. One witness testified before the Commission: "It's called an advanced commission. If a person wants to borrow 'x' amount of dollars, we advance them and then hold the money from his end of the share to pay his loan off." (That is, the borrower's share of the video poker proceeds go toward the loan payment.) Such illegitimate sources of capital give racketeers a clear "edge" over otherwise "legitimate" businessmen, since they can offer much larger loans with which legitimate vendors are unable to compete.

As in other illegitimate markets, video poker racketeers have made effective use of threats and violence to gain advantage over the competition. As one witness put it, "It is a very cut-throat business." The use of intimidation is exemplified in the case of James Geronikos of AAA Vending in Allentown. Geronikos succeeded in placing machines in the Trade Union Club of Easton, by loan-

ing approximately \$18,000 to Steve Constantine, the club's owner. Shortly afterward, Geronikos was confronted at his place of business by Michael Insalaco, an associate of the Bufalino LCN Family. Trading on his LCN reputation, Insalaco physically assaulted Geronikos, admonishing him to remove his machines from the Easton Trades Union Club. Constantine ultimately replaced the AAA machines with video poker machines supplied by Insalaco, who became a "hidden partner" in the Easton Trades Union Club. Not only did Geronikos lose a customer, he never received more than \$3,000 toward repayment of his loan to Constantine.

Another example of intimidation comes from Chester. In 1982-1983, a representative of Benton Marketing placed video poker machines in a number of locations in Chester, including the Boots and Bonnet, 1521 Townsend Street. Around February 1983, his Chester customers asked the representative to remove Benton Marketing's machines. On March 23, 1983, the representative's car was fire-bombed outside Boots and Bonnet. That afternoon, the representative and Mark Seleznov, his boss, met at the bar with former Chester Mayor John Nacrelli and LCN associate Joseph Iacona, Jr.—who owned a competing video poker company. After being told by Nacrelli to remove their video poker machines, Benton Marketing pulled out of the Chester area.

LCN Connections

Angelo Lonardo, underboss of the Cleveland Family, testified about the Family's control of video poker in Cleveland and their shared control of the Youngstown area with the Pittsburgh Family:

"In the 1970s, Cleveland gave Pittsburgh control of the Niles/Youngstown, OH area vending and gambling businesses. As a result, Cleveland received 25 percent of the profits from these activities, with Pittsburgh and Youngstown receiving the remainder."¹⁴

LCN involvement in the video poker industry in Eastern Pennsylvania and New Jersey was highlighted in 1985, when the New Jersey State Police raided video poker establishments. This raid resulted in the confiscation of over 400 video gambling machines and the arrest of 70 persons, including Ralph Napoli and Joseph Sodano, both members of the Philadelphia-based Bruno/Scarfo LCN Family. Effects of the raid were short-lived, however. Subsequently, investigators for "Operation Broadsword" revealed that by 1990 the Family had used Grayhound Electronics to distribute machines widely in Pennsylvania, and as far west as California. (See chapter 5 for a treatment of "Operation Broadsword".)

When video poker vendors with connections to rival LCN Families compete within the same market, a "sitdown" may be necessary to resolve the dispute. In Chester, a 1985 dispute between Alfonso Sanbe and Daniel Eufrazio ultimately involved factions of the Gambino and Bruno/Scarfo LCN Families. Sanbe, owner of Action Vending, placed one of his video poker machines in the Gold Room Bar, 520 Edgemont Avenue, Chester, a location "owned" by Daniel Eufrazio, son of Mario "Murph" Eufrazio, a known loanshark and gambling operator aligned with Santo Idone, a capo with the Scarfo Family.

After being the target of several attempted assaults, Sanbe sought the intervention of the Gambino LCN. The New York State Organized Crime Task Force taped Frank DeCicco (late Gambino underboss) talking to John Gotti (the current boss) regarding the Chester situation and about having Family consigliere Salvatore "Sammy" Gravano look into the matter:

DeCicco: ...Tom Debrizzi had a guy around him supposedly he never told us who - ah - has a place - ah... ah - machine place up in Pennsylvania, and the guy whose friend who's got it is in the can with Louie Milito. Tom Debrizzi's in the can, so this guy is bound to be somewhere. Through jail see if Louie can help you 'cause I'm in the can. I got nobody out there. This is what they come back and tell

Sammy. So Sammy's gonna go to Jersey anyway—Little Sammy. And the two guys who own part of this guy are Philadelphia guys. So I says, well, one group just talked to us yesterday morning, and the same as in New York they make a lot of money ... So I said, Sammy, you go up there and make an appointment and tell them we'll...

Gotti: Whatever you do...

DeCicco: You mentioned yesterday, so Sammy's gonna reach out for the Philadelphia guy...

Ultimately, Louis Milito, a Gambino soldier, served as intermediary in arranging a sitdown between a Sanbe representative and Santo Idone. As a result of the sitdown, Sanbe had to return one of Eufrazio's machines that he had stolen from the Gold Room Bar; and Sanbe had to remove his machines from the Pepper Mill Bar and give up the Pepper Mill stop to Eufrazio. In turn, Sanbe would no longer be the target of physical assaults by Eufrazio's associates. A similar situation in Allentown was mediated by Peter Belletieri, an associate of the Bruno/Scarfo Family. (For details, see discussion of Belletieri later in the chapter.)

Mob influence is evident at the wholesale level as well as at the retail level. Two prime examples are Grayhound Electronics, Inc., with ties to the New Jersey branch of the Bruno/Scarfo Family; and SMS Manufacturing Corporation, with ties to the Lucchese Family and the DeCavalcante Family. Operation Broadsword of the New Jersey's Organized Crime and Racketeering Task Force revealed the ties between the Bruno/Scarfo Family and Grayhound Electronics, Inc., of Toms River, New Jersey. Carmen Ricci, the owner of Grayhound, collected fees for use of the video poker machines, and in turn paid part as "tribute" to the Bruno/Scarfo Family. In return, Ricci received protection from competitors. The investigation revealed that Grayhound had made inroads as far west as the Vietnamese community in Westminster, CA. In Pennsylvania, the many Grayhound video poker machine users include Baldassari

Amusements, Inc., of Scranton (see above) and Vending World, Inc., of Allentown.

SMS Manufacturing Corporation, 601 Prospect Street, Lakewood, NJ, is another wholesale distributor in Pennsylvania. The officers of SMS are Salvatore Mirando, Pasquale Storino, and Vincent Storino. SMS is a business aligned with the Lucchese LCN Family of New York and the DeCavalcante LCN Family of New Jersey. The late James Craparotto of Toms River, NJ, was involved in the operations of SMS Manufacturing, and his execution-style killing is now the subject of a state grand jury investigation in New Jersey. SMS had provided machines to John "Duffy" Conley of Pittsburgh. Conley is one of the largest retail vendors of video poker machines in the Western part of the state.

Examples of Video Poker Companies in Pennsylvania

The Commission has identified a number of the operations involved in the video poker industry around the state. In most cases video poker is just one activity among several in ongoing criminal enterprises. The following brief list provides a sampling of video poker operations found around the state. The sampling is far from inclusive, but it does illustrate the relationship of this industry to traditional organized crime elements.

- Baldassari Amusements and Jo-Jo Baldassari Amusement Company supplied Lackawanna County with video poker machines, some purchased from Grayhound Electronics. In 1988, 93 Baldassari family machines were included among 349 video poker machines confiscated in raids by the Pennsylvania State Police.

- Vending World, Inc., owned by George Sam, an Allentown racketeer.

- J & J Amusements, owned by Michael Insalaco, a close associate of the Bufalino LCN Family.

- Amato Music Company, owned by James Amato of Sewickley.

- A number of mob-influenced video poker companies have been identified

in the Chester area:

—Star Amusements, 251 W. Roland Road, Chester.

—JP Amusements, 601 Concord Avenue, Chester.

—F & D Amusements, 823 Colwell Road, Swarthmore.

—Wilkinson Vending, 2013 Edgemont Avenue, Chester.

• Video poker distribution companies in Philadelphia associated with the Bruno/Scarfo Family include:

—D & G Amusement, Inc.

—Solar Vending

—K & L Amusements

—M & P Vending

—J & L Vending

• In the Pittsburgh area, video poker companies associated with the LaRocca/Genovese LCN Family include:

—Keystone Music

—S & S Vending Company/Arnold Coin Company.

Pennsylvania Gambling Operations

Illegal gambling activities vary from one section of the state to another. Numbers betting is strong in Pittsburgh, Philadelphia, and Reading but weak or virtually nonexistent in other parts. Horse wagering is extinct or barely lingers on in most sections of the state, except in the Reading-Harrisburg area where horse betting continues to be fairly popular. Sports betting is popular in most areas of the state. Video poker gambling is throughout the state.

The focus here is on identifying major gambling operatives/figures throughout the state, with emphasis on localities outside of the Greater Philadelphia and Greater Pittsburgh areas. The basic facts on gambling operatives are listed below; further details are provided elsewhere in the *1990 Report* (see, e.g., Chapters 5, 7 and 9.) Our treatment begins in Western Pennsylvania and moves eastward.

Western Pennsylvania

Numbers betting continues to be very popular in Black and some other ethnic neighborhoods of Pittsburgh but has declined in other cities of the region. Video poker made inroads among blue collar bettors in some communities but has been declining in the aftermath of the Weber decision. Sports betting is popular throughout the region.

Gambling activity in Pittsburgh consists primarily of numbers and sports betting. Card games and video poker exist, but are not as popular as numbers and sports betting. Other gambling activity, such as horse betting is nearly non-existent. The few operatives that accept horse bets do so as an accommodation to the client.

Most large sports, numbers, and card game operators in the Pittsburgh area are associated with traditional organized crime. They are required to pay either a flat fee or a percentage of their profits to the LaRocca/Genovese LCN Family. Although it has become more involved in the video poker business during the 1980s, the Family is not heavily involved in collecting tribute from operators of video poker businesses. See Chapter 5 for more detail on the Pittsburgh area gambling figures listed below.

Major gambling operatives in selected communities outside the Greater Pittsburgh area are described below, including the Altoona-Johnstown area, New Castle, and Erie. Many operatives are connected, through layoff or tribute, with Pittsburgh LCN members or associates. The major gambling operatives in the Greater Pittsburgh area follow.

Pittsburgh

• **Robert Iannelli**, 60, 315 Thompson Run Road, Pittsburgh, is a sports and numbers bookmaker in Western Pennsylvania. He has been a bookmaker for over 30 years, with gambling arrests dating to 1959. Iannelli is an associate of the LaRocca/Genovese LCN.

• **Adolph Williams**, 57, 274 Foxcroft Road, Pittsburgh, is involved in sports and numbers bookmaking, primarily operating in the Hill District and East End areas of Pittsburgh, and the McKees Rocks area. He has been a bookmaker for over 20 years, with gambling arrests dating to 1973. He has also been arrested and convicted on charges of aggravated assault and battery, and larceny. Williams is an associate of the LaRocca/Genovese LCN.

• **Salvatore C. Williams**, 62, 1420 Fifth Avenue, Pittsburgh, is a sports and numbers bookmaker. He has been a bookmaker for over 20 years. His main areas of operation are the Hill District and East End areas of Pittsburgh, and the McKees Rocks area. He has gambling arrests dating to 1971. He has also been arrested on charges of receiving stolen goods. Williams is an associate of the LaRocca/Genovese LCN.

• **Eugene Williams**, 39, 119 Boden Avenue, Carnegie, is a sports and numbers bookmaker, operating mainly in the Hill District and East End areas of Pittsburgh, and the McKees Rocks area. He has been a bookmaker for over 15 years, with gambling arrests dating to 1975. He has also been arrested for heroin distribution, marijuana possession, and DUI. Williams is an associate of the LaRocca/Genovese LCN.

• **John Sabatini**, 49, 1693 Seaton Avenue, Pittsburgh, is a sports and numbers bookmaker, operating mainly in Allegheny County. He has been a bookmaker for more than 20 years, with arrests for gambling dating to 1970. He has also been arrested on charges of larceny and mail fraud conspiracy. He is also involved in narcotics distribution. Sabatini is an associate of the LaRocca/Genovese LCN.

• **Robert Sabatini**, 53, 1693 Seaton Avenue, Pittsburgh, is involved in sports and numbers bookmaking. His main area of operation is Allegheny County. He has been a bookmaker for over 20 years. He has arrests on gambling charges which date back to 1981. He has also been arrested on charges of larceny and attempted

arson. He is involved in narcotics distribution. Sabatini is an associate of the LaRocca/Genovese LCN.

● **Gerald Sabatini**, 43, 1693 Seaton Avenue, Pittsburgh, is a sports and numbers bookmaker. His area of operation is Allegheny County. He has been a bookmaker for over 15 years, with gambling arrests dating back to 1978. He has also been arrested for drug violations and firearms violations. He is an associate of the LaRocca/Genovese LCN.

● **Manuel Xenakis**, 43, 100 Hayeswold Drive, Coraopolis, is a sports and numbers bookmaker. His main areas of operation are Pittsburgh and Erie. He has been a bookmaker for over 15 years, with gambling arrests dating back to 1976. He has also been arrested for possession of marijuana and driving under the influence. He is an associate of the LaRocca/Genovese LCN.

● **Michael J. Martorella, Sr.**, 68, 400 Royal Court, Pittsburgh, is a sports and numbers bookmaker. His main areas of operation are the Braddock and East Pittsburgh areas of Allegheny County. He has been a bookmaker for over 15 years. He is an associate of the LaRocca/Genovese LCN.

● **August Ferrone**, 63, 1806 Patricia Lane, Pittsburgh, is a sports bookmaker, operating mainly in Allegheny County. He has been a bookmaker for over 30 years, with gambling arrests dating back to 1948. Ferrone is an associate of the LaRocca/Genovese LCN.

● **Primo Mollica**, 55, Box L, Glassport, is a sports and numbers bookmaker. His main area of operation is Allegheny County. He has been a bookmaker for over 25 years, with gambling arrests dating back to 1965. Mollica is an associate of the LaRocca/Genovese LCN.

● **John V. Adams, Jr.**, 60, 1222 Edgebrook Avenue, Pittsburgh, is involved in card and dice games in Pittsburgh. He is an associate of the LaRocca/Genovese LCN.

● **Joseph Scolieri, Sr.**, 51, 1590 Villanova Road, Penn Hills, is a sports and numbers bookmaker. His main area of operation is Penn Hills. He

has been a bookmaker over 20 years, with gambling arrests dating back to 1963. Scolieri is an associate of the LaRocca/Genovese LCN.

● **Paul Scolieri**, 64, 6734 West Barvista Drive, Verona, is a sports and numbers bookmaker. His main area of operation is Penn Hills. He has been a bookmaker over 25 years, with gambling arrests dating back to 1959. His most recent gambling arrest was in 1990. He also has been arrested for violation of liquor laws. He is an associate of the LaRocca/Genovese LCN.

● **Anthony Lagatutta**, 58, 1651 Williamsburg Circle, Upper St. Clair, is involved in sports and numbers bookmaking, and card games in Pittsburgh. He has been arrested on arson-related charges and on charges of criminal solicitation, criminal conspiracy, theft, and simple assault. He is an associate of the LaRocca/Genovese LCN.

Altoona

● **John Verilla** (deceased 1988; Altoona). Verilla, a member of the Pittsburgh LCN, ran or took a cut of most gambling activities in the Altoona area until his conviction on murder charges in 1984. Verilla headed an organization known as "the family" that included Verilla's two key lieutenants John Caramadre and Vincent Caracciolo. The Verilla group oversaw sports betting, numbers, dice games and card games. The group was also involved in loansharking, fencing stolen goods, and arson. (See Chapter 5 for a detailed treatment of the Verilla group.)

● **Alfred Corbo**, 59, 2524 Bell Avenue, Altoona. Corbo, one of the largest sports and numbers operatives in the Altoona area throughout the 1980s, has been involved in illegal gambling activities since the 1950s. He handles numbers, but his main source of income has been from bets on football, basketball, baseball, and other sporting events. His operation is headquartered at his pool hall, Brunswick Billiards, at Eighth Avenue and Seventh Street in Altoona. Police raids of Corbo's gambling operation

have identified a number of Altoona residents who have been involved with his operation, including: Jack Miraglia, 58; Samuel Rametta, 63; Joseph Jacobs, 62; Walter Nichols, 28; Stephen St. Clair, 40; and Chris Boring, 57.

Corbo was affiliated with Verilla during the 1970s, but later became a major competitor. The Pittsburgh LCN warned Verilla not to attempt a hit of Corbo, since Corbo's operation was making more money for the Family. Corbo took over Verilla's operation after Verilla's 1984 conviction. Other criminal associates of Corbo include: Paul "No Legs" Hankish, a Pittsburgh LCN associate from Wheeling, WV; and Steven Hatzimbis, an associate of Pittsburgh LCN member Thomas Ciancutti.

Besides Corbo and Verilla, the major gambling operatives in the Altoona area during the 1980s have been Joseph "The Weep" Ruggiero, 55, 4304 Second Avenue, Altoona, and Paul Folcarelli, also known as Paul Farrell, 77, 2519 Quail Avenue, Altoona. Ruggiero at one time was part of the Verilla organization. Folcarelli had been associated with Frederick Piera, a major gambling operative in Johnstown (see below), and with deceased Pittsburgh LCN member Gabriel "Kelly" Mannarino. Folcarelli has also been involved in loansharking.

Johnstown

● **Frederick Piera**, 52, 127 Dartmouth Avenue, Johnstown. Piera has headed one of the largest sports and numbers gambling businesses in the Johnstown area throughout the 1980s. He has been a major distributor of football pool slips, with betting action ranging from a minimum of \$2 up to \$1,000. The slips contain the names of approximately 80 college and professional football teams, and the bettors wager on at least four different teams. The payoff ranges from nine to one if the bettor correctly picks the four winners, to 150 to one if the player correctly picks the winner of ten games.

Piera has been involved in gambling

activities since the 1960s. In the early 1970s, he loaned money to Dick Williams, a major Johnstown bookmaker, and became a partner in Williams' gambling business. After Williams' death in 1981, Piera assumed sole control of the operation. Since the late 1970s, Piera has operated from the Clinton Street Recreation Center at 139½ Clinton Street, Johnstown. The following individuals, all from Johnstown, have been identified as being associated with Piera's operation (e.g., as writers, office helpers): Andrea Piera (his wife), Robert Michlena, David Osborne, Sadie Verrone, Louis Crocco, Elias Hanna (deceased), Angelo DeGory, Charles Bobby, John Hanzek, Peter Torchia, John Kuntz, and Christopher Flynn.

Piera's gambling operation has been connected to a number of Pittsburgh LCN members and associates. These included Samuel Fashionatta and John Verilla of Altoona, deceased LCN members. More recently, Piera has been associated with Primo Mollica and Paul Scolieri, major gambling associates of the Pittsburgh Crime Family.

In August 1989, Piera was arrested on gambling-related charges as a result of a wiretap which revealed that his operation accepted over \$300,000 in sports and numbers wagers over a 13-day period. Piera subsequently pled guilty and was sentenced to one to two years imprisonment and ten years probation. He entered Cambria County Jail in April 1990, was granted work release in October 1990, and is currently working at DeDe's Lounge, 227 Laurel Avenue, Johnstown, which is owned by David Osborne, a Piera associate.

● **Michael Gulino**, 60, 2229 Franklin Street, Johnstown. Gulino has operated a large sports and numbers gambling operation in Western Pennsylvania, centered in Johnstown. Gulino acquired greater control of gambling activity in the area after the 1985 death of Joseph Regino, a LaRocca/Genovese LCN member. Gulino's sports book has catered to a white-collar clientele who typically

wager \$1,000 or more.

Gulino also has been a partner, with Lawrence Amodie, in a bookmaking operation centered in New Castle. In 1986, a state grand jury presentment identified Gulino and Amodie as partners in a seven-county gambling organization that was estimated to gross over \$6 million during a single football season. They were convicted, and each was sentenced to three years' probation and ordered to pay a \$25,000 fine, plus court costs.

New Castle

● **Lawrence Amodie**, 47, 5 East Laurel Avenue, New Castle. Amodie had headed the major gambling operation in the area, in association with his Johnstown partner Michael Gulino. Amodie and Gulino were convicted on gambling charges in 1986 (see above). The Amodie/Gulino partnership in New Castle also involved George Joseph who has been affiliated with Ronald Plisco, an associate of LCN member Frank Amato; and Philip Scolieri, an associate of LCN member Anthony Capizzi.

Aliquippa

● **Frank Unis, Jr.**, 36, 2404 Calvert Street, Aliquippa. Unis operates the largest sports and numbers betting operation in Beaver County, an operation which he inherited from his father Frank Unis, Sr. Unis' operation has grossed in excess of \$500,000 a week in sports action. It operates both from Beaver County and from a location in Boardman, OH. The Ohio location faxes gambling action to Unis' base of operation at 1501 Tyler Street, Aliquippa. Unis has widespread LCN contacts, and he has relayed layoff action from as far away as Las Vegas to associates of the New York Gambino and Genovese Families, including Jack Clark, Anthony Molfini, Jay Migdal, and Joseph Costa. Other affiliates of Unis include Freddie Hullett, a Miami bookmaker; and Pittsburgh LCN associates Paul "No Legs" Hankish, John Sabatini, and Primo Mollica. Unis currently reports to Joseph

Naples, a member of the Youngstown, OH, faction of the LaRocca/Genovese Family.

Unis was arrested several times during the 1980s, including March 1989, when a state police raid on his operation led to the arrest of Unis and eleven employees, including Joseph Catroppa, then a sergeant in the Aliquippa Police Department. In January 1990, Unis was indicted on charges of interstate transmission of wagering information. Disposition is pending.

Northwestern Pennsylvania/Erie

● **Raymond Ferritto**, 61, 724 Brown Avenue, Erie.

● **Phillip Torrelli**, 58, 2908 Broadlawn Drive, Erie.

Ferritto, a former Mafia hitman and LCN associate, and Frank "Bolo" Dovishaw, a longtime area bookmaker, were partners in a bookmaking operation during the early 1980s. After Dovishaw was murdered in January 1983, Ferritto assumed control of the operation and combined it with the gambling business of Phillip Torrelli, a well-known gambling figure from Erie. The Ferritto/Torrelli operation then became one of the largest in Erie. During a three-day period of surveillance, the operation accepted in excess of \$106,000 in bets from as far away as Pittsburgh and Jamestown, NY. Ferritto/Torrelli have used as layoff Manuel "Mike the Greek" Xenakis of Coraopolis, an associate of Pittsburgh LCN member Thomas Ciancutti.

Since 1957, Ferritto's extensive criminal record includes arrests for gambling, burglary, transportation of explosives, aggravated murder, aggravated arson, and criminal contempt of court. In 1977, Ferritto participated in the bombing death of Danny Greene, a Cleveland area gambler competing with the Cleveland LCN. In that case, as well as in a recent 1987 case involving gambling charges, Ferritto received reduced sentences in exchange for guilty pleas and for testimony against LCN associates.

● **John "Jack" Miller**, 61, 5449

Pepperwood Circle, Erie. Miller, a longtime gambling operative, has been the largest sports and numbers bookmaker in Erie throughout the 1980s. Following the 1988 death of Alfred "Big Al" Delsandro, Miller took over Delsandro's numbers and sports betting operation. At the time of his death, Delsandro headed the largest numbers business in Erie. Miller's layoff for gambling action is Leonard Alecci (see below), who in turn lays off to Robert Iannelli, an associate of the Pittsburgh LCN.

In 1989, Miller received a one-year sentence for income tax evasion. Frank Andrzejewski, 47, 3650 Post Avenue, Erie, was put in charge of the operation during Miller's absence but was himself arrested in March of 1990 on bookmaking and poolselling charges following gambling raids on Superbowl Sunday in January 1990. Shortly after his release from prison, Miller was rearrested in December 1990 on gambling-related charges.

● **Leonard Alecci**, 57, 9 West Fourth Street, Erie. For many years, Alecci has been one of the largest sports and numbers bookmakers in Erie. He has an extensive criminal history involving gambling-related charges, dating back to the early 1970s. Most recently, he was arrested in May 1989 for gambling violations and placed on three years probation. In March 1990, he was arrested on a lottery charge and subsequently sentenced to one to five years' incarceration for violating his probation.

● **William Rieger**, 50, 3316 Greengarden Boulevard, Erie. Rieger has been one of the largest operators of barbut (a type of dice game) and poker games in Erie. Rieger was convicted in 1981 for gambling violations and in May 1990, on federal charges of operating an illegal gambling business. That business included lookouts, doormen, "cutmen," and individuals who obtained food for the players.

Central Pennsylvania

Sports betting is the predominant illegal gambling activity in the Central part of the state, with football

wagering the largest money-maker. There have been sharp declines in both numbers and horse betting. No large-scale numbers operations remain, although small-scale numbers action is still found in communities like Pottsville, Williamsport, and the Hispanic community in Lancaster. Some sports bookmakers accept horseracing bets, but largely as a service to their clientele.

Electronic gambling devices, such as video poker, gained popularity during the early and mid-1980s. In response to recent law enforcement pressures, video poker machines are now located chiefly in private clubs and are less likely to be found in public bars and restaurants than was the case earlier in the decade. Private card games, where the house gets a cut of the wagers, are another form of gambling present in many communities in the Central region.

Several significant and long-established gambling operations have been identified in Central Pennsylvania. These gambling operations are independent of one another but typically share betting odds and line information and frequently lay off gambling action to each another.

Harrisburg

● **Aldo Magnelli** (1910-1984). Magnelli, a member of the Bufalino LCN, dominated illegal gambling activity in the Harrisburg area until his death at the age of 74 in 1984. Prominent in Harrisburg rackets since at least the 1940s, Magnelli was closely associated with Angelo Bruno, former boss of the Bruno LCN Family; with Joseph Scalleat, Bruno/Scarfo LCN member from Hazleton; with Abraham Minker, former rackets czar in Reading; and with Matthew Whitaker of Pottsville.

Magnelli, himself an avid gambler and con man, at one time managed the gambling operation at Cal-Neva Lodge, Lake Tahoe, NV. He also operated as a bookmaker for a short time in Philadelphia. In Harrisburg, the gambling activities of Magnelli included sports and horse bookmaking, and card and dice games.

Most major bookmakers currently active in the Harrisburg area either got their start with the Magnelli operation or had associations with him. These include Nicholas Cantone, Philip Ebright, John "Fish" Troutman, Robert Rondinello, James Griffith, Charles Osborn, Sr., and John McGovern.

● **Nicholas Cantone**, 42, 4649 Fritchey Street, Harrisburg. Cantone became a significant sports bookmaker in the Harrisburg area during the 1980s. Cantone began as a gambler, then became a writer for Magnelli, and eventually established partnerships with other prominent bookmakers. Magnelli was a daily visitor at Nick Cantone's Sports Tavern, 4701 Fritchey Street, Harrisburg, which has a sports line service and several televisions which show sporting events for customers. Magnelli was reportedly grooming Cantone to oversee his gambling operation.

Shortly before Magnelli's death, Cantone formed a bookmaking partnership with Philip Ebright, 49, and Andrew R. Perseponko, 51. In June 1984, a state grand jury named Cantone, Ebright, Perseponko, and 20 other individuals as being involved in an illegal bookmaking operation. After pleading guilty to poolselling, bookmaking, and conspiracy, Cantone was sentenced to one year's probation. In August 1990, Cantone, Ebright, and 12 others were charged with illegal sports bookmaking. That case is awaiting disposition.

Cantone is associated with other bookmakers in the region including John Troutman, James Griffith, John McGovern, Charles Osborn, Sr., and Robert Rondinello.

● **Philip Ebright**, 49, P.O. Box 181 Hillside Road, Dauphin. Ebright first became involved in gambling as a player and at one time was associated with the Magnelli organization. In 1984, Ebright joined Nick Cantone and Andrew Perseponko in the partnership that became the dominant bookmaking operation in Harrisburg during the 1980s. In a separate arrangement, Ebright was involved with John Martin, a bookmaker in the Lancaster area with whom he shared

profits and exchanged layoff.

Ebright has gambling convictions going back to 1978, when he was arrested on lotteries charges. He was again arrested in August of 1982, as a result of the state police investigation and wiretap of Anthony Leta in Williamsport, who provided line information and accepted layoff. Ebright pleaded guilty to poolselling and bookmaking and conspiracy. Most recently, Ebright was arrested along with several other bookmakers in August 1990, as the result of a state police gambling investigation in Harrisburg.

• **John "Fish" Troutman**, 54, 650 Siegfried Street, Steelton. Troutman controls one of the largest bookmaking operations in the Harrisburg, Dauphin County area. His main action is sports betting, but he also accepts bets on horse races. Troutman has been a significant bookmaking figure since at least 1965. He began his gambling career by working for such established bookmakers in the Harrisburg area as Peter Smith, 75, and Manuel "Manny" Marroquin, who died in 1990 at age 82. Troutman was also associated with both the Magnelli and Leta organizations.

Troutman receives sports action from Harrisburg's Black community through bets forwarded by Walter E. "Hawk" Grannison, 54. Grannison, a Black operator, receives a ten percent commission on sports bets turned into Troutman. Grannison is the operator of The Lucky 7 Tavern, 524 McClay Street, Harrisburg.

Troutman is an avid gambler himself and occasionally travels to Atlantic City, NJ, or plays cards at local card games. He operates Around The World Travel, a travel agency located at 23 South Front Street, Steelton.

Other bookmakers in the Harrisburg area with whom Troutman has associated or exchanged layoff include Nicholas Cantone; Philip Ebright; John "Butch" McGovern; Charles "Ozzie" Osborn, Sr.; James "Jimmy G" Griffith; and James Ponessa, a Lebanon bookmaker.

• **Robert Rondinello**, 54, 3951 Dora Drive, Harrisburg. Rondinello has

been involved in bookmaking since the 1960s. He currently accepts sports and horse bets, primarily from middle income clientele in Harrisburg and its suburbs. He was a close associate of Aldo Magnelli. Lino Magnelli, brother of Aldo, is Rondinello's godfather.

Rondinello has gambling arrests in 1964, 1980, and 1983. In the 1983 arrest, Rondinello and his brother-in-law, Robert Ridley, 42, were charged with bookmaking and poolselling. Rondinello had set up a betting room in Ridley's former residence, with Ridley serving as phone man. Both pled guilty; Rondinello was given five years' probation; Ridley was given one year's probation.

Smaller Harrisburg Area Operatives

Several smaller bookmakers or sub-banks in the Harrisburg area either lay off or forward their betting action to the Cantone, Ebright, or Troutman operations. These include:

• **James "Jimmy G" Griffith**, 57, 2305 Buckingham Avenue, Mechanicsburg, handles sports bets in the Harrisburg area. He is an avid gambler who frequents the local card games and horse race tracks and occasionally travels to Atlantic City or Las Vegas to gamble. He was a close associate of Aldo Magnelli.

• **Charles R. Osborn, Sr.**, 47, 2237 Berryhill Street, Harrisburg, handles sports bets in the Harrisburg area and is currently associated with John Troutman. He was an associate of Aldo Magnelli and has gambling convictions dating to 1967. He was convicted in 1968 for receiving stolen property. Osborn most recently was arrested on gambling charges in 1990, along with several other bookmakers in Harrisburg.

• **John P. "Butch" McGovern**, 54, 2476 Adrian Street, Harrisburg, handles betting primarily on football games. He was affiliated with the Magnelli organization and was arrested on gambling charges in 1983 and again in 1990, as part of the state police gambling investigation in Harrisburg.

Lancaster

• **John G. Martin**, 48, 24 Clearview Road, Willow Street, Lancaster County. Martin has been involved in gambling going back to at least the early 1970s. In 1983, Martin—with his bookmaking operation facing financial problems—entered into a partnership with Philip Ebright and Andrew Perseponko, both major gambling figures in the Harrisburg area. Martin laid-off bets to those individuals and split gambling profits derived from certain players.

Martin was arrested on gambling charges in 1973 and again in 1984. The 1984 arrest resulted from a state police investigation and wiretaps involving bookmakers throughout Central Pennsylvania. The investigation revealed that Martin headed an operation centered in Lancaster, that he had at least three employees who answered phones and settled up bets, and that he accepted lay-off and betting action from approximately six other bookmakers in Lancaster and Reading.

• **Peter C. Photis**, 70, 1924 Sterling Place, Lancaster.

• **John G. Patounas**, 61, 1501 Marietta Avenue, Lancaster.

Photis and Patounas, half-brothers, are involved in a joint bookmaking operation in Lancaster that caters to the Greek sports betting community in the Lancaster area. The Village Inn, 205 North Christian Street, Lancaster, was incorporated by Photis and Patounas in 1983.

Lebanon

• **James Ponessa**, 47, 380 North 8th Street, Lebanon. Ponessa, a large sports bookmaker in the Lebanon area, had at least five writers who handled bets for him. He was arrested in June 1986 on gambling-related charges, along with his cousin, Michael Ponessa, 40, P.O. Box 187, Cornwall. Both pled guilty and were sentenced to two years probation. Michael Ponessa has a 1982 conviction for gambling violations.

In the mid-1980s, James Ponessa was involved in a dispute with Daren

Sommervold, a former Harrisburg area bookmaker who had been laying off betting action to Ponessa. Sommervold accused Ponessa of owing him \$17,000 from a layoff Sommervold had made to Ponessa. Sommervold charged he had paid the bettor on the winning bet but was not paid by Ponessa. Ponessa, in turn, claimed that he had laid off to John Sorber, another bookmaker, who was responsible for the debt.

Sommervold then hired Max Bogart, 35, 7499 Old Jonestown Road, Harrisburg, to collect the debt. Bogart was to receive 50 percent of the money collected. Bogart visited Ponessa several times, but Ponessa refused to pay. In August 1987, Bogart fired seven rounds of gunfire into Ponessa's residence. Bogart was subsequently arrested and pled guilty to recklessly endangering and conspiracy and was sentenced in March 1988 to six to 23 months prison.

Williamsport

● **Anthony "Tony" Leta**, 63, 1620 Sycamore Road, Montoursville. Leta, a Bufalino LCN associate, has a history of gambling arrests dating as far back as 1959. At one time he was considered to be the largest layoff banker in the state. His gambling operation has handled sports, horses, and numbers betting. As detailed earlier, Leta and a number of other significant bookmakers in the state (such as Matt Whitaker, Joseph O. Baldassari, and Philip Ebright) were named in a 1981 multi-county grand jury indictment. Leta subsequently was convicted and, following a protracted appeal process, is currently serving a one-to three-year prison sentence for that conviction.

His sports and numbers bookmaking business continues to operate from two locations in Williamsport: Kelly's Pub at 37 West 4th Street and Tony's Glass Shop at 355 East 4th Street. Williamsport residents involved in Leta's operation include his brother Vincent J. Leta, 58; his nephew Anthony M. Leta, 45, 433 Sheridan Street, Williamsport, operator of Kelly's Pub; Frank G. Stoppa, 66;

Anthony Zitello, 69; and Grady Walker, 42, who handles Leta's sports wagering and numbers betting action in the Black community in Williamsport.

● **Francesco "Frank" Morrone**, 43, 28 Round Hill Road, Williamsport.

● **Michael J. Morrone**, 46, 22 East Central Avenue, South Williamsport.

The Morrone brothers are relatively recent entrants into the sports and horse bookmaking action in the Williamsport area. At one time, the Morrone brothers were part of the Leta organization. They recently broke away and formed their own operation, which caters to middle-class professionals in Williamsport.

The Morrone brothers own or operate several bars in Williamsport, including, the Old Corner Hotel, 382 Court Street; the Pub, 200 East 4th Street; and Morrone's, Route 15, South Williamsport. Frank Morrone, who entered the U.S. in 1956, was arrested in 1966 in Williamsport for carrying a deadly weapon.

Pottsville

● **Matthew Francis Whitaker**, 75, 2025 Elk Avenue, Pottsville. Whitaker was once considered one of the largest bookmakers in the United States, with an arrest record for gambling violations dating to 1943. He has been involved in sports, horse, and numbers bookmaking for decades. He was an associate of Aldo Magnelli, a member of the Bufalino LCN Family, now deceased. He also has been associated with Bruno/Scarfo LCN Family member, Joseph Scalleat, of Hazleton. Whitaker now runs his bookmaking operation with his son, James Whitaker, 52, 1907 Mahantongo Street, Pottsville.

In 1963, FBI agents raided Matthew Whitaker's bookmaking enterprise at Terry's Cigar Store in Pottsville. During his subsequent trial, Whitaker was found to be operating an interstate bookmaking network with connections in Baltimore, Chicago, and Fort Worth. A few years later, State Police raided his bookmaking operation and found records showing that

Whitaker's gambling network had a volume of more than \$70,000 gross per day.

Most recently, Whitaker was convicted and sentenced to one to four years in prison for gambling-related charges that stemmed from the 1981 multi-county investigation in which 51 individuals (including Anthony Leta) were named as major gambling figures by a state grand jury. Whitaker began serving his sentence in December 1988. He since has been released from prison and is on parole until December 1992.

● **Ameen Fadool**, 63, 429 Laurel Boulevard, Pottsville. Fadool, for many years, has run a significant sports bookmaking and numbers operation originating from a family-owned grocery store in Pottsville. The operation caters to low income gamblers in Pottsville. In the late 1950s, Fadool was an associate of Peter Joseph, formerly a significant numbers racketeer in Pottsville. Fadool has also been associated with the Whitaker gambling organization, and for many years handled betting action for Whitaker.

Fadool has numerous arrests for gambling violations dating back to 1959. In 1988, he was arrested, along with 15 other individuals, on charges of participating in interconnecting gambling operations in Reading and Pottsville. Fadool's operation obtained sports betting line information from a Reading bookmaking operation headed by Joseph P. Mancuso and Philip J. Piersody. Fadool also laid off bets to them.

Northeastern Pennsylvania Scranton/Wilkes-Barre

Sports betting is by far the largest form of gambling ongoing in the Scranton/Wilkes-Barre area and surrounding communities. Video poker gambling became increasingly widespread and popular during the decade. A small amount of numbers betting and horse wagering still exists in the area, but their level of activity dropped off sharply during the decade. Sports bookmakers who accept horse bets do so only as courtesy to

their sports-betting customers. Poker games and floating dice games also appear in the area from time to time.

The successful prosecution of gambling czar Anthony Leta was the most significant event affecting sports bookmaking in the area during the 1980s, and resulted in several shifts in the gambling market. Convicted along with Leta were several other prominent bookmakers in the area, including Elio and Joseph O. Baldassari. The Baldassaris halted their bookmaking activities and switched to video poker gambling, which was relatively new in the area and "considered" safer from law enforcement scrutiny. Other gambling figures such as Robert Rinaldi and Anthony DiLeo picked up the slack and became the predominant bookmakers in the area.

The major sports bookmakers in the area are identified below:

- **Robert "Bobby" Rinaldi**, 49, La Plume. Rinaldi, an associate of Bufalino LCN member William D'Elia, has been active in sports bookmaking in Lackawanna County for at least 30 years. He was arrested in 1969 for poolselling and bookmaking; he pled guilty and was sentenced to fines and costs. In 1973, he was arrested by the FBI on gambling charges along with such other major gambling figures as Samuel Ristagno, Louis Riviello, and Frank Pricci. All were convicted in 1975.

Rinaldi also has been involved in running gambling junkets to Las Vegas with Theodore Fanucci. Fanucci is an associate of Anthony Capizzi, a member of the LaRocca/Genovese LCN Family, who has been a frequent visitor to the Scranton/Wilkes-Barre area. Rinaldi also has been involved in gambling with John "Moose" Marrone, an operative of the Genovese LCN Family in New York.

Rinaldi has used strong-arm tactics to collect bookmaking debts, employing Van Chiavacci and Michael Patronick as collectors and enforcers. Rinaldi has been a co-signer on loans from Old Forge Bank for individuals who owed him gambling debts.

- **Leonard "Spike" Carlucci**, 75, 206 Swartz Street, Dunmore. A horse

bookmaker during the 1950s, Carlucci has been involved in bookmaking for the past 50 years. His main bookmaking today is sports bets. His clientele includes professionals and real estate salesmen in the Pocono area who place large wagers. New York LCN figure and loanshark Vincent Lore, when he resided in Lake Ariel for a time, bet with Carlucci. Michael "Bugsy" Belcastro, a land salesman and former associate of Robert Rinaldi, is a sub-book for Carlucci.

- **Anthony "Corky" DiLeo**, 67, 2000 Cleveland Avenue, Scranton. DiLeo has been one of the largest sports bookmakers in the Scranton and Lackawanna County area. He at one time was affiliated with the Tony Leta gambling operation. DiLeo took over many of Jo Jo Baldassari's customers following Baldassari's arrest in the 1981 case involving Tony Leta (see above).

DiLeo has been active in bookmaking in the Scranton area for nearly 40 years, starting out as a horse bookmaker. He has many professionals as sports clients who bet large cash amounts on each game. DiLeo accepts layoff from other bookmakers in the area.

- **Frank "Bonesy" Pricci**, 49, 734 Gibbons Street, Scranton. Pricci has been involved in sports bookmaking in the Scranton area for over 25 years. He formerly was involved, also, in high stakes card games and horse betting. He accepts large sports wagers from his customers. Pricci has had close associations with Russell Bufalino, boss of the Bufalino LCN Family. Pricci has several gambling arrests, dating back to 1974. He was arrested in 1982, along with Anthony Leta and other major bookmakers in Pennsylvania. He was convicted and sentenced to one and a half to three years in prison. In 1983, Pricci pled guilty to the sale of firearms and was sentenced to six to 12 months in prison.

- **Carmen "Morgi" Morganti**, 58, 38 East Oak Street, Pittston. Morganti is one of the largest sports bookmakers in the Pittston and Luzerne County area. He has been a book-

maker for over 20 years. He was convicted of a 1971 poolselling and bookmaking arrest; he paid a fine and costs. He also received one year ARD for a 1985 gambling-related arrest. Morganti accepts layoff from other bookmakers in the area.

- **Charles Marranta**, 106 Jean Street, Exeter. Prior to his death in 1989, Marranta for many years had been one of the largest sports bookmakers in Luzerne County. He was arrested in 1988 and convicted in 1989 for gambling violations that resulted in a sentence of one-year probation.

Much of Marranta's gambling operation has been taken over by his brother, Joseph Marranta, 51, 107 Jean Street, Exeter. Joseph Marranta has a 1963 conviction for gambling violations. A portion of the operation, however, has been assumed by Anthony "Butchie" Argo of Exeter. Argo is a long-time sports bookmaker in the area who also runs high stake card games in concert with Jack Craig of Wilkes-Barre.

- **John "Jack" Craig**, 64, 1390 North Washington Street, Wilkes-Barre. Craig, an associate of Bufalino LCN member William D'Elia, has been a large-scale sports bookmaker in Luzerne County for many years. He at one time was involved in Tony Leta's operation. Since roughly 1987, Craig has become more heavily involved in the operation of high-stakes card games in Wilkes-Barre with Anthony Argo. Craig takes five to ten percent of each pot as the house's share. He also has been involved in running gambling junkets to Atlantic City and Las Vegas.

Other significant bookmakers in the area include the following:

- **Marino Zazzera**, 64, 69 Washington Street, Carbondale. He handles most of the sports bookmaking action in the Carbondale area and also runs card games. He has been a bookmaker in this area for over 25 years. Zazzera was convicted in 1986 for tax violations and was sentenced to six months probation.

- **Walter J. Shandra**, 47, 29 East Oak Street, Pittston. He has been involved in sports bookmaking for the past 20 years. He was arrested on

gambling charges in the early 1970s. Shandra is a Pittston Township supervisor. He is an associate of William D'Elia, Bufalino LCN Family member and has owned property with D'Elia.

● **Samuel "Sammy" Sando**, 74, 568 North Wyoming Street, Hazleton. Sando has been a major bookmaker in the Hazleton area for over twenty years. He operates Sonny's Pool Hall, 111 East Broad Street, Hazleton.

The Baldassaris: Family of Racketeers

The Baldassari family of Scranton has been involved in gambling—slot machines, horse wagering, bookmaking, and video poker—spanning the last 40 years. Family members have also been involved in loan-sharking and extortion. The family includes four brothers and their second generation sons:

● **Joseph Chester Baldassari**. Baldassari died in July 1990 at age 77.

● **Elio Joseph "Al" Baldassari**, 75. His sons are Elio Robert "Bobby" Baldassari, 53, and Joseph Oliver "Jo Jo" Baldassari, 48.

● **Elmo Baldassari**, 72. His sons are Elmo Baldassari, Jr., 22, and William Baldassari, 18. Elmo Baldassari is also the father-in-law of Anthony Rinaldi.

● **Henry "Hank" Baldassari**, 64. His son is Henry Baldassari, Jr., 36.

Since the arrests of Elio and Jo Jo Baldassari on bookmaking charges in the early 1980s, the Baldassaris have switched to greater involvement in video poker gambling. This move was expedited by the family's long-standing involvement in the vending machine business. Anthony DiLeo (see above) has assumed much of the family's bookmaking activity.

Several Baldassaris have had close ties with organized crime figures in the Northeast. Elio "Al" Baldassari is known to have been a close friend of Russell Bufalino, the long-time boss of that LCN Family.

In 1951, the Kefauver Report on organized crime focused on gambling in the Scranton area and stated that the Committee "had information to

the effect [that Joseph] Baldassari and his brother, Al, are engaged in an extensive gambling enterprise operating under official sanction."¹⁵ In 1967, a State Police memo stated that gambling in Lackawanna County was controlled by associates of Al Baldassari. That memo credited Al Baldassari, Thomas Sesso, and Arthur Rinaldi with controlling Scranton racketeering.

The Baldassari brothers and sons have been arrested numerous times in the last 40 years. They were arrested at least eight times prior to 1980, mainly for gambling and bookmaking. Since 1980, Elio and Jo Jo have been arrested on gambling-related charges. Elmo was arrested in July 1990 on extortion charges. (See discussion below.) The Baldassaris have been involved in many businesses in Northeastern Pennsylvania, mainly vending machine operations or real estate. The businesses typically entail partnerships between various family members and associates of the various family members. In recent years, the Baldassaris have emerged as the predominant figures in the illegal video poker business in Northeastern Pennsylvania. They reportedly net as much as \$1,000 weekly on each machine that they possess in Lackawanna and surrounding counties.

In April 1988, the State Police raided 328 establishments (mostly taverns and private clubs) in the Lackawanna, Pike, Susquehanna, and Wayne Counties area. The police seized 349 video poker machines—93 were identified as belonging to companies directly owned by the Baldassaris: Baldassari Amusement Co., 1515 Cedar Avenue in Scranton, operated by Robert, Joseph C. and Elio "Al" Baldassari; Jo-Jo Baldassari Amusement Co., 1608 Linden Street in Scranton; and Henry Baldassari Amusement Co., 521 Orchard Street in Scranton.

Moreover, some of the remaining companies with machine proprietorship were found to be owned or operated by persons who either are in partnership arrangements with the Baldassaris or are former Baldassari

employees. These include:

● **Ferrario Amusement Company**, 206 North Main Avenue in Scranton. Owner and operator, William Ferrario, is a former Baldassari employee. Ferrario and Joseph C. Baldassari operated Maple City Amusements and Campus Billiards together.

● **Active Amusements**, 1101 Pittston Avenue in Scranton is operated by Joseph Kovach, who at one time formed a corporation with Elmo Baldassari, called Villa D'Este. Elmo Baldassari has a financial interest in Active Amusements.

● **Hugo's Vending**, 524 Campbell Street in Scranton, is operated by Frank Brozetti, son of Hugo Brozetti—a former partner with Elmo Baldassari in El-Hu Vending of Scranton.

● **Automatic Vending**, Route 315 Wilkes-Barre, is operated by Anthony Rinaldi—the son-in-law of Elmo Baldassari.

● **Blue Chip Amusements of Carbon-dale** is owned and operated by Richard Leuthe and Ronald Sompel; both are former Baldassari employees.

Many of the confiscated machines had been purchased from SMS Corporation of Lakewood, NJ and Grayhound Electronics of Toms River, NJ; both are LCN-connected vending machine manufacturers.

Following the raids, through an agreement reached with the State Attorney General's Office that allowed the corporations (rather than the principals) to plead guilty to gambling violations, the original charges against the Baldassaris and the other principals of the various companies were dropped. Recent information (*i.e.*, since the raids) indicates that the Baldassaris have replaced many of the machines that were seized and their video poker business is currently in operation again. The replacement machines, however, better conceal their use as illegal gambling devices. The knockoff devices have been changed and the front glass on the machine hides the name brand and the type of video poker machine.

In July 1990, Elmo Baldassari was arrested by the FBI on extortion-related charges stemming from a loan-

shark debt owed to Baldassari by one of his associates. Elmo pled guilty in January 1991 to extortion and is awaiting sentencing. (See loanshark section.)

Lehigh Valley Area: Allentown-Bethlehem-Easton

In the Lehigh Valley area, sports bookmaking and video poker are the dominant forms of illegal gambling. Betting on horse races remains popular among those of Middle Eastern background (especially in the Lebanese and Syrian communities), but elsewhere it has declined considerably and is handled by relatively few bookmakers. Numbers betting has also declined. The Black and Hispanic neighborhoods of Allentown and Easton account for the major share of the numbers action in the region.

Until his death in 1978, Bufalino LCN Family member John Parente dominated illegal gambling activity in the Lehigh Valley. He controlled everything from sports wagering and horse betting to numbers writing, casino gambling, and card games. Today, many of the major gambling operatives of the Valley are individuals who got their start working in Parente's organization. They include Richard Baker, Peter Belletieri, Michael D'Alessandro, Michael Insalaco, George "Eskimo" Joseph, and George Sam. The division of the Parente operation among these individuals was handled by Joseph and Albert Scalleat, LCN members from Hazleton.

• **Peter Samuel Belletieri**, 53, 1205 Caroline Road, Allentown. Belletieri is an influential racketeer in the Lehigh Valley area and has strong ties to two LCN Families—he is the nephew of Bruno/Scarfo LCN member Joseph Scalleat and of Bufalino LCN member Albert Scalleat. Belletieri is involved in a variety of gambling activities, including bookmaking, video poker, and card and dice games. He maintains close working ties with Joseph Scalleat, in particular, and handles collections on Scalleat's loanshark book in the area. Both the

Bruno/Scarfo and Bufalino Families have used Belletieri to mediate disputes.

In the mid-1980s, for example, a dispute arose between Michael Insalaco (see below) and Joseph Maclean, owners of M&J Vending, and Anthony Rinaldi, owner of Bethlehem Music. The dispute concerned whose video poker machines would be placed in Martucci's Bar on 7th Street in Allentown. Rinaldi had contacted Joseph Scalleat for a settlement; Scalleat, in turn, designated Belletieri to mediate. Belletieri held a "sitdown" between the two parties and ruled in Rinaldi's favor—that Rinaldi keep the location and that M&J Vending would have to remove its machines.

At one time, Belletieri operated primarily in the Reading area but relocated to Allentown after Parente's death to assume control of a major portion of Parente's gambling business. At Joseph Scalleat's behest, he continues to make frequent trips to Reading, where he meets with Sam Damiano. Belletieri's arrest record dates back to the early 1970s. Besides gambling, he has been involved in theft, hijacking, robbery, fencing of stolen property, loansharking, and narcotics financing. His most recent arrest occurred in March 1990 on charges relating to video poker; disposition of that case is still pending. Among his legitimate business interests, Belletieri is both president and manager of AL-Dee, Inc., which operates "Chicago," a bar and restaurant at 9th and Hamilton in Allentown. He also is a partner with his brother, Louis Belletieri, in Louie's Pasta House located at 12th and Chew in Allentown.

• **Michael "Pittsburgh Mike" D'Alessandro, Sr.**, 65, 1215 North 15th Street, Allentown. D'Alessandro's career in gambling dates back at least to 1950, when he was arrested in Allegheny County on charges of operating a gambling house. By 1955 he had settled in the Lehigh Valley area, working with Parente's gambling organization while also holding jobs in "legitimate" businesses, closely associated with

Parente.

D'Alessandro eventually became a key lieutenant in the Parente gambling organization and, following Parente's death, assumed control over a portion of the bookmaking operation in conjunction with Parente's son-in-law Richard Baker (see below). Parente's son, John Parente, Jr., has also worked for D'Alessandro. In the early 1970s, D'Alessandro opened Lehigh Merchandise Corporation in Allentown. In 1985, he sold the business to his son, Michael, Jr., who renamed it Lehigh Traders. The business deals in electronic devices and "distressed" merchandise—some of which is stolen property.

• **George Ellis "Gigi" Sam**, 40, 530 North 3rd Street, Allentown. George Sam is a racketeer in the Lehigh Valley area, as was his father Sam Sam. George Sam got his start in gambling with the Parente organization. After Parente's death, George Sam and Dennis John Sweeney (another of Parente's operatives) established their own gambling operation in sports betting and card and dice games. The partnership receives sports betting action from several sub-banks (large writers), including Ted Lopsonzski, Pete DeCrosta, Gene "Gino" Iannelli, and Ken Barber. Each of these sub-banks has a number of "heavy" bettors. The sports line is received from Las Vegas by DeCrosta and forwarded to Sam.

Sam has also been involved in loansharking, fencing, extortion, and drug trafficking. He loans mainly to gamblers short on funds but also advances capital to drug traffickers. He has accepted stolen property in payment for gambling debts and has been known to use both threats and violence to collect on debts.

His current business interests include Sam's Auto Show, Cash Cargo, Inc. (a merchandise liquidating operation that serves as an outlet for stolen property), and Vending World, Inc.—located at 1301-1319 Hanover Avenue in Allentown. Sam uses Vending World to distribute video poker machines in the area (see video poker section).

• **Dennis John Sweeney**, 47, 244

5th Street, Whitehall. Sweeney has informed federal investigators that he knew Parente from the age of 16 and that he supported himself as a young man with income from betting on horse races and dice games. Since Parente's death, Sweeney and George Sam (see above) have been involved in sports bookmaking, floating craps games, and loansharking. The floating dice games have included "high rollers" who are themselves major gambling figures, such as Peter Belletieri, Joseph Scalleat, and Anthony Leta. Sweeney has also been involved with Michael Insalaco (see below) in arranging gambling junkets to Las Vegas, where Sweeney lived in the early 1980s. In 1986, Sweeney was convicted of conspiracy to commit robbery, in connection with the robbery and murder of Michael Webb and Charles Smith, two Black drug dealers. He received a three- to six-year sentence and was released on parole in 1989.

● **Richard Charles Baker**, 51, 736 South 25th Street, Allentown. Richard Baker has been involved in the illegal gambling business for 25 years or more after getting his start in the gambling operation of his father-in-law John Parente, Sr. After his father-in-law's death, Baker established his own bookmaking operation. He also has been involved in loansharking.

● **George "Eskimo" Joseph**, 51, 1203 Livingston Street, Allentown. Another Parente protege, Joseph eventually branched off to form his own sports bookmaking operation. His clientele represent a cross-section of the Allentown population, including Syrians, "yuppie" professionals, and ironworkers. Joseph has also been involved in loansharking and fencing stolen property, and he has used strong-arm tactics to collect on gambling and loanshark debts. His "legitimate" businesses include Eskimo's Barber Shop, 641 North 7th Street, and Eskimo's Flex and Fitness Center at the same address—where he has been known to purchase stolen property for his fencing operation.

● **Michael Insalaco**, 56, 7057 Venice Square, Bethlehem. Michael Insalaco

is an associate of the Bufalino LCN Family. His business partner Joseph Maclean is an associate of Joseph Scalleat of the Scarfo LCN Family. Insalaco is involved in sports bookmaking, video poker, and gambling junkets to Atlantic City, NJ. He currently operates sports bookmaking from the Easton Trades Union Club at South 4th Street in Easton. Insalaco has been arrested twice on gambling-related charges but was acquitted both times.

Insalaco's business interests include J&J Amusement Company, West Easton; M&J Vending in Easton (owner; Joseph Maclean was formerly a co-owner); Tiffany Tours in Easton, a gambling junket business (owner); and Easton Trades Union Club in Easton (He has a hidden interest).

Insalaco maintains close associations with other major racketeers and gambling operatives in the Lehigh Valley area, including Dennis Sweeney, George Sam, Peter Belletieri, James Smith, and John Caponigro. Besides his illegal gambling activities, Insalaco is a loanshark in the area.

● **Francis "Goo Goo" Rich**, 51, 827 Lynn Street, Bethlehem. Rich is another graduate of the John Parente gambling organization. In association with "Boots" Shumar, Rich has been involved in horse wagering, numbers betting, and sports bookmaking. He is the former owner of the Hawthorne House in Bethlehem. Rich and Shumar were arrested for gambling violations in 1986 and received probation. The 1986 Pennsylvania State Police wiretap indicated that he was one of the largest bookmakers in the Lehigh Valley.

● **Habouk "Boots" Shumar**, 41, 4835 Charles Street, Easton. Shumar is involved in sports bookmaking and video poker gambling. His main business interest is Downtown Vending, the distribution outlet for his video poker machines. Shumar has been arrested and convicted three times for gambling-related charges, twice in 1976 and once in 1986. His 1986 conviction resulted in two years probation, plus fines and costs. Shumar is one of the largest book-

makers in the Easton area. He is associated with Francis Rich of Bethlehem (see above).

Eastern Pennsylvania

Reading

The most prevalent form of gambling in Reading is sports betting, followed by horse betting and numbers. Reading is one of the few areas in the state where horse races still attract considerable gambling action. Also popular in Reading are high-stakes poker and dice games and video poker. As in most regions of the state, the typical sports bettors are middle or upper income and are drawn from both blue collar and professional occupations. Numbers betting is most popular among low-income residents, particularly those living in Black and Hispanic neighborhoods. Numbers and horse betting have been less successful than video poker and sports in attracting young gamblers.

Most of the gambling operations in Reading have been well-established for many years. With the exception of the Hispanic operations (see below), most of the gambling operatives trace their roots to the empire of Abe Minker which dominated Reading gambling during the 1950s and early 1960s. Local bookmakers generally lay off to one another or for numbers action to the state lottery (which is the source for the daily number). The two largest bookmaking operations in the area are headed by the Masleys and by Lewis Listrani.

● **Robert L. Masley**, 64, 1427 Palm Street, Reading.

● **Robert M. "Rob" Masley**, 34, 308 Newport Avenue, Reading.

One of the largest in the Reading area, the Masley gambling operation has remained a family-run business since Leon Schein (the elder Masley's father) started in the 1950s. Schein at one time was part of the Abe Minker gambling organization and received a numbers book from Minker. The Masleys have expanded the operation to include horse wagering

and sports betting, and their gross intake has been estimated at \$100,000 per week (or over \$5 million per year).

The Masley operation is characterized by reliability, in prompt pay-offs, and customer convenience. Betting action is accepted over the phone at their own residences as well as at other locations, and "street traffic" can leave bets at local business establishments including the Downtown Tavern, 62 South 6th Street, and the South End Social Club, 527 South 6th Street. Horse and sports bets are accepted up until the start of the event, and numbers bets are accepted until 6:50 p.m. (just before the 7:00 Pennsylvania Lottery drawing). Writers accept bets on credit; bets as small as 50 cents are accepted. Credit arrangements are settled at the end of the week. Writers receive 25 percent of the action they generate.

At least three significant gambling operatives serve as sub-banks for the Masleys: Rocco Cambria, 57, Walter Cieplinski, Jr., 30, and John Bonanno, 62. The Masleys frequently lay off with other local bookmakers, in particular, Peter Lapi (see below) and Anthony Lucchese, 79. Lucchese, also known as Jimmy Peters, is a longtime bookmaker in the area who is now "semi-retired."

A joint investigation during the mid-1980s by the Pennsylvania State Police and the Reading City Police led to the arrests of the Masleys and Schein, and 19 other individuals. After pleading guilty, the defendants received sentences of probation and fines. The Masleys have also been involved in drug trafficking. The younger Masley was convicted on drug charges in 1984; he received a sentence of thirty days probation.

● **Lewis Listrani**, 51, 3 Olympic Drive, West Reading. Listrani operates a large sports, horse, and numbers wagering business in Reading and surrounding areas. Listrani's operation has grown through the decade, and his gross intake has been estimated at \$100,000 a week, or over \$5 million annually. One of his key associates is Richard Cardinal, 52, RD

4 Box 173-A, Birdsboro. Both Listrani and Cardinal are trustees in the Italian-American Democratic Club (hereafter I-A Club) located at 243 Chestnut Street, West Reading. Both are involved in gambling activities which occur at the club, including sports bookmaking, card games, and dice games. Listrani is also involved in drug trafficking from the I-A Club.

Other individuals involved in Listrani's gambling operation include Charles "Sonny" DeCamello, 56, 402 Playground Street, West Reading, and Nicholas Rappaselli, 52, 2615 Filbert Road, Reading. DeCamello is the vice-president of the I-A Club. DeCamello and Rappaselli take sports and horse betting action over the telephone at DeCamello's residence.

● **Peter Lapi**, 70, 2005 Reservoir Road, Reading. Lapi is a longtime bookmaker who is involved in sports and horse wagering in the Reading area. He has been active in the bookmaking business since the 1940s. Lapi caters to a high volume of sports bettors who place small wagers. He receives betting action from street writers and phone calls. He places daily calls to a Las Vegas sports line to obtain point spreads on various sporting events. The football season is the most profitable one for Lapi.

● **Joseph Camelleri**, 74, 724 Walnut Street, Reading. Camelleri has hosted daily high-stakes card games in Reading for the past 30 years. He receives a flat fee from the individuals who actually run the games. The operator of the games receives five to ten percent of the pot for each card game. The dealers for the games are hired by the operators and paid a percentage of the gross. Currently these games are held at the Walnut Social Club in Reading and are attended by a number of local gambling operatives, including Charles DeCamello, Nicholas Rappaselli, Lewis Listrani, and Stewart Gehris. The games serve as a convenient meeting place for local bookmakers to lay off to each other, to accept wagers, and to settle up accounts.

● **Joseph P. Mancuso**, 47, 2106 Garfield Avenue, Reading. Since the

early 1980s, Mancuso has been partners in a Reading bookmaking operation with Philip J. Piersody, 29, 115 West Buttonwood Street, Reading. They have been involved in sports and horse betting and illegal lotteries and were considered very reliable. Piersody comes from a long line of professional gamblers. He gambles at the horse tracks and has bet with local bookmakers, such as Robert Masley and in the past Richard "Slim" Rowe (now deceased). Piersody also is involved in cocaine trafficking. He was arrested in October 1987, on drug distribution charges, was convicted, and was sentenced to nine months to five years in prison.

In October 1988, Mancuso, Piersody, and 14 others, were arrested as the result of a State Police investigation of bookmaking in Reading and surrounding areas. Mancuso and Piersody received action from several sub-banks in Reading including Stewart Gehris, Jr., 55, 4411 Kutztown Road, Temple; Eugene Parenti, 46, 1920 Perkiomen Avenue, Reading; and Darlene, 43, and Thomas Ninfo, 47, 604 South 10th Street, Reading. They also took large bets directly from preferred customers. To gauge the extent of this gambling operation, in eight days approximately \$74,000 in illegal sports and horse bets was accepted on two of Mancuso's phones. Mancuso and Piersody received sports betting line information from, and occasionally laid off bets to, an operation headed by Thomas Martin, 46, 103 North 12th Street, Reading. Mancuso and Piersody also provided line information to, and received lay off action from, Ameen Fadool, who ran a gambling operation in Pottsville. All the defendants in the case except Parenti pled guilty and received sentences ranging from ARD to four years probation. Charges against Parenti were dismissed.

Martin, the owner of The Spring Inn, 960 North 11th Street, Reading, remains active in sports bookmaking and accepts bets at that location. Gehris remains involved in bookmaking and takes action from Nick's

Uptown News, 920 Penn Street, Reading. He is involved in bookmaking with Stewart McAlvage, 51, 1023 Elm Street, Reading, owner of Damios Italian Sandwiches, 835 Hiester's Lane, Reading, and Nick's Uptown News.

Hispanic Numbers Operations in Eastern Pennsylvania

In the Hispanic communities of Eastern Pennsylvania, both daily numbers and a weekly 3-digit number based on the Puerto Rican lottery that comes out every Wednesday in Puerto Rico are played mainly by factory workers and people of low economic means. Many bettors are older individuals who were playing bolita and gambling with Hispanic writers prior to the legal lottery. Since many of the bettors are on fixed incomes from social security or welfare, local numbers writers allow them to gamble on credit and make payments when they receive their government check.

The growing population of Puerto Ricans, Dominicans, Cubans, and other Hispanics in some localities (for example, Reading) is also attracted to sports betting. Some follow football, but most favor baseball and basketball.

Several significant Hispanic-run operations cater to numbers bettors in the Hispanic community. These operations have close ties to other Hispanic numbers operations in nearby cities (e.g., Lancaster, Lebanon, and York).

- **Acevedo/Rivera** operation in Allentown. Juan Acevedo, Sr. (1930-1983), established a large bolita operation, with links to bolita operations in other Pennsylvania cities. After Acevedo's murder in 1983, his son Juan, Jr., has headed the operation and has added cocaine trafficking to the family's criminal activities. Since Juan Acevedo's conviction and incarceration on drug charges, the operation has been managed by Jaime and Miguel Rivera, who are related to the Acevedos through marriage.

- **Jose Rivera**, 55, 528½ South 9th Street, Reading, heads a fairly large

numbers operation that accepts betting action at a number of grocery stores and other retail outlets in the Reading area. He also provides layoff for smaller bolita operations in Lancaster, Lebanon, and York. His operation is closely associated with the Acevedo operation in Allentown. Like the Acevedos, members of Rivera's operation also distribute cocaine.

- **Juan China**, 64, 217 South 4th Street, Reading, heads a small operation in Reading which accepts bets in the Hispanic community. China is married to Norma Roman China, a relative of the Roman family which includes four brothers who are involved in selling cocaine in Reading. China has been involved in numbers gambling for at least 15 years and was arrested in November 1975 on illegal lottery charges. He also was arrested in June 1987 for possession of two pounds of cocaine.

- **Sanchez Brothers**—Mercedes, 43, Gilberto, 40, Andres, 46 and Agapito, 39,—head a major numbers and cocaine operation centered in the Fairmount/North Philadelphia section of Philadelphia.

- The **Delgado** numbers and cocaine enterprise operates out of Delgado Enterprises (532-46 West Lehigh Avenue) in Philadelphia. This operation was headed by Roberto until his death in 1989. His wife Victoria Castano, 34, and her brother, Cesar Castano, now run the operation.

Philadelphia LCN Operatives

Gambling activity in the Greater Philadelphia area consists primarily of numbers and sports betting. Numbers betting has declined during the 1980s, particularly in Black neighborhoods. Card and dice games remain popular. Video poker gambling became increasingly popular and widespread during the decade. While there are some major independent operations, the Bruno/Scarfo LCN has dominated illegal gambling activities in the region. See Chapter 5 for more detail on many of the gambling figures listed below:

- **Anthony "Blonde Babe" Pungitore**,

Sr., 69, 2522 South 22nd Street, Philadelphia, and 9800 Pacific Avenue, Margate, NJ. Pungitore is currently incarcerated.

- **Anthony C. Pungitore, Jr.**, 37, 2522 South 22nd Street, Philadelphia; incarcerated.

- **Joseph Pungitore**, 34, 2522 South 22nd Street, Philadelphia; incarcerated.

- **Ralph Pungitore**, 32, 2522 South 22nd Street, Philadelphia.

The Pungitores were involved in sports and numbers betting. Their area of operation included Philadelphia and Southern New Jersey. Pungitore Sr., has been involved in bookmaking for over 30 years. The operation has taken betting action from as many as 30 sub-banks and has handled layoff action from as many as 24 bookmakers. Anthony Pungitore, his son Joseph Pungitore, and Salvatore Testa (deceased 1984) "inherited" the sports bookmaking portion of Frank Narducci's gambling empire after Narducci's murder in January 1982. The Pungitores have also been involved in loansharking and methamphetamine distribution. Anthony Pungitore, Sr., Anthony Pungitore, Jr., and Joseph Pungitore are Bruno/Scarfo LCN members.

- **Thomas DelGiorno**, 50, was a federally protected witness from 1986-1990. DelGiorno was involved in sports and numbers. His main area of operation was Philadelphia. He was a bookmaker for over 10 years. Other criminal activities included murder, extortion, drug trafficking, and burglary. DelGiorno operated his own numbers business between 1973 and 1986. In the 1980s, he was a partner in a number of LCN-connected gambling activities, including a numbers layoff with Francis Iannarella, Nicholas Milano, and Salvatore Scafidi; and a sports bookmaking operation with Joseph Pungitore and Salvatore Testa. He was a member of Bruno/Scarfo LCN.

- **John Melilli**, 54, 737 Cornell Avenue, Drexel Hill, is currently incarcerated. Melilli was a sports and numbers operator in the Philadelphia area. He was a bookmaker for over 10 years. Melilli has gambling arrests.

going back to 1975. In 1987 he was convicted of harboring a fugitive, Charles Iannece. His bookmaking operation is currently run by close associate Richard Mastro. Also involved in loansharking, he is an associate of Bruno/Scarfo LCN.

• **Michael Forte**, 50, 815 Catherine Street, Philadelphia. Forte is a numbers operative in South Philadelphia and nearby areas. He has been a bookmaker for over 10 years. His arrest record includes gambling, methamphetamine trafficking, receiving stolen goods, burglary, and assault of a police officer. He is an associate of the Bruno/Scarfo LCN.

• **John Grande**, 57, 1204 Mifflin Street, Philadelphia.

• **Salvatore Wayne Grande**, 37, 2336 South 10th Street, Philadelphia.

• **Joseph Grande**, 30, 10 Leanne Drive, Sicklerville, NJ.

The Grande sons are currently incarcerated. The main area for their numbers operation is South Philadelphia. Grande and sons, who have been involved in numbers bookmaking for many years, took over a part of Frank Narducci's operation in 1982. They are also involved in loansharking, and all are members of the Bruno/Scarfo LCN.

• **Albert Pontani**, 63, 146 Gates Mill Court, Hamilton Township, NJ, is currently incarcerated.

• **Michael Pontani**, 35, 35 Butler Street, Trenton, NJ; and 70 Lakeview Court, Yardville, Hamilton Township, NJ.

The Pontani sports and numbers operation is active in Southeastern Pennsylvania and New Jersey. The Pontanis inherited the operation of Bruno capo John Simone in 1980. Albert Pontani has arrests for gambling in 1984 and for cocaine and P2P trafficking in 1988. They are also involved in loansharking and extortion. Albert Pontani is a member of the Bruno/Scarfo LCN.

• **Salvatore Frank Sparacio**, 68, 1613 Lawncrest Lane, Gloucester Township, NJ. Sparacio handles sports, numbers, and horse betting. His area of operation is Philadelphia and Southern New Jersey. His arrest record includes gambling charges in

1983 and 1986. He is a member of the Bruno/Scarfo LCN.

• **Joseph Vito Mastronardo, Jr.**, 40, 2820 Edge Hill Road, Huntingdon Valley.

• **Joseph Vito Mastronardo, Sr.**, 63, 2540 Pioneer Road, Hatboro.

• **John Vito Mastronardo**, 35, 1500 Locust Street, Apt. 2110, Philadelphia, 1270 N.W. 4th Avenue, Boca Raton, FL, and 2905 S. Congress Avenue, Suite H, Delray Beach, FL.

The Mastronardo sports betting operation is active in Philadelphia and Bucks County but also extends into other states. This operation has existed since at least the mid-1970s. Individuals have been arrested for gambling and fraud violations in 1986.

• **Francis "Wolfie" McFadden**, 53, 3013 Douglas Turn, Bensalem. McFadden's sports and numbers operation, includes Northeast Philadelphia, Bucks County, and Southern New Jersey. McFadden has been arrested for extortion, murder, loansharking, and drug trafficking. He is also involved in methamphetamine and cocaine. Although he is associated with Bruno/Scarfo LCN members and associates, McFadden is an independent gambling operative and does not pay "tribute." He lays off to John Melilli, an associate of the Bruno/Scarfo LCN Family. He handles numbers and sports bookmaking at several factories in Philadelphia.

• **Joseph "Jo-Jo" Nocentino**, 55, 3261 Creek Road, Huntingdon Valley.

• **David Nocentino**, 45, 459 Alcott Street; Philadelphia.

• **Harry Nocentino, Jr.**, 52, 2424 Walton Road, Huntingdon Valley.

Joseph and David Nocentino are brothers. Harry Nocentino is their cousin. Their base of operation is in Philadelphia. This numbers operation extends into Black and Hispanic sections of Philadelphia and Reading. Involved in bookmaking for over 20 years, they have arrests for gambling charges dating back to 1953. They are also involved in loansharking. They have been associated with the Bruno/Scarfo LCN. Layoff is to Martin Hymowitz, a Bruno/Scarfo as-

sociate.

• **Martin "Three Finger Marty" Hymowitz**, 65, 610 Pine Street, Philadelphia. The Hymowitz sports and numbers operation includes South, Northwest, and North Philadelphia. Hymowitz has been involved in bookmaking for over 30 years. His arrests for gambling charges date back to 1953. He is a major layoff banker for white bookmakers (e.g., Nocentinos) as well as Black numbers operators (e.g., Isaiah Ford) and Hispanic bolita operators (e.g., Sanchez). Hymowitz is an associate of the Bruno/Scarfo LCN. His agreement with the Family is that betting action over \$150,000 is split 50/50 between Hymowitz and the Scarfo LCN hierarchy.

• **Thomas Wilson**, 53, 13041 Sewell Road, Philadelphia. Wilson's sports and numbers operation includes the areas of Northeast and North Philadelphia, and Eastern sections of the city. His numbers operation extends into Black neighborhoods of Philadelphia (See Chapter 7). He is also involved in loansharking. He has been associated with the Bruno/Scarfo LCN, and has paid tribute to the Family.

• **Joseph "Jake" D'Amato**, 74, 1628 South Hicks Street, Philadelphia. D'Amato is currently incarcerated. D'Amato's numbers operation was active throughout Philadelphia. He was a numbers bookmaker for over 20 years. D'Amato provided the daily illegal lottery number for the entire Philadelphia area. He has been a banker and a layoff source for some Black numbers operatives. A Bruno/Scarfo associate, he was convicted of murder in May 1990 and sentenced to life imprisonment.

• **James Busk**, 53, 2950 Tyson Avenue, Philadelphia. Busk's sports and numbers operation is active in Northeast Philadelphia. He has been a bookmaker for over 20 years. His arrests include gambling violations dating back to 1970. He pled guilty to 1986 charges of conspiracy, corrupt organizations and bribery, and was sentenced to four to ten years in prison. He laid off to the Mastronardo organization.

● **Raymond Perfetti**, 46, 1908 Passyunck Avenue, Philadelphia.

● **Louis Cicalese**, 67, 2023 S. Darien Street, Philadelphia.

The Perfetti/Cicalese numbers operation included areas of South Philadelphia and Chester. Arrests for gambling violations took place in 1985. They are associated with the Bruno/Scarfo LCN and lay off to Family bankers. Perfetti and Cicalese bribed Chester Police Captain Richard Conway, who played a corrupt cop between September 1982 and October 1983. Perfetti and Cicalese were eventually convicted. Perfetti received a two-year prison term while Cicalese received five years probation.

● **John "Slim" Creagh and Sons**, 70, Executive House, 6100 City Avenue, Philadelphia.

● **Frank Creagh**, 48, 500 Lexington Drive, Cinnaminson, NJ.

● **John Creagh**, 44, 18 Cornell Street, Delran, NJ.

● **Gary Creagh**, 40, 577 Sentinel Drive, Moorestown, NJ.

● **Gregory Creagh**, 37, 612 Mayfair Street, Philadelphia.

The Creagh numbers operation involves Black and Hispanic sections of Philadelphia. (See Chapter 7.) The elder Creagh's arrests for gambling violations date back to 1952. John Creagh is semi-retired, and his son Frank takes the major role in running the business. John's two nephews, Bill Creagh and Brian Matera, manage lead houses for the Creaghs. The operation paid street tax to the Scarfo LCN in 1980s.

Major Gambling Figures near Philadelphia

● **Ralph DiGuiseppe, Jr.**, 34, 918 Wood Street, Bristol City. A second generation operation, DiGuiseppe's sports betting business covers Bucks County.

● **John "Sadsbury John" Sorber**, 52, R.D. 2, Box 462, Compass Road, Parkesburg. The Sorber sports and numbers operation covers Chester County. He has been a bookmaker for over 10 years. His arrests on gambling charges go back to 1969.

He is associated with the Bruno/Scarfo LCN Family.

● **Robert Connelly**, 62, R.D. 2, Box 357A, Phoenixville. Connelly is involved in sports, numbers, and video poker. His area of operation includes Chester, Delaware, and Montgomery Counties. He has been a bookmaker for over 30 years. His numerous arrests for gambling violations date back to 1955.

● **Santo Idone**, 70, 1136 44th Avenue N.E., St. Petersburg, FL, and 123 Meadowbrook Lane, Brookhaven. Idone is currently incarcerated. His sports and video poker operation covered areas in Delaware County and the City of Chester. He has been involved in bookmaking for over 20 years. Other involvements include loansharking, extortion, and murder. Key associates include Mario Eufrazio, Gary Iacona, Francis Peticca. Idone is a capo in the Bruno/Scarfo LCN Family.

● **Frank Lebano**, 47, 341 Windmore Road, Springfield. A sports and numbers operative, Lebano's area of operation includes Delaware and Philadelphia Counties. He has been a bookmaker for over 10 years. An associate of the Bruno/Scarfo LCN Family, he is also involved in loansharking.

● **John Hartung**, 61, 213 Greenwood Road, Sharon Hill. A sports and numbers operative in Delaware County and West Philadelphia, Hartung has been a bookmaker for over 20 years. He paid street tax to the Bruno/Scarfo LCN Family.

● **Harry Tometta**, 51, 252 Bridge Street, Collegeville. Tometta's sports operation covers Norristown, Conshohocken, and other areas of Montgomery County. He has been a bookmaker for over 15 years, and his arrest record dates back to 1976.

Summary

In spite of the legalization of various forms of gambling and the upsurge of drug distribution as a major money-maker for crime groups, illegal gambling remains as a steady money-maker for organized crime. Gambling

is widespread in Pennsylvania, with activity in all areas of the state. The general public perception of gambling is that it is an innocuous form of crime in which many people participate. This perception is reinforced by the availability of legal gambling outlets such as state lotteries, off-track betting and the Atlantic City casinos.

Video gambling machines have become a significant form of illegal gambling during the decade of the 1980s. Numbers gambling has lost business to the legal state lotteries.

While the majority of those named in the *Report* as running gambling operations are Italian-Americans, there are also Black and Hispanic gambling operations. A significant portion of gambling activities has ties to traditional organized crime elements in the state. Also, gambling operatives are frequently involved in other criminal activities such as loansharking and drug trafficking.

Loansharks continue to provide loans to gamblers, drug dealers, and businessmen with financial problems. The threat of violence is more common than actual use of violence in loansharking enterprises; loansharks may take over a part of the debtor's business to recoup their profits and more.

A Primer on Bookmaking: Sports and Numbers

Roles in a Bookmaking Operation

Used loosely, the term "bookmaker" or "bookie" can refer to persons who fill three distinctly different types of roles that may be found in a sizable gambling operation: the person at the top who "bankrolls" the operation; those at the bottom who accept bets from the public; and, in larger organizations, those in intermediate positions who supervise a number of those in lesser roles and forward bets on to the top. To avoid confusion, this report assigns the terms "bookmaker" to the person who oversees the gambling operation, "writer" to lower-level operatives who deal most directly with the public, and "sub-bank" to mid-level operatives who supervise or employ a number of writers but forward the betting action on to a higher level.

Bookmaker: The bookmaker provides the operating capital and makes major decisions about odds and payoffs. He is, foremost, a "banker," who "provides the capital to cover expenses and losses . . . [and] who makes critical decisions, setting the terms of the bets and the limits on the size of the bets."⁵

Writer: The person who funnels bets to the bookmaker is known by various names, depending on the type of gambling and the locality: "writer" (numbers), "handbook" (horse racing), "sub-book" or "runner" (sports wagering). "Writer" is used in this report as a generic term for those individuals who accept bets from the public and then turn in the bets to the bookmaker (or a sub-banker). These are usually people with ready access to the public, such as waitresses, bartenders, and newspaper vendors. Large bettors may deal directly with the bookmaker.

Sub-bank: These are "large writers" or sub-books who receive betting action from a set of smaller writers and forward the action to the bookmaker. In most instances, the sub-bank acts strictly as a final conduit for "turning in" bets from a number of other writers. In other instances the sub-bank may forward most of

the action from writers in his "employ," while he simultaneously "holds back" some of the action from smaller wagers and pays off any winning hits from that action.

In practice, there sometimes is an overlap and switching of roles. Large writers or sub-books may sometimes act as bookmakers (*i.e.*, "bank" bets) with some of their bettors. If they accumulate enough capital, they may eventually establish their own operation, or may "inherit" an operation when an older bookmaker retires. Conversely, bookmakers in financial difficulty may lose control of their operations and move to subordinate roles with other bookmakers.

Odds, Payoffs, and Risks

If all bets (on particular numbers, teams, horses) were evenly balanced among bettors, the bookmaker's profit would be guaranteed. Since the payoffs are less than the actual odds of winning, the money received from losers would easily cover the money paid out to winners.

But bets are not evenly distributed. Some numbers or teams are more "popular" than others, and the bookmaker must guarantee against large losses if the "favorite" wins. To insure against possible large losses, the bookmaker "lays off" (also called "edge off") large wagers or heavily played action.

Layoff involves forwarding bets to another bookmaker of similar or larger size or to a layoff bank. The bookmaker does this by telephoning another bookmaking operation and placing, usually, a large wager with the operation. In the case of numbers games based on the state lottery, bookmakers may even lay off to the state lottery by placing wagers with the state equal to bets received on popular numbers. In the fast moving world of sports bookmaking, layoff channels are well-established and often consist of an informal telephone working relationship with other bookmakers or with bookmakers who specialize in handling layoff wagers.

To provide reliable "layoff" requires

large amounts of capital, and only the wealthiest "bankers" can provide this service on a continuous basis. At the same time, layoff is the more lucrative part of a gambling enterprise, since the amounts are large, overhead is low, and the large volume of business makes it relatively easy to offset losses with wins. In Pennsylvania, large layoff is frequently provided by members or associates of La Cosa Nostra Families, including not only the Pennsylvania-based LCN Families but New York LCN Families as well.

The bookmaking process is depicted graphically in Figure 4.1. A bettor may place a bet in person with a writer (who may be a waiter, newsstand vendor, variety store clerk, or other individual convenient for the public) or directly with the bookmaker. Many bettors prefer to use a telephone, in which case the bookmaker often conceals his location through the use of call-forwarding devices, answering services or equipment (where a bettor leaves a telephone number, often with a code, where he can be reached), or third parties (often elderly persons or housewives with no criminal records).

Numbers Betting

"Numbers" is a form of lottery in which the customer places a bet by choosing a number, typically a three-digit number between 000 and 999. The customer usually places a bet with a "numbers writer" and receives a receipt with the chosen number and the amount of the bet written on it. Winning bettors are paid a fixed multiple of the amount bet. For a three digit number, the odds of winning on a straight bet (that is, correctly guessing all three digits in the correct order) are 1000-to-1, and the payoff is 500-to-1 in legal state lotteries, and typically 600-to-1 or higher with illegal numbers games.

Bankers often provide a variety of betting arrangements other than the straight bet (picking the numbers in their chosen order). Bettors may wager money on each number as it comes out (lead bets), or the inci-

dence of two numbers in any sequence (parlay bets). With a 6-way "box bet," the bettor can win if the correct digits are in any order. The odds of winning with such bets are much greater, but payoffs are comparably reduced. Many bettors like to vary their plays from day to day.

The winning three-digit numbers are commonly obtained either from the three-digit drawing of the Pennsylvania Lottery, or from the results of a predetermined horse race. In most localities of the state, bettors are limited to playing a single number, generally based on the state's legal lottery drawing. However, three daily numbers are played in the Philadelphia area (the state lottery number and two numbers determined by horse race results); and as many as seven numbers are played in the Pittsburgh area.

The structure of a numbers operation is fairly simple. At the lower level, a street writer receives and records wagers from bettors by telephone or street traffic. Some writers travel a specified territory to accept bets; others accept bets at their place of business—such as a newsstand, bar, or grocery store. The writer then turns these bets over to a "sub-bank" or directly to the "bank" operation. Both the writer and the sub-bank (if one exists) usually are paid a percentage of the total amounts of bets turned in to the bank, although some receive a "salary." In some localities it is customary for winning bettors to "tip" their writer ten percent of their winnings.

Betting is not evenly distributed among numbers. Bettors tend to bet lower rather than higher numbers, and "lucky" numbers like 711 receive more action than other numbers. To protect themselves from large losses, numbers bookmakers often offer lower payoffs for popular numbers or limit the size of bets, or both. However, most will need to lay off heavy action to other bankers or to layoff specialists.

Sports Betting

Sports bookmaking is by far the most widespread and profitable illegal gambling activity in the Common-

wealth. Sports betting is almost always done on credit. Prior to a sporting event, wagers are placed with the bookmaker by large bettors or sub-banks. After the winners are determined, the bookmaker "settles up" with the bettor or sub-bank, but usually not until a certain prearranged date.

Despite the large profits overall, individual sports bookmakers operate on a fairly thin profit margin (about five to ten percent) and face a number of risks. Bettors or writers may be slow in making payments. If the bookmaker fails to achieve a balance, heavy betting on a game can lead to huge losses. He may be scammed by "beards" with inside information on a sporting event that decidedly increases the bettor's chances of winning. Finally, many bookmakers are themselves bettors and thus take the risk every bettor takes. Some bookies bet heavily with another operation; others bet their own "book" by working on the basis of their personal opinion about the correct odds.

Bookmaking Terms

The following terms are used in conjunction with bookmaking activities. Simple definitions are provided to assist the reader in understanding the gambling activities in the *1990 Report*.

Action: the number and size of bets received.

Bookmaker: person who "banks" bets or who runs a numbers or sports betting operation; he provides capital for the operation and sets sizes of bets accepted and the rules of the house.

Craps: a dice game.

Handicapping: a process used by bookmakers for sporting events (including animal races or boxing) to develop the odds of a particular competitor winning, or the margin (points or time) by which a competitor will win.

Layoff: bet made by bookmakers to cover action taken on numbers or teams which have received heavy play by customers. Layoff bets are large enough to cover the cost of a potential pay-out if a particular num-

ber or team wins. They are generally made to larger bookmakers or layoff-bankers.

Lead House: in Philadelphia, a location where numbers betting action is received or collected from a number of writers. Individual bettors also can place bets at a lead house.

Line: the odds of winning or losing. In sports betting, it may include the "point spread" (see below).

Numbers: the illegal game in which bets are taken on a number. Typically a three-digit number (000 to 999) is used. The payoff is usually 600 to 1, as opposed to the state lottery which pays 500 to 1. Since the advent of the state lottery, the official number often also serves as the "illegal" number.

Odds: the probability of winning a wager.

Office: a place where bookmakers, writers, or runners may work. It usually includes a number of telephones for accepting bets. Another term for "writer" is "office man."

Point spread: an informed opinion as to how many points a team will win by. When making a bet, the bettor must say who will win after adding in the point spread.

Runner: a person who works for a bookmaker who collects betting information and money and then takes it to the bookmaker or office.

Sports Betting: betting on the outcome of sporting events.

Sub-bank (or sub-book): a subdivision of a large bookmaking operation. Sub-banks act similarly to bookmakers, except that they are reporting to a bookmaker and forwarding betting action to him.

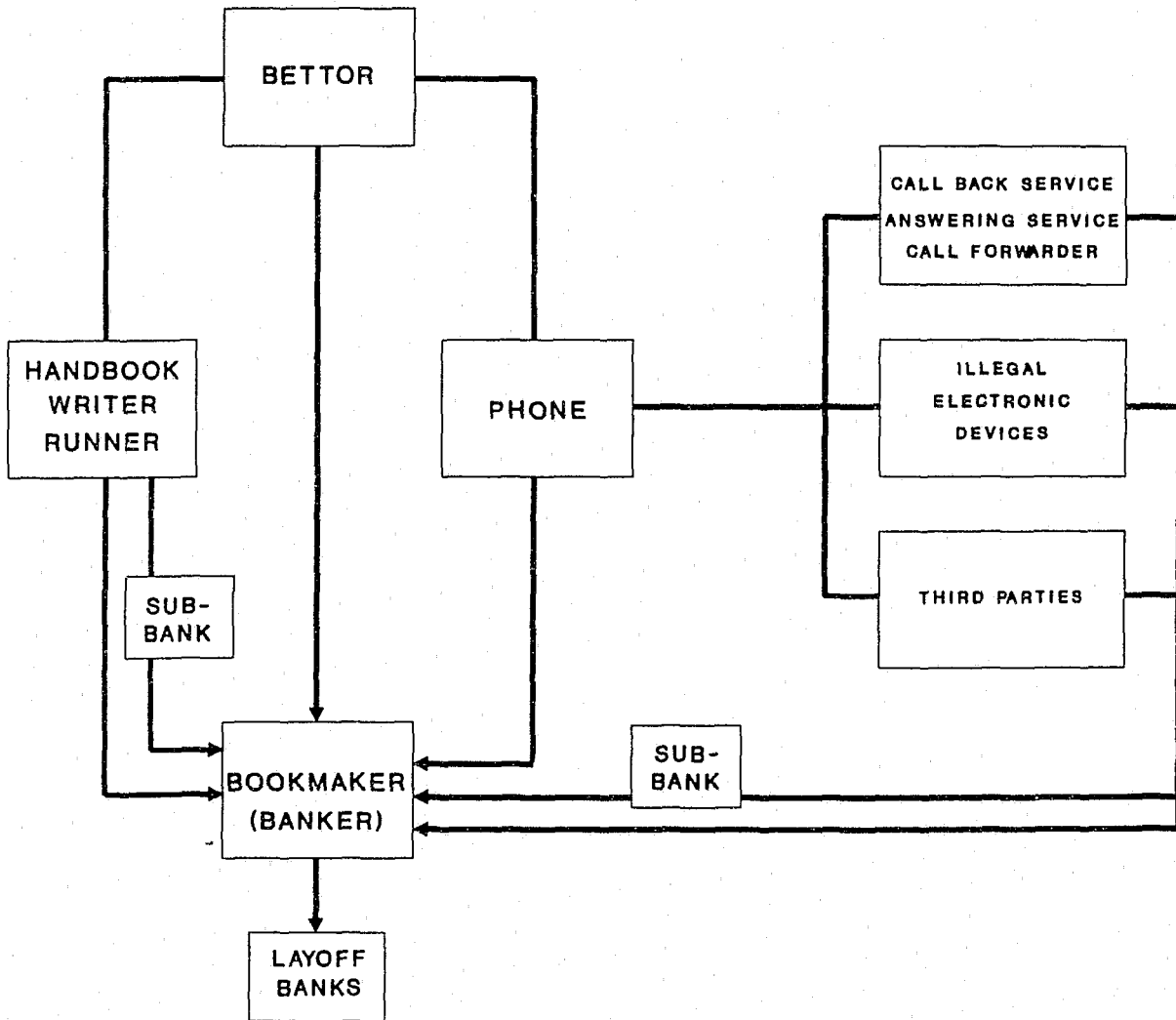
Vigorish: In gambling, the term used for the fee paid for the privilege of betting. It is also used to refer to the profit margin or the advantage in betting odds that a bookmaker or gambler creates to produce his profit. In loansharking it refers to the interest—or "juice"—on money loaned by a loanshark.

Writer: a person who recruits bettors and collects bets for a bookmaker. A writer may work in an office or on the street.

Figure

4.1

HOW A BET IS PLACED



ENDNOTES

1. Richard Lehne. 1986. *Casino Policy*. New Brunswick, NJ: Rutgers University Press, p. 13.
2. "Policy originated... [in] 18th century London lottery houses and was introduced in America late in the 18th century.... [It] was based on drawing numbers (from 1 to 78). Normally, 12 numbers were drawn, and players bet that from 1 to 4 numbers of their choosing would be among the 12 drawn.... In [numbers], a player bet on a number between 1 and 999." Commission on the Review of the National Policy Toward Gambling. 1976. *Gambling in America*. Washington, D.C.: U.S. Government Printing Office. pp. 171-172.
3. U.S. Senate, Special Committee to Investigate Organized Crime in Interstate Commerce, *Final Report*, Washington, D.C.: U.S. Government Printing Office, 1951, p. 52.
4. *Ibid.*, p. 58.
5. Peter Reuter. 1983. *Disorganized Crime, The Economics of the Visible Hand*. Cambridge, MA: MIT Press. p. 20.
6. U.S. Department of Justice, Bureau of Justice Statistics, *Sourcebook of Criminal Justice Statistics - 1989*, Table 2.100, p. 215.
7. Although the *Gallup Report* (No. 285, June 1989) does not provide a breakdown according to legal and illegal wagering, it does comment that most sports wagering is illegal.
8. Charles Clotfelter and Philip Cook. 1989. *Selling Hope: State Lotteries in America*. Cambridge: Harvard University Press, p. 100. See also: Vicki Abt, James Smith, and Eugene Christiansen. 1985. *The Business of Risk: Commercial Gambling in Mainstream America*. Lawrence, Kansas: University Press of Kansas.
9. John Dombink and William Thompson. 1990. *The Last Resort: Success and Failure in Campaigns for Casinos*. Las Vegas: University of Nevada Press.
10. Peter Reuter, *op. cit.*, p. 26.
11. State of New Jersey Commission of Investigation. 1988. *Public Hearing Report and Recommendations by the State of New Jersey Commission of Investigation on the Subversion by Organized Crime and Other Unscrupulous Elements of the Check Cashing Industry*. Trenton, New Jersey. p. 97.
12. United States Senate. Permanent Subcommittee on Investigations, Committee on Governmental Affairs. 1985. *Illegal Use of Video Gambling Machines*. Washington, D.C.: U.S. Government Printing Office. p. 43.
13. United States Senate. Permanent Subcommittee on Investigations, 1985, *op. cit.*, p. 21.
14. *United States v 294 Various Gambling Devices*, 731 F. Supp. 1246.
15. United States Senate. 1988. *Organized Crime: 25 Years after Valachi*. Statement of Angelo Lonardo. Washington, D.C.: U.S. Government Printing Office. p. 531.
16. Special Committee to Investigate Organized Crime in Interstate Commerce, 1951, *op. cit.*, p. 54.

CHAPTER

5

LA COSA NOSTRA

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LA COSA NOSTRA — THE AMERICAN MAFIA

In the nearly 60 years of the LCN's evolution, a sophisticated and stable criminal organization has developed with rules and a behavioral code that have contributed to its success and survival.¹

Italians were not the first immigrant group to become involved in organized crime in the United States. They are but one in a long succession. The Irish were the first immigrant group to become involved in organized crime on a large scale, followed by Eastern European Jews, and then by Italian and Sicilian immigrants. In recent years Hispanic and Chinese immigrants have made a place for themselves in organized crime. But Italian-American organized crime has achieved broader dominance over a wider range of criminal activities than that of any other ethnic group, and for a longer period of time, and it has become the standard to which all other organized crime groups are compared.

La Cosa Nostra embodies an overarching, self-perpetuating structure that allows for considerable autonomy within a simple hierarchy. La Cosa Nostra defines territories of member Families, provides mechanisms for succession of leadership and mediation of disputes, regulates the use of violence, instills a powerful sense of membership, and has formalized (though unwritten) rules of conduct. Not all of these features function well all of the time, nor is this the place to attempt a complete listing or explication of the features that underlie LCN's success when compared to other crime groups.

Other criminal groups have succeeded in establishing syndicates which coordinate criminal activity within limited territories, or for certain populations, particular forms of crime, or short periods of time; but none has matched LCN in longevity, nationwide span of control, and versatility of criminal pursuits. Today, about two dozen La Cosa Nostra Families in the

United States are centered in urban areas with relatively large Italian-American populations, such as New York and Chicago. In Pennsylvania, the Bruno/Scarfo Family dominates the Philadelphia area; the Bufalino Family has the Northeastern Pennsylvania territory; and the LaRocca/Genovese Family retains strong influence in Pittsburgh and Western Pennsylvania.

Individual LCN "Families" trace their history back to before the Prohibition era. For example, Stephen LaTorre of the Bufalino LCN Family in Northeastern Pennsylvania (who died in 1984) came to this country in the late 1800s and helped establish the Family in Pittston. But LCN, as an overarching structure, took shape during Prohibition and the early 1930s.

The structure that has emerged is a relatively simple hierarchy. Each Family is headed by a boss, who is usually assisted by an underboss and a counselor (or consigliere). A small number of ranking members or capos (depending on the size of the Family) each head their own groups and answer to the boss. At the bottom are the ordinary members or soldiers. Each Family is estimated to have anywhere from 10 to 200 members, plus a sizable number of associates, many of whom aspire to become "made-guys." The "Commission," consisting of heads of different Families around the country, regulates inter-Family relationships.

To better understand just how LCN achieved greater success than other organized crime groups in this country, it is helpful to examine its historical roots, cultural ethos, and organizational structure. More is now known about LCN than about other organized crime groups. A wealth of knowledge was gained from several sources during the 1950s and 1960s, including legislative investigations of the U.S. Congress, law enforcement's serendipitous discovery of the 1957 mobster convention at Apalachin, NY, and the testimony of LCN

mobster Joe Valachi at congressional hearings in 1963. During the 1980s, a vast array of new information became available through numerous mob trials (see feature later in this chapter) and the testimony of LCN informants. This new information both confirmed and refined the picture provided by the earlier sources.

Sicilian and Italian Historical Roots

La Cosa Nostra is a particularly American brand of organized crime that evolved from the Sicilian Mafia and the Camorra of Southern Italy. Feudal tyranny persisted in these regions of Italy until well into the 19th Century. Oppression by local despots bred cultural adaptations in which life revolved around the family and loyalty was given to one's relatives, friends, and associates, rather than to the virtually non-existent state.

Perhaps to compensate for the lack of governmental services and protection, and perhaps to exploit the lack of governmental control, secret societies sprouted—the Mafia in Sicily and the Camorra in the provinces of Calabria and Campania in Southern Italy. Both exemplified the Southern Italian contempt for government: "They must outwit it, twist its laws, circumvent them in some way to live, not to be the victims of government."²

Both the Mafia and the Camorra were based on blood ties, fostered local banditry and other forms of crime, had mechanisms for communication and coordination among member Families, and appropriated certain quasi-governmental powers. After the unification of Italy, the organizations became power brokers, and delivered votes to the highest bidders. Most of all, both the Mafia and the Camorra fostered the growth of a criminal ethos that provided the cultural underpinnings for LCN.

The elements of this ethos are

described in greater detail below, but the spirit is captured in the concept of *mafia*, which became part of the heritage of immigrants to the United States from Southern Italy. At the most general level, mafia refers to a "state of mind, a sense of pride, a philosophy of life, and a style of behavior which Sicilians recognize immediately."³ A *mafioso* is a man who commands fear, keeps secrets, gets things done by his own devices, and has contempt for government. He is a man one has to reckon with and he is a man with "friends." Mafia also refers to a kind of patriarchal organization that sometimes provided services to early Italian immigrants but that was easily adapted by street hoodlums to exploit their fellow immigrants.

During the late 1800s and early 1900s, the United States received over two million Italians, mainly from Sicily and Southern Italy. Like other immigrant groups, they settled into ethnic-exclusive neighborhoods in large cities like New York and Chicago—"Little Italies" that nestled near similar ethnic ghettos of immigrants from Ireland, Russia, Poland, China, and every corner of the globe. An 1878 attempt by the Italian government to crack down on the Mafia motivated many Italian criminals to join the stream of immigrants to the United States.

As in other ethnic enclaves, criminal gangs arose. During the late 1800s, as historian Humbert Nelli points out, every American city with a sizeable Sicilian population began to see gangs modeled on the Sicilian Mafia, "feeding off the common laborer's honest toil and claiming to serve as a means of adjustment to American society."⁴ Gangs such as the infamous "Black Hand" robbed and extorted from vulnerable Italian immigrants. By using muscle and by cashing in on ghetto conditions and police indifference to what went on in Little Italy, this intra-ghetto crime marked the beginning of Italian involvement in organized crime. Immigrant-hoodlums became rich and powerful, expanded their illicit activities, and hired other men to help them.

Prohibition and the "Castellammarese War"

The passage of the Volstead Amendment in 1919 and the onset of Prohibition signified a turning point in the history of organized crime in the United States. A multi-million dollar bootlegging industry sprang up overnight to satisfy the nation's continuing thirst for alcohol. The logistics of supplying liquor to thousands of illegal drinking establishments required considerable organization. However, as gangs vied for a share of the business, bloody wars for control of territories and profits frustrated the development of cooperation and coordination among gangs.

Nevertheless, prohibition provided the impetus for mafiosi and other Italian-American criminals to expand beyond "Little Italy" and to cooperate with other crime groups. As they did so, the Mafia and Camorra traditions enabled them to develop an organization uniquely suited to urban America. Luigi Barzini writes:⁵ "In order to beat rival organizations, criminals of Sicilian descent reproduced the kind of illegal groups they had belonged to in the old country and employed the same rules to make them invincible."

Several events in the 1920s helped set the stage for the eventual development of La Cosa Nostra as an overarching structure that unified the disparate and frequently warring elements of Italian organized crime. First, Johnny Torrio became president of Unione Siciliana, an ethnic self-help group which had begun as a legitimate enterprise but which had then been taken over by racketeers. Torrio had established his reputation in New York and then went to Chicago with his protege, Al Capone, to help establish the rackets there. His election thus helped bring together the Chicago and New York crime groups. Since Torrio was from mainland Italy, his election to a Sicilian organization also laid groundwork for

a truce between Italians (from Camorra) and Sicilians, who heretofore had been engaged in bloody battles for power and territory in New York City, Chicago, and other American cities.

Also during the 1920s, the Italian dictator, Mussolini, inadvertently spurred the growth of Italian-American crime when he instituted the "Mori Operation" in an effort to rid Italy of both the Mafia and the Camorra. As a result, at least 500 Sicilian Mafiosi fled to the United States between 1922 and 1929. The fugitives included many future LCN leaders like Joseph Bonanno, Mike Coppola, Stefano Magaddino, Joe Magliocco, Salvatore Maranzano, and Joseph Profaci. (Many years later, those mafiosi who remained in Sicily played key roles with their American counterparts in international drug trafficking rings that became targets of important prosecutions during the 1980s.)

Perhaps the most important occurrences of the late 1920s were two mob "summit" meetings that attempted to resolve the internecine warfare then taking place. In December 1928, Italian gang leaders from across the nation met in Cleveland to discuss strategies for mediating their differences in a nonviolent manner and for maximizing profits. Five months later, an organized crime summit of both Italians and non-Italians was held in Atlantic City. It was attended by 20 gang leaders, including Lucky Luciano, Al Capone, Meyer Lansky, and Dutch Schultz. The crime leaders divided the United States into territories, each one controlled by a crime leader, and thus paved the way for the boundaries observed by present-day La Cosa Nostra bosses.

Despite such efforts, gang wars actually intensified, culminating in the Castellammarese War of 1930-1931. Two New York City bosses struggled for domination: Salvatore Maranzano, from the Sicilian town of Castellammare del Golfo, and Joe "the Boss" Masseria, from mainland Italy. According to later testimony of Joe Valachi, Masseria placed a sentence of death on all Sicilians from the

Castellammarese area. Arrayed on opposing sides were many of the leaders who would become the major crime bosses over the next 40 years, such as Vito Genovese, Carlo Gambino, and Joseph Bonanno. Both Masseria and Maranzano were among the many mobsters who were murdered in the course of the War.

The "war" and the killings lasted only a couple of years, but the end of Prohibition in 1933 posed a new threat. With the loss of lucrative bootlegging profits, further warfare could have been more destructive of mob interests than law enforcement had ever been. In 1934, Torrio and Luciano convened another summit in New York. This meeting led to the formation of a national crime commission and acknowledged the territorial claims of the 24 or so Crime Families around the country. It was agreed that the new organization would continue to make alliances with other ethnic gangs, but would itself have an exclusively Italian membership. Family bosses would be autonomous, but "Families" would be linked together as members of La Cosa Nostra and a "commission" would settle inter-Family disputes.

Thus, La Cosa Nostra was born. "This thing of ours" (the literal meaning of La Cosa Nostra) refers to the group formed from this alliance of Sicilian and Italian mainland factions, growing out of the mafia extortion gangs operating in "Little Italy," the opportunities of the Prohibition era, the carnage of the "Castellammarese War," and the need to stabilize profits by ensuring relatively peaceful relations.

Control over inter-Family violence enabled Italian-American crime Families to flourish and to achieve a dominant place in organized crime. Since the 1930s, in spite of intra-Family strife such as the Gallo-Profaci "insurrection" and the "Banana War" of the 1960s, and the "Scarfo Bloodbath" of the 1980s, there have been no discernible "Wars" between Italian-American crime Families. Luciano and other Italian crime bosses maintained close ties to non-Italian gangsters like Meyer Lansky and

Bugsy Siegel, and inter-ethnic gang strife was also minimal. By the second World War, Italian dominance was clearly established; they had out muscled and out organized competing crime groups.

The mob meetings that occurred in the late 1920s and early 1930s "served not only immediate ends and paved the way for the formation of La Cosa Nostra but also served to build contacts and networks for future cooperation and combination going far beyond the individual power bases that these organized crime figures possessed."⁶

A Criminal Ethos: The Cultural Underpinnings

Ever since the development of public awareness of LCN (see Chapter 2), a lively debate has centered on the issue of whether La Cosa Nostra is "homegrown" or a product of Italian immigration. Clearly the Italian immigrants did not import the Mafia or the Camorra wholesale: the mafia did not set up branch offices in the United States. Furthermore, Italian-American organized crime figures increasingly reflected the characteristics of their new homeland as they were assimilated into the American culture. Prohibition in particular lent organized crime a distinctly American character while promoting the fortunes of ambitious Italian-American crime Families.

However, it is equally obvious that the organization and social values of La Cosa Nostra evolved from those of the Sicilian Mafia and the Camorra. The *cultural ethos* of the Mafia and the Camorra involved a set of cultural traditions and organizational principles supportive of organized crime and adaptable to the United States. For example, the spirit of mafia brought by turn-of-the-century Italian immigrants helped early Italian hoodlums to cash in on the mafia idea. Like mafiosi back home, these hoodlums

were feared, even as they were simultaneously respected and held up as models for emulation by the young.

Key elements of the ethos that developed under the oppressive semi-feudal conditions prevalent in nineteenth century Italy are still evident in contemporary LCN values and behavior:

- Strong familial ties and obligations, a heritage of kinship, ethnicity and clannishness which binds Crime Families together. Francis Ianni said that the organized crime Family he studied had a motto: "You can trust the Family first, relatives second, Sicilians third, and Italians fourth. After that, forget it."⁷

- A distrust of outsiders and government.

- A proclivity for sanctioned violence and private revenge. According to historian Mark Haller, Italian-Americans were successful bootleggers because, "There was . . . a relationship between the cultural factors that sanctioned violence and revenge in Europe and the factors that sanctioned the violence with which Italian bootleggers worked their way into a central position in (Chicago's) organized crime."⁸ On the other hand, the Sicilian code of *vendetta* (revenge) contributed to the bloody strife of the 1920s and early 1930s. In part, it was the need to regulate unfettered violence that led to the formation of LCN.

- A capacity for effective organization. Haller comments that "The members of the Capone organization gradually emerged as the most effective organizers and the most deadly fighters."⁹

- Pragmatic recognition of the need for cooperation and coordination with competing crime groups, if all are to prosper. In Sicily, the various "*cosche*" (individual associations) did not develop into a comprehensive, hierarchical association but maintained loose relationships with each other in order to avoid serious conflict and attendant violence.

- The savvy to cultivate the goodwill of local residents, while simultaneously exploiting them for personal advantage.

- Cultural acceptance of and tolerance for certain forms of crime. Immigrant Italian businessmen eased the task of the hoodlums by accepting extortion as a cost of business. Attraction to illegal goods and services and amenability to "bending the law" provided a ready market for the early gangs. Rome University sociologist Franco Ferrarotti has noted: "Gambling is deeply rooted in all strata of Italian society."¹⁰

- A sense of how to coopt the law and achieve immunity by corrupting influential persons.

- A penchant for secret societies and oath-taking rituals.

- A patriarchal family structure that is compatible with hierarchical crime organization.

- The concept of manhood and mafioso—the man who exudes violence and inspires fear is *uomo di rispetto* (a man worthy of respect); a mafioso is a violent entrepreneur who is respected because he is feared.

These traditions provided a natural basis for the evolution of an organization with an overarching, self-perpetuating structure. Similar cultural patterns are found in the Colombian, Cuban, Mexican, Jamaican, and Chinese groups that are now achieving significant success in the arena of drug trafficking (as described in later chapters). However, no other United States group has rivaled LCN in its ability to dominate most forms of lucrative crime in the major urban areas of the United States. For example, Irish and Jewish gangs gained temporary prominence in particular cities, but those gangs failed to reproduce in numbers sufficient to maintain an important presence in organized crime.

La Cosa Nostra is based on no single element but on a blend of features that together have made it the most successful and enduring crime organization in our nation's history. Some of these features include a powerful sense of membership; a simple but stratified structure that is decentralized in its functions and activities; institutionalized mechanisms for leadership succession; formalized rules governing the rela-

tionships among members and between Families, dispute settlement, and the use of violence.

Membership

Every organization, to survive, must have an institutionalized process for inducting new members and inculcating them with its values and ways of behaving. The concept of membership promotes continuity and insures Family survival. Irish and Jewish organized crime groups lacked the strong sense of "belonging" fostered by the sense of "membership" prevalent in LCN. The member is tied to the Family and to LCN, and this commitment will survive regardless of the fate of particular bosses. When a member meets another member, he is introduced as "amico nostra" (a friend of ours), while a nonmember is introduced as "a friend of mine."

Historically, Italian neighborhoods in major United States cities have contained the three essential ingredients to La Cosa Nostra's effectiveness in recruiting both able and loyal members and nonmember associates —*viz.* inspiring aspiration for membership, training for membership, and selection for membership (called "opening the books" in LCN).

While some recruits are deliberately sought out and trained, either as youngsters or as young adults, the most successful recruitment processes are those which do not appear to be recruiting techniques at all. Individuals who become members of LCN usually have grown up in the neighborhood, have been associated with crime as youngsters, and have associated with Mafia members as youngsters. Frequently, there is some type of family bond (*i.e.*, real family, not LCN Family). A father, an uncle, or a cousin may be a member. All during their formative years, they have been exposed to the Mafia, and many become "mob wannabes."

Membership candidates typically are males in their late twenties or thirties,

have at least one parent of Italian origin, have often served one or more terms in prison, have relatives or friends with ties to organized crime, and come from neighborhoods with extensive crime networks.

When a member is "made," an initiation ceremony [usually] takes place involving a revolver, a knife, blood drawn with a pin from the forefinger (the "trigger finger"), and the extensive use of Sicilian dialect. The "made-guy" pledges to keep La Cosa Nostra above family and friends. Soldier Vincent "Fish" Cafaro, a member of the New York Genovese Family, described his initiation in testimony before the U.S. Senate:

". . . [he] gave me a piece of paper to let burn in my hand while I took the oath. 'If I betray the Cosa Nostra, I shall burn like this paper.' He then pricked my trigger finger with the pin and told me, 'Now you are amico nostra, you have been born over again. Now you are a man; you belong to us.' From that point on, I was amico nostra, a soldier in the Genovese family, the most powerful mob family... in New York City and, for that matter, in the United States."¹¹

As part of an ongoing investigation of the Bruno/Scarfo LCN by New Jersey's Organized Crime and Racketeering Task Force, mob-informant George Fresolone recorded his own induction into LCN membership; this recording is the second known instance of such a ritual being taped. Acting boss Anthony Piccolo is heard referring to the LCN Family and its activities as an "honorable thing." Fresolone's trigger finger was pricked and blood was drawn. Holding a piece of burning paper in his hands, Fresolone took his oath by repeating: "May I burn in hell if I betray my friends in the Family." A gun and knife were then produced, and Fresolone was told that they symbolized the mafia code that he "live by the gun and die by the gun, live by the knife and die by the knife."

The oath-taking ritual used today in LCN initiation rites has changed little from that used in the early nineteenth century by both the Camorra and

Mafia organizations.¹²

The member can draw upon LCN contacts, resources, and reputation. The status and fear generated by LCN membership is a powerful tool for the member seeking to build his own operation. Although only members can be part of the inner circle that constitutes the Family hierarchy, the sense of "membership" in the LCN extends to associates to some degree. Associates know they have the reputation of the organization behind them. An associate may not be "amico nostra," but they are still "friends." Some associates are prospective members who have not yet gone through the initiation ceremonies. Other associates are non-Italians who cannot become members because of their lack of proper ethnic origins. Still other associates are persons who are content to be part of the larger "organization," but do not have the interest or the contacts to be "made members." Finally, some associates are better money makers than members.

Structure

The core of La Cosa Nostra consists of a hierarchy of members (soldiers), lieutenants (capos), underboss, and boss, with an umbrella organization of bosses to determine national policy and settle inter-Family disputes. Outside the core are a large number of associates, business fronts, and customers. This simple, yet stratified, structure, allows for decentralization of functions while maintaining the institutionalized mechanisms for leadership succession, the formalized rules governing the use of violence, and a powerful sense of membership.

The LCN Commission, composed of several bosses, determines leadership succession for individual Families, establishes certain rules applicable to all Families, and settles inter-Family disputes. Recently, the Commission is believed to have decided that the Bufalino Family will have no boss other than an acting boss, and that the Family will be assimilated into

other Families. This provision for leadership succession is particularly important. Several Jewish organizations did not survive the death or imprisonment of important gang bosses like Arthur "Dutch Schultz" Flegenheimer or Louis "Lepke" Buchalter.¹³

The Commission thus regulates the extensive interrelationships and crime partnerships which exist among the various Families. Territory is allocated by the Commission to the Families; and certain areas, such as Las Vegas and Florida are declared open territory. The Commission also provides a framework for joint ventures, for out-of-town "muscle," and for geographic mobility.

Autonomous LCN Families are nevertheless essentially self-governing. The "boss" is a powerful position. Since only a boss has access to other bosses, Family members are dependent on their boss for assistance and protection. The boss also has retainers (capos, soldiers, even nonmember associates) who report to him directly, who enforce the Family's territorial claims, and who make sure the boss is being protected and getting his proper share of the revenues being generated.

At the same time, individual members retain considerable autonomy to make money in whatever way they can. Made members and associates have an extensive repertoire of money-making activities, both legal and illegal. Scarfo Family member Harry Riccobene had a criminal portfolio that included gambling, loan-sharking, drug trafficking, larceny, and dealing in stolen securities.

Although the flow of money is generally from the bottom up, in the form of "tribute," some members may actually make more money than the boss. When Jimmy Fratianno testified before the President's Commission on Organized Crime, he was asked whether the fact of becoming a capo entitled him to certain businesses that he could not have entered into as a mere soldier. Fratianno replied: "No, it didn't matter... if you are a soldier, a Capo, you are equal. If you want to go in business, you can go

into business."¹⁴

The decentralization of Family operations has contributed to LCN's durability. Information, orders, and the transfer of money or other goods are carried out on a face-to-face basis. Illegitimate activities take place in the context of criminal partnerships in which participants are familiar only with the specific activities to which they are privy. This decentralization, along with the secrecy that surrounds organized criminal interactions, limits what is known and what can be found out about organized crime. Traditionally this meant that successful prosecution of a particular member, even a boss, did little to impede other Family operators. However, RICO has strengthened the ability of prosecutors to conduct sweeping prosecutions of entire segments of an organization.

Settlement of Disputes and Regulation of Violence

LCN rules structure the behavior of members and associates. This ensures a stable and predictable framework within which the criminal enterprises of members can flourish, comparable to the body of business law that governs the behavior of legitimate businesses. LCN rules are well-known to all members and associates. However, when disputes arise in spite of the rules, LCN provides institutional mechanisms for settlement.

The basic mechanism for dispute settlement is the "sitdown," wherein a high-ranking LCN member sits down with the disputants, listens to both sides, and arrives at a decision which both must obey. Chapter 4 provides an example of a tape-recorded conversation between Gambino Family boss John Gotti and his underboss regarding a prospective "sitdown" to mediate a dispute between video poker distributors aligned with different Families. Disputes that are not re-

solved by the sitdown are referred to the Commission.

The rules regulating circumstances for violence are impersonal and rational, designed in many ways to offset Sicilian traditions of private revenge based on *sangu de me sangu* (literally "blood of my blood"); or, "right or wrong, defend your kin." LCN rules for controlling violence and settling disputes are central to understanding their survival and success. Members of LCN are violent by nature, and the underworld is a violent setting. Violence is both an important resource and a potential problem. Valachi noted the importance of rules governing violence: "It's a hard rule in this thing of ours from the days of Mr. Maranzano that one member cannot use his hands on another member."¹⁵

The Mob Trials of the 1980s

"The 1980s will be remembered as a period when the United States Department of Justice took new initiatives and successfully prosecuted a large number of organized crime figures in federal courts around the country."¹⁶

Since 1980, more than 1,000 LCN members and associates have been convicted in federal courts and sentenced to prison. Successful investigations have targeted the hierarchies of the five New York Families, as well the Families in Boston, Cleveland, Denver, Kansas City, Milwaukee, New Jersey, St. Louis, Northeastern Pennsylvania, Philadelphia, and Pittsburgh. Indictments are now pending against LCN leaders in Chicago, Los Angeles, New England, New Jersey, and New York. At least 15 bosses have been convicted since 1980. Several developments contributed to this increase in prosecutions: the effective investigation by organized crime task forces (both federal, state and local) that targeted Mafia Families in major cities; the greater authorization and use of electronic

surveillance; the expanding use of undercover agents and government informants; the use of the RICO statute; and greater cooperation among federal, state and local law enforcement.

The code of silence (*omerta*) has been broken in recent years, not only by associates, but by 10 known LCN members who became government witnesses. Their knowledge and testimony concerning the operation, membership and criminal activities of LCN Families have aided law enforcement considerably. It has also enhanced our understanding of the structure and inner workings of this criminal organization. Member informants identified to date include:

- Aladena Fratianno, former acting boss, Los Angeles Family
- Angelo Lonardo, former underboss, Cleveland Family;
- Vincent Cafaro, soldier, New York Genovese Family ;
- Michael J. Franzese, former capo, New York Colombo Family;
- Nicholas Caramandi, soldier/enforcer, Scarfo Family ;
- George Fresolone, soldier in Northern New Jersey, Scarfo Family;
- Thomas DelGiorno, member, Scarfo Family;
- Philip Leonetti, underboss, Scarfo Family;
- Lawrence Merlino, demoted capo, Scarfo Family; and
- Eugene Milano, soldier, Scarfo Family.

The sheer magnitude of the Mafia prosecutions during the 1980s has been unprecedented. However, the impact that such extensive prosecutions and convictions will have on the ability of the LCN to persevere is yet to be seen.

SIGNIFICANT MOB TRIALS, 1980—1990

June 1980 OMEGA TRIAL — Four members of the Genovese LCN (New York) were convicted of conspiracy and other crimes as part of a nationwide conspiracy. The government charged that the men had been involved in extortion, murder, loansharking and gambling. The Omega trial was the first attempt to prove in court the existence of the LCN crime group.

January 1981 TIERI TRIAL — Frank "Funzie" Tieri, boss of the Genovese Family, was convicted for operating a criminal group through a pattern of racketeering, which included murder and extortion. He was the first boss convicted of RICO charges.

October 1981 BUFALINO TRIAL — Northeastern Pennsylvania boss Russell Bufalino was convicted of conspiracy and obstruction of justice for the attempted murder of government witness Jack Napoli. Bufalino's attempt included members of the Los Angeles LCN Family, showing the cooperative actions among Families.

December 1982 LOMBARDO TRIAL — Chicago LCN capo Joseph Lombardo was convicted along with Roy Williams, president of the International Brotherhood of Teamsters and Allen Dorfman, a well-known Chicago insurance executive, of attempting to bribe Nevada Senator Howard Cannon to influence favorable action regarding trucking industry deregulation.

April 1983 LONARDO TRIAL — Angelo Lonardo, underboss of the Cleveland LCN Family, was convicted of drug trafficking and racketeering charges and sentenced to life in prison plus 103 years. In 1984, after 40 years of LCN membership, Lonardo became the highest ranking member of the LCN to testify as a government witness and to supply the FBI with information about the activities and inner workings of LCN.

August 1983 OSTICCO CONVICTION — James Osticco, Bufalino Family underboss, was convicted of conspiracy and obstruction of justice in a jury tampering scheme. The case showed the LCN tactic of bribing jurors to receive acquittals.

December 1984 GAMBINO TRIAL — Rosario Gambino, Erasmo Gambino, Antonio Gambino and Anthony Spatola, all soldiers in the Gambino LCN, were convicted and sentenced to the combined time of 143 years on drug

related charges. This trial highlighted Sicilian connections to the American Mafia and included operations in Southern New Jersey.

January 1986 CHICAGO LCN TRIAL — Convictions of Chicago LCN boss Joseph Aiuppa, underboss John Cerone, and capos Angelo LaPieria and Joseph Lombardo were obtained. Verdicts resulted from investigation directed at conspiracy among the Chicago, Cleveland, Milwaukee, and Kansas City LCN Families to obtain funds from the Central States Pension Fund. This conspiracy demonstrated the interrelationships among Families and their control of the union locals and internationals.

June 1986 COLOMBO LCN TRIAL — Convictions of the leadership of the Colombo LCN Family on charges of racketeering, bribery and extortion were handed down. The U.S. Attorney's Office then filed a civil RICO complaint against Family members. This was the first civil RICO complaint filed against an LCN Family as an enterprise.

November 1986 LCN COMMISSION TRIAL — Convictions were gained of the leadership of the five New York LCN Families for operating a criminal enterprise known as the LCN Commission. The bosses of the five Families admitted in court that the Mafia, or La Cosa Nostra, exists and that there is a "Commission" which regulates the relationships among Mafia Families.

March 1987 PIZZA CONNECTION TRIAL — 18 LCN members or associates were convicted on charges of participating in an international drug-smuggling and money-laundering ring. An additional 175 Mafia members and associates in Italy were indicted. The ring used pizza parlors in the Northeast and Midwest as fronts to market more than \$3.6 billion in heroin, imported over 10 years. These cases documented the extensive involvement of some LCN Families in drug trafficking and highlighted the association between Italian and American Mafia Families.

March 1987/February 1990 GOTTI TRIALS — John Gotti, boss of the Gambino LCN Family, was acquitted on RICO and conspiracy charges in New York City in 1987. In early 1990, he also was acquitted of conspiracy and assault charges in New York State Supreme Court. In December 1990, he was indicted on murder charges, being accused of the murder of former Gambino boss Paul

Castellano and underboss Thomas Bilotti, both of whom were killed in 1985. Gotti is now considered to be one of the most powerful LCN leaders in the country.

April 1987 COLOMBO CIVIL JUDGEMENT — The U.S. District Court enjoined members or associates of the Colombo LCN Family and the LCN Commission from participating in, or profiting from, the affairs of Cement and Concrete Workers Union Local 6A and some other unions.

August 1987 SCARFO EXTORTION TRIAL — Nicky Scarfo, boss of the Philadelphia LCN Family, was sentenced to 14 years imprisonment in the attempted \$1 million extortion of developer Willard Rouse. Philadelphia City Councilman Leland Beloff was sentenced to 10 years and his legislative aide Robert Rego to eight years for their participation.

March 1989 SCARFO MURDER TRIAL — Nicky Scarfo, boss of the Philadelphia LCN Family, and seven Family members were convicted of first degree murder for the killing of mob associate Frank D'Alfonso in July 1985. All defendants were sentenced to life, with Scarfo becoming the first LCN boss to be convicted of first degree murder. Three Philadelphia LCN Family members testified against Scarfo, the first instance of massive breaking of the code of silence (*omerta*).

May 1989 SCARFO RICO TRIAL — Nicky Scarfo, boss, Philip Leonetti, underboss, capos Francis Iannarella and Joseph Ciancaglini, and 13 other members of the Philadelphia LCN Family were sentenced to substantial prison terms. They were convicted on charges of racketeering, extortion, gambling and narcotics (including 10 murders and five attempted murders).

October 1990 PORTER CONVICTION — Charles Porter, underboss of the Pittsburgh LCN Family, and Louis Raucci, LCN member, convicted on drug trafficking charges. This conviction may have a significant impact on the Pittsburgh LCN's strength.

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SYNOPSIS

- La Cosa Nostra has been active in the Pittsburgh area since the 1920s with an initial stage of violence and rapid turnovers in leadership.
- The Pittsburgh LCN has followed the New York City LCN model, with Family dominance of illegal markets and "tribute" being paid to the Family by those involved in criminal activities.
- Within the 1980s, the leadership of the Family passed from Sebastian John LaRocca to Michael Genovese, a quiet yet autocratic leader, who expanded the Family's influence and enlarged its criminal portfolio.
- The Pittsburgh LCN has been primarily involved in gambling, loansharking, drug trafficking and extortion in Western Pennsylvania, the "panhandle area" of West Virginia, in Erie and in the Youngstown, OH area.
- One significant occurrence of the decade was the incarceration of independent gambling kingpin Tony Grosso, which enabled the LCN to take over that gambling empire.
- Family members or associates have demonstrated a propensity for violence to solve territorial disputes among themselves.
- Several prosecutions for gambling and narcotics trafficking against Pittsburgh Family members or associates were effected during the 1980s. The most recent--involving underboss Charles Porter and member Louis Raucci, Sr.--resulted in convictions in late 1990 which may significantly damage the LaRocca/Genovese LCN hierarchy.
- The LaRocca/Genovese LCN appears to be strong and dominant in Western Pennsylvania. So long as it withstands the convictions noted above, it should continue to prosper.

THE LAROCCA/GENOVESE CRIME FAMILY: RESURGENCE IN WESTERN PENNSYLVANIA

The LaRocca/Genovese Crime Family is pervasive and dominant throughout Western Pennsylvania. No other crime group in the area approaches the LaRocca/Genovese Family in scale or durability of organized criminal activity. It is currently the strongest and most viable of the LCN Families originating and operating in Pennsylvania. This conclusion contrasts sharply with the previously held view that the Pittsburgh Family was "on the wane." It had been reported that the Family's activities and sphere of influence in the Commonwealth were declining and that it was an impotent group of aging and semi-retired men.

In 1990, the Pittsburgh LCN Family dominates much of illegal gambling in the western area of the state, in the Panhandle of West Virginia, and in parts of Ohio. It is a major drug trafficker in the Pittsburgh area, it is the principal loanshark in the region, and it is a major beneficiary of large-scale scams and thefts. Its influence has increased in Erie County, formerly dominated by the Magaddino LCN Family of Buffalo, NY. Since the successful prosecutions of the hierarchy of the Cleveland LCN Family, the LaRocca/Genovese Family has steadily increased its connections in Ohio.

The Pittsburgh Family's influence and power are greater now than at the beginning of the decade and, perhaps, are greater now than at any time in its history. Although the Family continues its caution in admitting new members, those it has admitted are quite active; and it has a large number of associates.

The Family's illegal markets are largely regional. It carries a reputation of being capable of violence although its actual use of violence is infrequent. One Family associate remarked:

"Violence...is counterproductive...The threat of it, the knowledge that it's always behind whatever negotiations are being put forward, or whatever is

being transacted, is absolutely a prerequisite of any organized crime activity...It's not a paper tiger. It's meant as a very tangible weapon to be used in negotiation to achieve the Mafia's goal."

The incapacitation of a Family member or associate running an illegal operation has little effect on the Family's business. Another Family member becomes the proprietor, and a new associate emerges to replace the old one so that the business continues as usual. This replacement process may be quite competitive, however, with several members or associates of the Family jockeying to take over the operation.

The major events involving the Pittsburgh LCN during the 1980s are summarized in the following section. These include several successful prosecutions of Family members in Ohio and Pennsylvania. These prosecutions augmented what is known about the Family's inner workings and about its influence in Western Pennsylvania.

Major Events of the Decade

• **Death of Gabriel "Kelly" Mannarino (July 1980)** At the time of his death, Mannarino was considered the most active Family member and stood in line to become boss of the Family. His death cleared the way for Michael Genovese to assume the helm.

• **End of conflict with Cleveland LCN (Early 1980s)** In the 1970s, the two Families had agreed to an arrangement where the Pittsburgh LCN and the Cleveland LCN split illegal gambling proceeds from Youngstown, OH, but the Cleveland Family had been delinquent in living up to the arrangement. Eight associates of the two Families were killed during the

conflict. It ended when Cleveland LCN associate Charles Carabbia was murdered by the Pittsburgh faction. The "hit" was approved by the Cleveland LCN because Carabbia continued to badmouth the Pittsburgh LCN and was under-reporting the percentage of gambling profits due to the Pittsburgh LCN.

• **Successful prosecution of the Cleveland LCN hierarchy (1982-1983)**

In 1982, James "Jack White" Licavoli, the Cleveland boss, was convicted of racketeering and conspiracy and was sentenced to 17 years in federal prison, leaving the underboss, Angelo Lonardo, acting boss until he, too, was convicted in 1983. Lonardo, who subsequently became a government witness and one of the highest ranking mafioso to turn informant, was sentenced to 103 years in prison for his role in a RICO drug case.

These prosecutions allowed the Pittsburgh Family, through its member Joseph Naples, to dominate much of Eastern Ohio. As recently as 1986, for example, the Pittsburgh Family was given control of gambling activities in Trumbull County, historically the territory of the Cleveland Family.

• **Declining Influence of The Magaddino Family in Erie County (Early 1980s)**

The retirement of James "Westfield Jimmy" Salamone in the early 1980s allowed the LaRocca/Genovese Family to increase its influence in the Erie gambling market. In the late 1980s, the three largest bookmaking operations in Erie all had some connection through layoff activity to the Pittsburgh LCN. Prior to Salamone's retirement, anyone wanting to start a "book" in Erie needed Salamone's approval.

In 1983, Salamone's associate, Dominic A. Adiutori of Erie was indicted by a federal grand jury in Western Pennsylvania and was charged with transporting and causing to be transported in interstate com-

merce a gambling device—*i.e.*, five slot machines. Adiutori pled guilty in 1984.

• **Conviction of John Verilla, John Caramadre, and Vincent Caracciolo (1984)** Verilla, Caramadre, and Caracciolo were convicted in the mid 1980s of homicide-related charges. Since 1976, these individuals constituted an organization in the Altoona area identified as "The Family" with Verilla the boss, Caramadre the counselor, and Caracciolo the enforcer. Nine other men were associated with "The Family" including a doctor. The group was involved in extortion, narcotics trafficking, illegal gambling, arson, fencing, and loansharking.

The trial and subsequent informant testimony from members of the Verilla organization provided some of the earliest insider information on the Family's workings. Verilla and associates were illegally obtaining drugs from Dr. John Maras by use of bogus prescriptions and by a staged robbery of Maras' office. One associate John Henry Clark had a falling out with Verilla and intended to inform the police of the activities. Verilla and Caramadre ordered Caracciolo to kill Clark; and on January 23, 1979, Caracciolo and four others murdered Clark with an axe. Verilla, Caramadre, and Caracciolo were sentenced to life in prison for the homicide. Verilla died in prison in September 1988.

• **The death of Sebastian John LaRocca (December 3, 1984)** Following LaRocca's death, Michael Genovese became boss and LaRocca's "no drugs" rule was no longer in effect. There was increased overlapping in territories traditionally identified with specific Family members, and Charles "Chucky" Porter emerged as the major power-broker in the Family. According to one close associate, the Family gained more "respect" after Genovese rose to power. For example, the Family became more active in demanding tribute from narcotics and gambling operatives in the Greater Pittsburgh area.

• **Gambling czar Tony Grosso is incarcerated (1986)** Tony Grosso,

who dominated Pittsburgh's illegal numbers enterprises for decades, pled guilty to 85 state and federal gambling counts and was sentenced to over 24 years' imprisonment. Grosso's arrangement with the LCN was to provide them with layoff activity and to do "favors" for them. The void left by his departure allowed Pittsburgh LCN associates to assume most of Grosso's business and thus provided a steady source of income to the Family.

• **Eugene Gesuale is convicted (1986)** Gesuale pled guilty to federal charges including engaging in a continuing criminal enterprise, conspiracy, possession and distribution of cocaine and marijuana, and income tax evasion. He was sentenced to 45 years in prison. This conviction demonstrated the Pittsburgh LCN's emergence as a major narcotics supplier in the Pittsburgh area. Gesuale is a close associate of Michael Genovese, boss of the Pittsburgh LCN. Other associates have advised that the LaRocca/Genovese Family has demanded a "piece" from many narcotics deals taking place in the Greater Pittsburgh area.

• **Marvin Droznek and Joseph Rosa are convicted (1988)** Droznek, an associate of the Pittsburgh LCN and Rosa, a "self-professed member" of the Family, pled guilty to operating a cocaine network which distributed more than 200 kilograms in the Pittsburgh area. These convictions further demonstrated the continued involvement of the Pittsburgh LCN in the local cocaine market. Both Droznek and Rosa eventually became government witnesses, and they have provided detailed information on the inner workings of the Pittsburgh Family. Their testimony has resulted in the conviction of over 40 individuals on narcotics-related and other charges.

• **Paul Hankish is convicted (1990)** Hankish, an associate of the Pittsburgh LCN Family, pled guilty to nine federal counts of racketeering, gambling, distribution of cocaine, and income tax evasion in July 1990. Hankish's organization dominated gambling activities not only in Wheel-

ing, WV, but also in Fayette County, PA.

The Hankish prosecution documented the far-reaching influence of the Pittsburgh LCN Family and the extent to which a close family associate is able to dominate illegal activity in a particular locality (e.g., the Panhandle of West Virginia). The case also documents the wide-ranging criminal activity of mob members and associates. Hankish's criminal portfolio includes fencing, prostitution, illegal gambling, narcotics trafficking, extortion, pornography and murder.

• **Robert Iannelli is indicted (1990)** Iannelli, an associate of the Pittsburgh LCN Family, was charged, in a state grand jury presentment in June 1990, with heading a sports betting and numbers organization which grossed millions of dollars per year. Iannelli, along with Salvatore and Adolph Williams, had assumed most of Tony Grosso's numbers empire after Grosso's mid-1980s conviction. Iannelli's organization, which paid "tribute" to the Pittsburgh LCN, operated in Allegheny, Beaver, Bedford, Fayette, Lawrence, and Washington Counties. It also extended into parts of Western Maryland. This gambling enterprise is illustrative of the regional influence of the Pittsburgh LCN in the gambling market.

• **Charles Porter and Louis Raucci, Sr. are convicted (1990)** Porter, the underboss of the Pittsburgh LCN and Raucci, a member, were indicted in April in the Western District of Pennsylvania on charges including the distribution of narcotics, extortion, conspiracy to commit murder, robbery, gambling, and racketeering (*i.e.*, of directing a network of drug dealers and racketeers and of reporting directly to LCN boss Michael Genovese). The subsequent trial (during September-October) revealed the extensive involvement of the LCN underboss (Porter) and a high-standing member (Raucci) in narcotics trafficking as well as the wide range of criminal enterprises from which the Family claims "tribute." The trial revealed much about the Family's influence and inner workings. The success of this prosecution on the future of the

Pittsburgh Family, with its underboss and one of its most active members now serving substantial prison terms, has yet to be determined.

Family History

The history of the Pittsburgh LCN is characterized by strong ties to the New York LCN Families and by the adoption of the "New York model" as the operating style for a mafia organization. This style places heavy emphasis on the Family's dominance of local illegal markets and on its members and associates paying "tribute" to the Family's hierarchy.

Extending back at least to Sebastian John LaRocca's reign as boss of the Family, the Pittsburgh LCN has been represented on the "LCN Commission" by the Vito Genovese LCN Family of New York. The strong ties to the New York LCN are manifest in ongoing relationships and joint involvement in criminal activities, particularly illegal gambling and narcotics trafficking.

The early history of the Pittsburgh LCN Family was characterized by violence and by quick turnovers in leadership, not unlike the pattern of other LCN Families. Stefano Monastero, the first boss of the Pittsburgh LCN Family, was shot and killed on August 6, 1929. Giuseppe "Joseph" Siragusa assumed control of the Pittsburgh Family after the violent death of Monastero. Siragusa had emigrated illegally from Sicily to Brooklyn in 1910, moved to Pittsburgh at age 18, and eventually became the "Yeast Baron" of Allegheny County. He supplied hundreds of local bootleggers with yeast to make beer. Salvatore Maranzano of New York, who fancied himself as the "boss of bosses," controlled Siragusa's rackets in Pittsburgh, with Siragusa paying "tribute" to Maranzano. Siragusa was shot and killed in his house in the Squirrel Hill section of Pittsburgh on September 13, 1931, by unknown assailants. His murder was one of many unsolved "racket" killings in Allegheny County between

1927 and 1931. It is believed that Siragusa's murder was part of the national "purge" of the old-line mafiosi which had begun three days before his killing with the murder of New York boss Maranzano.

The next boss was John Bazzano, Sr., a Sicilian immigrant who came to the United States during the 1890s. During Prohibition, Bazzano successfully consolidated Sicilian, Calabrian, and Neapolitan factions within the Pittsburgh bootlegging underworld. To bring about this consolidation, Bazzano ordered the attempted 1932 execution of three brothers in the rival Volpe gang of Pittsburgh. Two of the brothers, Louis and Joseph, survived and carried their complaint to the newly-formed LCN Commission in New York. Later that year, Bazzano was lured to a testimonial dinner in New York City which was attended by a number of LCN members who stabbed him to death with icepicks. His perforated and garroted body was found a few days later in a burlap sack.

Vincenzo Capizzi succeeded Bazzano as the boss of the Pittsburgh Family until sometime in 1937, when he voluntarily stepped down and was succeeded by Frank Amato, Sr., of Braddock. During Amato's reign, the Family expanded outward into Allegheny County and surrounding areas. In 1956, Amato developed an acute kidney ailment and resigned to become the Family's underboss and consigliere. Amato died of natural causes in 1973.

Sebastian John LaRocca became head of the Family in 1956 and ruled until his death in 1984. Born in Sicily in 1901, he emigrated to Brooklyn in 1910 and settled in Yatesboro, Indiana County. At the age of 14, LaRocca went to work in a coal mine in Yatesboro and remained there until 1922 when he was convicted of assault with intent to kill, for which he served three years in prison.

LaRocca then moved to Scranton and married. The couple eventually settled in Jamestown, NY, where they lived with a relative. After a failed attempt to operate a service station, LaRocca began transporting illegal

liquor between Jamestown and Buffalo, NY. He was arrested and fined \$150 for transporting 100 gallons of liquor in October 1931. Following the incident, he and his wife moved to Pittsburgh. LaRocca gained control of the Pittsburgh numbers rackets in the 1940s and, at one time, financed and controlled several gambling casinos in West Virginia's Panhandle region.

In 1954, the U.S. Immigration and Naturalization Service (INS) began deportation proceedings against LaRocca. Authorities stated that he was an undesirable alien because of his prior convictions for larceny, receiving stolen goods, and operating a lottery. However, the government was forced to drop the deportation proceedings after LaRocca was granted a back-dated pardon for his crimes by then-Governor John S. Fine. In 1957, LaRocca attended the Apalachin meeting of major organized crime figures in New York with his chief lieutenants Michael Genovese and Gabriel Mannarino.

LaRocca maintained a low profile, yet commanded a nationwide reputation throughout the underworld. He was characteristic of the "new breed" of mafiosi who had emerged after the gangland wars of the Prohibition period. He was what has come to be known as "a man of respect," *i.e.*, characterized by allegiance to the traditional "mafia values" of obeying orders, keeping secrets, and effective use of violence.

Genovese Succeeds LaRocca as Family Boss

By the late 1970s, because of advancing years and ill health, LaRocca had yielded much of the family leadership to Gabriel Mannarino, Joseph Pecora, and Michael Genovese. Pecora was convicted of gambling in 1979, and Mannarino died in 1980. Michael Genovese, 71, then became the boss of the Pittsburgh Family in 1985, with Pecora staying on as underboss until his death in March 1987.

As boss, Genovese continued LaRocca's low profile style of running

the crime Family, but noticeable shifts soon emerged in the Family's power structure and in the scale of its criminal activities. Charles Porter, current underboss, emerged as Genovese's chief lieutenant and narcotics trafficking assumed more status as a major money maker for the Family.

The Pittsburgh LCN had become somewhat lethargic under LaRocca. No new members were added for a number of years and drug trafficking was, at least formally, prohibited. Some members were involved in narcotics, but without LaRocca's consent. For many members and associates of the Family, Genovese was a "breath of fresh air." The Family became more active and aggressive both in reasserting its dominance in the Pittsburgh area and in expanding into new territories in Ohio and Erie. New members and associates were added to the Family's membership rolls. While remaining firmly entrenched in traditional criminal activities including gambling and loansharking, the Family moved into the video poker market and expanded its narcotics business.

Under Genovese, there is also less strict adherence to the concept of "territories" as the sole province of specific Family members. Prior to LaRocca's death, Family members operated in designated areas in Western Pennsylvania. For example, LaRocca operated in the City of Pittsburgh; Gabriel Mannarino, and later Thomas Ciancutti, had New Kensington; Joseph Sica, and later Louis Raucci, were in the Penn Hills area; and Frank D. Amato, Jr., had the eastern suburbs such as Braddock and North Versailles.

Territories still exist under Genovese but are not as strictly defined, and one member's territory often overlaps that of another member. For example, Porter and Raucci share the areas of Monroeville, Verona, and Penn Hills. Primo Mollica, a major bookmaker from Glassport and a close associate of Porter, oversees gambling operations throughout parts of Western Pennsylvania.

Expansion into Erie and Ohio Markets

Encouraged by the declining influence in Erie of the Magaddino LCN Family of Buffalo, NY, the Pittsburgh Family expanded its involvement in the late 1970s. This decline began with the death of Stefano Magaddino in 1974, after which the family splintered into small groups headed by the capos. Also, the Magaddino members and associates operating in the Erie area were advancing in years, and some members were affected by arrests and convictions on gambling-related charges in the early 1980s. As these members either retired or died, the Pittsburgh crime Family's influence in the Erie gambling market became more pervasive.

Illegal gambling activities in Erie were dominated by James Salamone, a "made member" of the Magaddino Family, from the 1950s through the 1970s. In the early 1980s, Salamone scaled back and eventually relinquished his gambling activities. At the same time, other Magaddino associates were experiencing problems with law enforcement. Dominic Adiutori, a Salamone associate, was convicted of federal gambling charges in 1984, after which he retired from the gambling business. Anthony D. Ciotti, who ranked next to Salamone as a major gambling operative in Erie, was convicted of drug charges in 1981. He failed to report to serve his term and remained a fugitive until he was apprehended in 1985, when he was sentenced to five years imprisonment for failing to report. This sentence runs concurrently with the 15-year term he received for the drug conviction.

In the late 1980s, the three major gambling organizations in Erie had links (e.g., "layoff" activity) to Pittsburgh LCN Family associates. These organizations (headed by Raymond Ferritto, Jack Miller, and Leonard Alecci) have been laying off action to Pittsburgh LCN Family-affiliated bookmakers, including Robert Iannelli, Manuel Xenakis, John Sabatini, and Frank Unis, Jr. The Pittsburgh LCN Family has similar alliances in the Johnstown and Al-

toona area; for example, Alfred Corbo, a major gambling operative in Altoona, has been linked to the Hankish gambling network.

The Pittsburgh Family's involvement in Ohio, already well established prior to the 1980s, expanded during the decade as the Family took advantage of the vacuum created by the successful prosecutions of the hierarchy of the Cleveland LCN, including both its boss and its underboss. James "Jack White" Licavoli, the Cleveland boss, was convicted of racketeering and conspiracy and sentenced to 17 years in federal prison in 1982, leaving the underboss Angelo Lonardo as acting boss until his conviction in 1983. Lonardo was sentenced to 103 years for his role in a RICO drug case (and subsequently became a government witness and one of the highest ranking mafioso to turn informant).

The expanding involvement of the Pittsburgh LCN in Ohio also demonstrates the continuing working relationships that exist between the two LCN Families, despite their violent dispute in the early 1980s. Both LCN Families, also, are represented on the LCN Commission by the New York Genovese LCN Family.

The Cleveland LCN relinquished control of the vending and gambling businesses in the Greater Youngstown (OH) area to the Pittsburgh LCN in the 1970s. The two Families worked out an agreement in which Cleveland received 25 percent of the profits from illegal activity, with Pittsburgh and the local Youngstown mob splitting the remainder.

Operating Style

First, as is true of other LCN families, the Pittsburgh Family is hierarchical, with a boss, top lieutenants, soldiers, and associates. Charles Porter functions as the "underboss" while Joseph Sica serves as the consigliere. It is Genovese's "management" style to have direct and frequent contacts with some of his chief lieutenants, as well as with soldiers

and associates who are good money-makers. During LaRocca's regime, when Genovese and Mannarino were LaRocca's chief lieutenants, they were as powerful as the designated underboss Joseph Pecora.

Second, Genovese, as boss, and his top lieutenants typically go through channels and have buffers between them and the actual criminal activity. At the street level, are the soldiers and the many associates who report to the Family hierarchy. Genovese is in control of all members. Each member, in turn, has a number of associates who are required to report to him. Furthermore, many of these associates run their own operations and have associates who report to them.

Third, the Pittsburgh Family has fewer "made" members than most other LCN families. It has a network of ambitious associates who benefit from the resources and reputation of the Family and, interestingly, consider themselves a part of, or as belonging to, the "organization." Some associates may even believe that they are "made" members, a status achieved not by way of formal rites of initiation, but by long-standing loyalty and money-making prowess for the Family. This belief is encouraged by the Family hierarchy.

Fourth, while the Family may be hierarchical and heavy-handed, its money-making activities are decentralized and entrepreneurial. A member or associate has responsibilities to make money for the Family (often with his captain as conduit); but he is not an employee, nor does he have a supervisor in the conventional sense of that word. A member's or associate's stature in the Family is based largely on his ability to make money for himself and for the Family by whatever means possible. In turn, members and associates of the LaRocca/Genovese Family have their own, often interlocking, networks of criminal associates and supporters.

Fifth, the Family typically receives "tribute" of one kind or another on the varied criminal enterprises which take place within the territories occupied by the Family. The hierarchy

"licenses" such criminal enterprises and receives payments for restricting market entry or for other services. The Family also has mechanisms for settling disputes (including the "sit-down" meeting), whether these occur between Family members or with members or associates of other LCN Families. Finally, in some instances, it uses simple extortion, *e.g.*, the "street tax" assessed on gambling operators.

These organizational features have allowed a comparatively "small" crime family to exert a great deal of influence and amass considerable wealth in Western Pennsylvania.

"The Family Gets a Piece of Everything"

The Family typically receives "tribute" of one kind or another on varied criminal enterprises that exist within their territories. A close associate of the Pittsburgh LCN has stated:

"As soon as the family found out about it (an independent bookmaking operation), they'd either want your business or a piece of your business. That's my experience. I've never seen even a relatively small book exist for very long without the family wanting either the layoff or street tax."

The nature of the tribute—both in the form of payment and its amount—may differ by area, by type of criminal enterprise, and by criminal entrepreneur (*i.e.*, whether he is a member, an associate, or an independent). Tribute is usually paid at each level of the family hierarchy. That is, the associate or independent pays the member of the family who, in turn, passes a portion of the tribute to a higher-ranking individual. Eventually, the boss gets a portion, as do all the members along the chain.

The payment of tribute entitles the associate to certain benefits. The associate is entitled to the "resources and reputation" of the family—meaning that he can operate in his territory without competition or interference from other family-connected operators/bookmakers. Further, the associate has a ready source of funds

(*i.e.*, loanshark loans) or he can seek the Family's assistance to expand his criminal enterprise.

Within the Pittsburgh Family, tribute is funneled primarily through Charles Porter who collects tribute from both narcotics and gambling enterprises; through Frank Amato, who has gambling enterprises in North Braddock and East Pittsburgh; through Thomas Ciancutti, who operates gambling in the New Kensington area; and through John Bazzano, who has gambling activities in Washington County. Henry Zottola and Louis Raucci are also conduits for tribute extracted from criminal ventures. As one close associate, who worked for Frank Amato, explained, "Michael Genovese, at some point, gets a portion of everything."

The amount of street tax is "whatever the Family can get" and is usually negotiable, depending on the illegal activity. Joseph Rosa, for example, defrauded an insurance firm of approximately \$300,000 and paid the entire amount to the Family. Family-affiliated bookmakers either pay as much as 10 percent of their profits in tribute or pay a flat monthly fee to the Family. Drug deals usually command a higher percentage of the profits for the Family coffer; up to 25 percent has been demanded.

Tribute is received from bookmaking operations (numbers and sports betting) casino games (card and dice), video poker (especially in the Youngstown, OH, area), narcotics trafficking, and thievery. In gambling operations, the Family also profits from the "layoff" of bets to Family bookmakers. In one burglary incident, the burglars had to use "mob guys" to "unload the stuff (several hundred thousand dollars worth of pharmaceutical drugs)" so that the LCN would get its cut. In the words of the burglar/informant, "They stiffed us all the way."

To the illegal operator, tribute is perceived as a cost of doing business. At the same time, some realize that if they refused to pay, they'd "be dead." Paying the tribute lessens but isn't an absolute guarantee against mob-involved rip-offs. The "beard"

and the use of "wise guy" information by Family associates are common ways of ripping off gambling operatives. A beard is an individual who places bets for others who are unable to place bets because of their past gambling successes. Wise guy information is very confidential information,—e.g., information regarding a "fixed game" or an injury to a key player. Wise guy information originates with coaches, trainers, players or other inside sources. One "beard" indicated that, using "wise guy" information, he won 85 percent of the time on basketball and 60 percent of the time on football.

In other cases, a victim was set up and robbed by associates of the Family. The main role of one associate of the Pittsburgh LCN was to conduct rip-offs of drug dealers, especially smaller dealers who were not connected to the Family. The dealer's drugs and money are stolen at gun point or are ripped-off by purchasing drugs on credit, but never paying the debt. Because the perpetrators of these scams are associated with the Family, the victims are unable to avenge their losses.

Members

• **Michael Genovese**, 71, 4348 Clendenning Road, Gibsonia, was employed during the 1980s at LA Motors, Verona. Michael Genovese became boss of the Pittsburgh LCN Family in 1985 following the death of Sebastian John LaRocca, its previous boss. Prior to 1985, Genovese served as a capo and, at one time, controlled the numbers racket in the East Liberty section of Pittsburgh. He also attended the famous Apalachin meeting with LaRocca and Gabriel Mannarino. Genovese often met with Family members and associates at LA Motors, a used car lot in Verona, where he was employed as a salesman. Prior to their arrest in 1990, he had been observed there meeting with Charles Porter and Louis Raucci on an almost daily basis.

• **Charles "Chucky" Porter**, 57, 3999 Old William Penn Highway, Penn Hills, was employed during the 1980s at Violas, Inc., d/b/a Viola Food Stores, Mars. Charles "Chucky" Porter is considered the "right hand" of LCN boss Michael Genovese and is viewed as the driving force behind the Family's more aggressive stance and its expanding role in cocaine trafficking and shaking down illegal operatives in the Pittsburgh area. Porter's close association with LaRocca enabled him to develop useful connections in New York, Chicago and Florida. Porter has worked closely with several Family members, including Louis Raucci and Henry Zottola, as well as a number of associates. These included Geno Chiarelli, Anthony Durish, Ramon Sosa, Robert Liscio, Eugene Gesuale, John Leone, Joseph Rosa, Joseph Bertone, and Primo Mollica. Before Genovese became Boss of the Family, Porter was trafficking in drugs without Boss Sebastian John LaRocca's awareness.

• **Louis F. Raucci, Sr.**, 60, 133 Hul-ton Road, Verona, was employed during the 1980s at Rocca's Italian Foods, New Castle and Daily Juice Products, Inc., Verona. Louis F. Raucci, Sr. reports to Michael Genovese through Charles Porter and is said to "sit on the left side" of Genovese. Raucci has used his position as a ranking member of the Pittsburgh LCN to work with or to oversee the operations of associates Irwin Levie, Michael Rosenfeld, and Robert A. Liscio. Raucci frequently acted in concert with Porter to further the affairs of the Pittsburgh LCN. Both Raucci and Porter, for example, supervised the activities of Joseph Rosa in the distribution of cocaine from 1982 to 1986. They authorized Rosa to participate in robberies and "rip-offs" of other drug traffickers for the purpose of generating income for the members and associates of the Pittsburgh LCN.

• **Henry A. "Zebo" Zottola**, 55, 9242 Wedgewood Road, Pittsburgh, was employed during the 1980s at Rocca's Italian Foods, Inc., New Castle, and Z & F Development Company,

North Huntingdon. Henry A. Zottola answers to Charles Porter and is involved in loansharking, gambling (numbers and sports), and in financing narcotics transactions. Zottola's area of operation is Eastern Allegheny County.

Zottola was a close associate of Joseph Pecora prior to Pecora's death in March 1987. Zottola was involved with Pecora in J & Z Vending in the late 1970s and early 1980s and protected Pecora's territory while Pecora was imprisoned. Through this association with the former underboss, Zottola gained stature within the Family.

At one time, Zottola was president of Rocca's Italian Foods. Another investor in this company was Louis Raucci, Sr. Zottola is believed to have been the conduit of illegal gambling profits received by the Pittsburgh Family from Youngstown, OH. These funds included gambling profits from Bernie Altshuler of the All American Club in Campbell, OH.

• **Antonio Ripepi**, 88, 4720 Brownsville Road, Pittsburgh, was employed during the 1980s at Keystone Music Company, Pleasant Hills. Antonio Ripepi, a capo in the Family, is in poor health but has continued to influence gambling activity in the Clairton area of Allegheny County. Ripepi, the owner of Keystone Music Company, distributes vending machines throughout communities in southern Allegheny County. He has maintained a significant portion of the vending and amusement industries in Clairton.

• **Joseph Sica**, 82, 1148 Jefferson Heights, Penn Hills. Joseph Sica, consigliere of the LaRocca/Genovese LCN Family, is the grandfather of convicted drug dealer Joseph Rosa and father-in-law of Frank Rosa, a deceased LCN Family member. In August 1975, Sica was convicted of violation of the Hobbs Act. Co-defendant in the case was his son-in-law Frank, who was also convicted.

Sica, with a few exceptions, has been inactive in Family matters throughout the 1980s. In late September 1986, he was involved in a meeting between members of the Bruno/Scarfo LCN Family and the

LaRocca/Genovese LCN Family at the Marriott Hotel in Monroeville. The meeting was held to discuss the vending industry in Western Pennsylvania. Also discussed at the meeting was the Pittsburgh Family's attempt to exact tribute from Joseph Nistico, Nicodemo Scarfo's brother-in-law, who was operating a numbers book in the Pittsburgh area.

● **Pasquale Ferruccio**, 73, 5311 Johnnycake Ridge Road, Canton, OH, was employed during the 1980s at Liberty Vending, Canton, OH. Ferruccio has controlled the video poker business in the Canton area for a number of years. Ferruccio has maintained good relations with members and associates of both the Pittsburgh and Cleveland LCN Families. During the late 1960s and throughout the 1970s, Ferruccio was known to make frequent trips between Canton and New Kensington to meet with Gabriel Mannarino to discuss vending machine business between Ohio and Pennsylvania. Because of that association, he was picked to mediate the "war" which broke out between the two Families in the late 1970s. (See above discussion). Ferruccio is currently under federal indictment in Ohio on charges of heading an organization which acquired, distributed, repaired, and serviced illegal video poker machines.

● **Anthony A. Capizzi**, 65, 4451 Middle Road, Allison Park, was employed during the 1980s at Northview Motors, Pittsburgh; the Aloha Restaurant, Pittsburgh; and Full House Productions, Pittsburgh. Capizzi, frequently visited LaRocca's Allegheny Car Wash during the 1980s. He also arranged gambling junkets to Las Vegas, NV, for members of the Russell Bufalino LCN Family (Northeastern Pennsylvania). Capizzi had been employed by the Aloha Restaurant and was President of Full House Productions, a talent booking agency. In the early 1980s, Capizzi attempted to become a licensed junketeer but was unable to obtain a license because of a credit scam in which he was involved at the Tropicana Casino, Las Vegas, NV. Joseph Pecora

(deceased underboss) had also been involved in the credit scam.

● **John Bazzano, Jr.**, 63, 107 Lynbrook Drive, McMurray, was employed during the 1980s at Keystone Music Company, Pleasant Hills and at Bologna Coal Company, Burgettstown. Bazzano, Jr., is the son of Western Pennsylvania's former crime leader and is the son-in-law of Antonio Ripepi. He was released from federal prison early in 1981 where he had been serving a sentence for a 1975 conviction on charges of operating a large-scale gambling operation in the Mon-Valley. Bazzano operated his gambling activities in Washington and Southern Allegheny County. Bazzano was considered more powerful under LaRocca's reign.

● **Frank D. "Sonny" Amato, Jr.**, 63, 704 Broadway Street, East McKeesport, was employed during the 1980s at Catoris Candies, New Kensington. Amato operates his gambling activity in the North Braddock, Turtle Creek, and East Pittsburgh sections of Allegheny County. Amato had gained control of these areas from his father Frank Sr. The elder Amato was boss of the family from 1937 until his resignation in 1956, after which he continued as underboss and consigliere until his death in 1973. Amato's workplace Catoris Candies was operated by Gabriel Mannarino, Amato's brother-in-law, until he died in 1980.

Amato continues to maintain control of gambling activity, especially in the North Braddock area. Bookmaker Mike Martorella is one of Amato's principal gambling operatives. Amato is also involved in fencing stolen property. According to an Amato associate, "Amato still carries tremendous respect, but he tries to stay out of the limelight...(he) is very careful as to what he does and what he says. He's 60 years old; he doesn't want to spend the last 20 years of his life in jail."

Amato has used public and law enforcement officials to maintain his dominance of gambling enterprises in his territory including Fred Burdell, Sr. and his son Fred Burdell, Jr., then North Braddock Chief of Police. Burdell Sr. died in 1989, and Burdell

Jr. died in 1990.

Ronald "Fat Sam" Plisco has been a key Amato associate over the decade. Plisco, along with his close associate Marvin Droznek, conducted gambling activities for Amato, including wise guy betting (acting as Amato's beard) and collecting debts. In the late 1980s, both Plisco and Droznek were convicted and were imprisoned on drug charges. (See account below.)

● **Thomas A. "Sonny" Ciancutti**, 61, 1906 Kenneth Avenue, New Kensington, was employed during the 1980s at S & S Vending/Arnold Coin Company, Arnold. Thomas Ciancutti operates illegal gambling in the New Kensington/Arnold areas of Westmoreland County. Ciancutti took control of gambling activities after the death of Gabriel Mannarino in July 1980. Prior to Mannarino's death, Ciancutti, along with his brother Louis (deceased), was affiliated with Mannarino's gambling activity.

Ciancutti is currently employed as a consultant for S & S Vending Company, which distributes vending machines and was owned by Ciancutti until the mid-1980s, when he sold the company to August Campana. Campana changed the name to Arnold Coin Company but retained Ciancutti as an employee. Ciancutti's wife Sylvia Thorpe is co-owner of Arnold Coin along with Campana. Campana and Ciancutti have distributed video poker machines through Arnold Coin Company.

● **Joseph "Joey" Naples, Jr.**, 58, 605 Carlotta Drive, Youngstown, OH, was employed during the 1980s at United Music, Inc., Youngstown, OH. Naples operates United Music, Inc., 1804 Wilson Avenue, Youngstown, OH, and heads the Family's organized crime activities in the Youngstown and Warren, OH, areas. Naples controls gambling activities (sports, numbers, video poker) in these areas.

Naples has maintained close ties to the New Kensington faction of the LaRocca/Genovese LCN Family, (through Thomas Ciancutti,) and had maintained close association with LCN associate Paul Hankish prior to Hankish's federal racketeering trial in

July 1990. Naples is the godfather of one of Hankish's children.

In 1977, Naples was incarcerated at the Lewisburg Federal Penitentiary for failing to cooperate with a grand jury. Naples was required to cooperate with that grand jury as part of a sentence he had received in 1975 after pleading guilty to a federal gambling charge.

• **Charles Imburgia, also known as "Charles Murgie"**, 82, 1791 SW 21st Way, Deerfield Beach, FL and 9216 Sunview Drive, Warren, OH. Charles Imburgia currently spends much of his time in Florida. Like Joseph Sica, he is not very active in the day-to-day activities of the La Rocca/Genovese LCN Family, although he is called upon to mediate disputes or problems within the Family and with other crime groups. His nephew Anthony Murgie, is an associate of the LaRocca/Genovese LCN Family. The younger Murgie is known to have met with boss Michael Genovese at LA Motors.

Deaths during the 1980S

• **Gabriel "Kelly" Mannarino** died July 11, 1980. Mannarino was a capo in the Family and was considered the most active member in the Family before his death. He had ties to the Bufalino LCN Family. He was indicted with boss Sebastian John LaRocca in 1969 for conspiracy on a loan kick-back scheme from the Teamsters Central States Pension Fund. Both were acquitted. Mannarino's areas of control, Westmoreland County and Youngstown, OH, were inherited by Thomas Ciancutti and Joseph Naples, respectively.

• **Frank J. Rosa** died January 28, 1982. He was a former capo in the Family and was convicted of extortion in 1975. He was never jailed because of his poor health. His principal activities were prostitution and illegal numbers. His "territory" was inherited by Frank D. Amato, Jr.

• **John C. Fontana** died April 1, 1984. He was a soldier in the LCN Family and was formerly involved in gambling centered in the Monroeville area of Western Pennsylvania. His illegal activity was inherited by Frank D. Amato, Jr.

• **Sebastian John LaRocca** died December 3, 1984. He headed the Southwestern Pennsylvania La Cosa Nostra Family from 1956 until his death.

LaRocca gained control of the Pittsburgh numbers rackets in the 1940s and, at one time, financed and controlled several gambling casinos in West Virginia's Panhandle. Until his death, LaRocca operated the Allegheny Car Wash, 100 Sandusky Avenue, Pittsburgh, where he met regularly with LCN Family members and associates. Michael Genovese became boss after LaRocca's death.

• **Samuel J. Fashionatta, also known as Sammy Fashion**, died March 11, 1985. He was involved in gambling activity in the Altoona and Johnstown areas. Fashion was a close associate of John "Jack" Verilla. Fashion assisted Verilla in the distribution of football betting slips in Blair County.

• **Joseph "Little Joe" Regino** died June 18, 1985. Regino operated gambling enterprises in Johnstown and owned Keystone Sales Company.

• **Joseph N. Pecora** died March 3, 1987. He was a former underboss of the LaRocca/Genovese LCN Family who operated LaRocca's gambling enterprises in West Virginia. Pecora was convicted of racketeering and in 1979 was sentenced to five years in prison.

• **Louis Volpe** died June 3, 1987. Volpe, of East McKeesport, had been an inactive member during the 1980s.

• **John "Jack" Michael Verilla** died September 10, 1988. He reported to the New Kensington faction of the Family which was headed by Gabriel Mannarino and later by Thomas Ciancutti.

Associates

• **John V. Adams, Jr.**, 60, 1222 Edgebrook Avenue, Pittsburgh, is associated with Charles Porter and John Bazzano. Adams is involved in the operation of the Green Door Club.

• **Bernard J. Altshuler**, 57, 215 Colonial Drive, Liberty Township, Trumbull County, OH, is associated with Family members Joseph Naples and Henry "Zebo" Zottola. Altshuler, who has been involved in the operation of a Naples-controlled gambling casino, has also engaged in bookmaking, robbery, and extortion. In 1990, Altshuler pled guilty to gambling-related charges and was sentenced to one year incarceration.

• **James A. Ameris**, 59, 300 Charles Avenue, New Kensington, is associated with Family member Thomas "Sonny" Ciancutti. Ameris is a sports and numbers bookmaker in the New Kensington area. Ameris was indicted in July 1989, for participating in a gambling operation and is awaiting trial on those charges.

• **Ronald "Farmer" Brown**, 52, Box 170, Arcadia, is associated with Family members Charles Porter and Michael Genovese. Porter, at one time, worked for the BBS Coal Company, Arcadia, which was operated by Brown. Brown has been involved in extortion and gambling activities and has been described by several close Family associates as an "enforcer" for Porter.

• **Eugene "Geno" Chiarelli**, 48, 1407 Spruce Street, Cheswick, is associated with Family member Charles Porter and was indicted and convicted with Porter in 1990. Chiarelli was convicted on charges of racketeering, conspiracy, and possession with intent to distribute cocaine. Chiarelli has been involved in narcotics distribution, extortion, and robbery.

• **Alfred F. Corbo**, 59, 2524 Bell Avenue, Altoona, was associated with John Verilla (deceased) and is now linked to close Family associate Paul Hankish, Wheeling, WV. Corbo has been involved as a large-scale sports and numbers bookmaker in the

Altoona area.

• **Anthony W. Durish**, 49, Box 145-C, RD 4, McDonald, is associated with Family members Louis Raucci and Charles Porter. Durish was indicted and convicted with Raucci and Porter in 1990, on charges of racketeering, conspiracy, and possession with intent to distribute cocaine. Durish has been involved in narcotics distribution, robbery, and extortion.

• **August "Augie" Ferrone**, 63, 1806 Patricia Lane, East McKeesport, is associated with Family members Charles Porter and Thomas Ciancutti and with Family associate Primo Mollica. In 1983, the New Jersey State Police charged Ferrone and Mollica with operating an interstate sports bookmaking operation from rooms in an Atlantic City, NJ casino.

• **Anthony P. Gesuale**, 51, 3006 William Penn Highway, Pittsburgh, is the brother of Family associate Eugene Gesuale and has been associated with Family members Charles Porter and Thomas Ciancutti. Besides gambling, Gesuale has been involved in cocaine distribution, extortion, and loansharking.

• **Eugene "Nick the Blade" Gesuale**, 47, (currently incarcerated) has been associated with Family members Charles Porter and Louis Raucci. Besides bookmaking, Gesuale has been involved in narcotics distribution, loansharking, and extortion activities. In 1986, Gesuale was convicted on a number of federal charges arising from an extensive narcotics operation. He was sentenced to 45 years in prison.

• **James Griffin**, 52, Wheeling, WV, operated as an enforcer for close Family associate Paul Hankish. Griffin also operated barbut games for Joseph Pecora (deceased), underboss of the Pittsburgh Family, and has been involved in extortion and sports bookmaking. Griffin is currently serving a life sentence as the result of a murder conviction.

• **Paul "No Legs" Hankish**, 59, 343 Hazlett Avenue, Wheeling, WV, is a close associate of Family members Michael Genovese, Charles Porter, and Joseph Naples. Hankish has also

been closely aligned with Joseph "Demus" Covello, member of the Gambino LCN Family. On January 17, 1964, Hankish was the victim of a car bombing which resulted in the amputation of both his legs. The bombing resulted from Hankish's aggressive efforts to expand his gambling territory into areas previously controlled by William "Big Bill" Lias. Lias had been the recognized head of the rackets in Wheeling since the Depression years. Hankish has been involved in sports bookmaking operations in concert with both Covello and Naples. Hankish headed a Wheeling, WV, criminal organization which engaged in cocaine and heroin trafficking, sports and numbers gambling, receiving stolen property, retail theft, extortion, and loansharking. In July 1990, Hankish pled guilty to a number of federal charges and was sentenced to 33½ years in prison.

• **Daniel "Speedo" Hanna**, 64, 1828 Third Avenue, Arnold, associated with Family member Thomas Ciancutti and boss Michael Genovese. He is involved in sports and numbers bookmaking. Hanna has also been involved in the collection and delivery of tribute monies collected from gambling enterprises by the Pittsburgh LCN Family. Hanna was indicted for gambling offenses in 1989; and in November 1990, pled guilty to those charges. Hanna is awaiting sentencing.

• **Steven J. Hatzimbes**, 56, 462 Dakota Drive, Lower Burrell, associated with Family member Thomas "Sonny" Ciancutti and Family associates James Ameris and Daniel Hanna. Hatzimbes was indicted in July 1989, and was charged with heading a large-scale sports and numbers bookmaking operation. Among those charged with Hatzimbes were Hanna and Ameris. Hatzimbes pled guilty to gambling-related offenses in November 1990 and was sentenced to 15 months imprisonment.

• **Robert "Bobby I" Iannelli**, 60, 315 Thompson Run Road, Pittsburgh, is associated with Family members Charles Porter and Thomas Ciancutti. Iannelli has operated as a large-scale

sports and numbers bookmaker in the Pittsburgh area for over of 25 years. In June of 1990, state officials charged Iannelli and 23 other individuals with operating a multi-million dollar a year sports and numbers gambling operation. Iannelli is awaiting trial on these charges.

• **Anthony "Ninny" Lagatutta**, 58, 1651 Williamsburg Circle, Upper St. Clair, is associated with Family member John Bazzano. Lagatutta has been involved in operating card games and in sports and numbers bookmaking.

• **Samuel L. Lanzino**, 64, 2748 Edith Street, Lower Burrell, was associated with Family members Gabriel "Kelly" Mannarino (deceased) and Thomas Ciancutti. Lanzino has been involved in sports bookmaking and fencing stolen property.

• **Frank J. Lentine** 59, 600 Sixth Street, Campbell, OH, is associated with Family member Joseph Naples. He is involved in gambling, extortion and robbery.

• **John V. Leone**, 45, 6313 St. Marie Street, Pittsburgh, is associated with Family member Charles Porter and Family associate Eugene Gesuale. Besides gambling, Leone has been involved in narcotics trafficking (cocaine), loansharking, and extortion.

• **Irwin Levie**, 54, 913 South Ocean Drive, Hallandale, FL, is associated with Family members Charles Porter and Louis Raucci. Levie supplied substantial quantities of cocaine to members and associates of the Pittsburgh LCN Family. Levie was indicted with Porter and Raucci and was convicted in October 1990 on six counts of racketeering, conspiracy, and possession with intent to distribute cocaine.

• **Michael Joseph Martorella, Sr.**, 68, 400 Royal Court, Pittsburgh, is associated with Family members Charles Porter and Frank Amato. Martorella has been involved in sports and numbers bookmaking in the Braddock/East Pittsburgh area of Allegheny County.

• **Louis S. Masco**, 54, Box 261, Cecil, is associated with Family members Thomas Ciancutti and John Bazzano; he is involved in sports bookmaking. Masco operates the

Cecil Italian Club in Cecil.

• **Mauro P. Matone**, 48, 925 East End Avenue, Wilksburg, is associated with Family member Charles Porter and Family associate Eugene Gesuale. Matrone has been involved in narcotics distribution and fencing stolen property.

• **Peter J. Mercurio, Sr.**, 70, 1441 Second Street, Natrona Heights, is associated with Family member Thomas Ciancutti and is involved in sports and numbers bookmaking. Mercurio is also closely associated with Steven J. Hatzimbes, who was charged during 1989 with heading a sports and numbers operation involving several close associates of the Pittsburgh Family.

• **Primo Mollica**, 55, P.O. Box L, Glassport, is associated with Family members Frank Amato and Charles Porter. Mollica and Family associate August Ferrone were charged in 1983 by New Jersey authorities with operating an interstate sports bookmaking enterprise.

• **Anthony Murgie**, 48, 1044 McAlister Drive, New Kensington, is the nephew of Family member Charles Imburgia and is associated with Family leaders Charles Porter and Michael Genovese. Murgie, who is involved in gambling and extortion activities, is the owner/operator of Verona Auto Sales, Verona.

• **Joseph Perfette**, 49, 332 Avalon Drive SE, Warren, OH, is associated with Pittsburgh Family members Charles Imburgia and Joseph Naples. Perfette operated a large-scale sports and numbers bookmaking operation in Trumbull County, OH, and paid "tribute" to both the Pittsburgh and Cleveland LCN Families. Perfette was indicted by federal authorities in March 1990 on gambling charges. He pled guilty to the charges and was sentenced to 14 months' incarceration.

• **Felix "Phil" Pitzerell**, 61, Homer City, is associated with Family members Louis Raucci and Charles Porter and with Family associate Ronald Brown. Pitzerell, who formerly operated Pitzerell's Restaurant in Homer City, has been involved in gambling, the fencing of stolen property, and

narcotics trafficking.

• **Ronald Plisco**, 39, North Versailles, is associated with Family members Charles Porter and Frank Amato. Plisco was Amato's key representative in bookmaking activity in the Braddock/East Pittsburgh area prior to his 1988 arrest and conviction on narcotics charges. Plisco has been involved in extortion, loansharking, bookmaking, and cocaine distribution.

• **William Porter**, 52, 14 Elm Lane, Pittsburgh, is associated with his brother Charles Porter and Family member Louis Raucci. Porter was indicted along with his brother and Raucci in 1990 and was subsequently convicted on conspiracy, racketeering, and possession of cocaine with intent to distribute charges. Porter has been involved in extortion, narcotics distribution, and robbery.

• **Michael Rosenfeld**, 31, 6384 Saltsburg Road, Pittsburgh, is associated with Family member Louis Raucci. Rosenfeld was indicted with Raucci and Family underboss Charles Porter in 1990. Subsequently he was convicted of five counts of racketeering, conspiracy, and delivery of controlled substances.

• **Gerald D. Sabatini**, 43, 1693 Seaton Avenue, Coraopolis, is the brother of Family associates John V. and Robert J. Sabatini and is associated with Family member Thomas Ciancutti. Sabatini has been involved in sports and numbers bookmaking and narcotics.

• **John V. Sabatini**, 49, 1693 Seaton Avenue, Coraopolis, is associated with Family member Thomas Ciancutti and has operated a sports and numbers bookmaking operation for over 20 years. Sabatini has also been involved in narcotics trafficking, particularly cocaine.

• **Robert J. Sabatini**, 53, 1693 Seaton Avenue, Coraopolis, is associated with Family member Thomas "Sonny" Ciancutti. Besides sports and numbers bookmaking, Sabatini has been involved in narcotics trafficking.

• **Joseph P. Scolieri, Sr.**, 51, 1590 Villanova Road, Penn Hills, is associated with Family members Charles Porter, Louis Raucci, and Michael Genovese. Scolieri has been involved

in sports and numbers bookmaking for over 25 years.

• **Paul N. Scolieri**, 64, 6734 West Barvista Drive, Verona, is the brother of Family associate Joseph Scolieri and is associated with Porter and Raucci. Scolieri has been involved in sports and numbers bookmaking for in excess of 30 years; he was recently arrested by state authorities and was charged with being part of the Robert Iannelli bookmaking network.

• **Meyer Sigal**, 74, 5505 Wilkins Avenue, Pittsburgh, is the former owner of Daily Juice, Inc., in Verona. He has been associated with Family members Louis Raucci and Joseph Sica. Sigal employed Raucci and Sica at Daily Juice.

• **Dante Strollo**, 63, 621 Matawan Drive, Campbell, OH, is associated with Family members Pasquale Ferruccio and Joseph Naples, the head of the Youngstown faction of the Pittsburgh LCN. Strollo was indicted in 1988 on charges of operating an illegal gambling organization in Mahoning County, OH; he pled guilty to gambling charges in 1990 and was sentenced to a year-and-a-day's incarceration.

• **Lenine Strollo**, 59, 114 Carter Circle, Boardman, OH, is associated with Pasquale Ferruccio and Joseph Naples, the head of the Youngstown faction of the Pittsburgh LCN. Strollo was indicted in 1988 on charges of operating an illegal gambling operation in Mahoning County, OH. Strollo pled guilty to RICO charges in 1990; he was sentenced to 14 months' incarceration and was fined \$20,000.

• **Frank Unis, Jr.**, 36, 2404 Calvert Street, Aliquippa, is currently aligned with Family member Joseph Naples. He has operated as the largest sports and numbers bookmaker in Beaver County for a number of years. Unis has also been associated with close Family associate Paul Hankish of Wheeling, WV, who was a partner in Unis' operation. Unis' gambling enterprise has laid off gambling activity to associates of the Genovese and Gambino LCN Families of New York. Unis has also been involved in narcotics trafficking.

● **Rocco Viola, Jr.**, 53, Myoma Road, Mars, is associated with Family underboss Charles Porter. Viola employed Porter as a consultant for his company Viola Food Stores.

● **Adolph Williams**, 57, 274 Foxcroft Road, Pittsburgh, is associated with Family underboss Charles Porter.

Williams and his brother Salvatore head a large sports and numbers bookmaking enterprise operating in the Hill District and East End areas of Pittsburgh and in the McKees Rocks area.

● **Salvatore Williams**, 62, 1420 Fifth Avenue, Pittsburgh, is associated with Family underboss Charles Porter. The Williams' operation has also been linked with the gambling enterprise headed by Family associate Paul Hankish, who, according to a federal sentencing memorandum, provided protection to the Williams' organization. Williams in the past has employed Hankish's son Chris.

● **Manuel Xenakis**, 43, 100 Hayeswold Drive, Coraopolis, is associated with Family member Thomas Ciancutti. Xenakis has been involved in sports and numbers bookmaking for a number of years and is part of the gambling enterprise headed by the Sabatini brothers. Xenakis has also been tied both to the Frank Unis bookmaking operation and to a bookmaking operation in Erie operated by Raymond Ferritto.

Gambling: A Steady Money-maker

Gambling continues to be a highly lucrative and durable money-maker for the Pittsburgh LCN Family. It dominates numbers betting, bookmaking, and casino games in the Pittsburgh area; and its influence extends into Erie County and into parts of Ohio and West Virginia.

Despite the Family's heavy involvement in cocaine trafficking in recent years, gambling remains the day-to-day money-maker for the Family and provides the steady bankroll for funding other criminal or quasi-legitimate

activities. Illegal gambling provides a steady source of profits which the LaRocca/Genovese Family then invests in more profitable or high-risk illegal ventures, such as narcotics smuggling and loansharking, or in legitimate business.

The Family's influence over gambling is pervasive. New entrants into bookmaking typically receive approval and encouragement from the Family; entrants not connected to the Family can expect to be contacted by a Family representative once their operation is in swing. If the new gambling entrepreneur is uncooperative, the Family readily employs one of several methods "to bring one around." Possible methods include threats or actual violence; arrest or police harassment initiated by the Family; rip-offs such as wagering on credit and welshing on money lost or "bearding;" and robbery. There is little evidence of independent bookies of any stature operating outside the main structure—*i.e.*, who are either not connected to the Family or who are not paying a nominal "franchise" fee. A close associate of the Family stated, "The Family (usually) wouldn't care if someone was making a couple hundred dollars a day. If they were small enough, nobody bothered them. If you were big and worth consideration, you were paying."

The Family does not monopolize the video poker industry, but its involvement in this new form of gambling has been expanding steadily. In addition, some bingo games in Allegheny County have been "taxed" by the Pittsburgh Family. According to one associate:

"Three or four bingos that I knew of were paying five, eight hundred bucks a month. (It wasn't a percentage)...just a flat fee. The Family would watch the traffic and say: Hey, you owe me \$800 a month."

Characteristics of Gambling in Western Pennsylvania

Along with the influence exerted by the Pittsburgh LCN, gambling in Western Pennsylvania is characterized by the following:

● Most significant books involve both numbers and sports betting; some of the larger operators also run card and dice games

● As a rule, the books or the bankers have been in business a long time. A major bookmaker in the Pittsburgh area told the Commission that several books had been in existence for decades; some have been handed from one generation to the next.

● The market is "controlled" in the sense that large bookmakers are "licensed" by the Family while at the same time allowing for considerable competition. Aspiring bookmakers can initiate a new book and established bookmakers may be encouraged to take over the ailing operations of others. The Family's allegiance is to making money; competition among books means greater profits for the Family.

● Associates of the Family who act as bookmakers generally enjoy some protection or services from the Family. Unsanctioned operations may be ripped-off.

● The gambling industry in Western Pennsylvania involves, for the most part, neither actual violence nor fraud. Nonetheless, strong threats of violence contribute to the Family's dominance of the gambling market. The numbers are not fixed and bettors receive the expected amount when they win.

● Family members tend to be insulated from direct involvement in the operation of a gambling enterprise.

● Gambling tribute may involve a percentage of the profits, a layoff to the Family, a flat fee or a combination of the arrangements.

An interesting "exception" to the rule of tribute involves Joseph Nistico, a numbers banker in the Clairton area who is also the brother-in-law of Philadelphia LCN boss Nicky Scarfo. Phil Leonetti, former underboss of the Philadelphia LCN turned government witness, testified that high ranking members of the Scarfo LCN and the Pittsburgh LCN met in Pittsburgh in 1986 to discuss Nistico's activities and the distribution and franchising of video juke boxes. A Pittsburgh LCN member was trying to get Nistico to

pay a 50 percent tribute rate. (The rate demanded had escalated because of Nistico's refusal to pay.) Scarfo intervened and asked that Nistico not be required to pay tribute. In fact, Scarfo reached an "under-the-table" agreement with Nistico whereby he was to pay \$1,000 per month tribute to the Philadelphia LCN and \$6,000 in back payments. The Pittsburgh LCN was not privy to this agreement. Those present at the meeting between the Pittsburgh and Philadelphia Families included Nick Scarfo, Sr., Nick Scarfo, Jr., and Philip Leonetti of Philadelphia and Louis Volpe, Joseph Sica, and Charles Porter of the Pittsburgh LCN.

LCN Gambling Operatives—Targets of Recent Law Enforcement

In recent years several gambling operatives with strong linkages to the LaRocca/Genovese LCN Family have been the target of criminal prosecutions. They include John Verilla, Robert Iannelli, Adolph Williams, Frank Unis, Jr., Steven J. Hatzimbes and Paul Hankish.

• **John "Jack" Verilla** Verilla, a Pittsburgh LCN member, and associates John Caramadre and Vincent Caracciolo, all of Altoona, were convicted in the mid-1980s of homicide-related charges. Verilla operated his illegal syndicate under Gabriel Mannarino, Mannarino received ten percent of the proceeds until his death, at which time the tribute was paid to Thomas Ciancutti.

Verilla's group conducted illegal lotteries at 12 locations in Blair County. When Joseph McDermott of Pittsburgh attempted to establish a competing operation, Caracciolo and three associates kidnapped McDermott and amputated his fingers as a warning not to put them into the Family's business.

During the late 1970s, the Verilla organization attempted to take over a large-scale football parlay operation in Altoona controlled by Paul Folcarelli, also known as Paul Farrell. Folcarelli appealed this to Mannarino, who allowed Folcarelli's operation to continue. Verilla, Caramadre, and

Caracciolo were sentenced to life in prison in 1984. Verilla died in prison in 1988.

• **Robert Iannelli, also known as "Bobby I"** Iannelli, an associate of the Pittsburgh Family, acquired, during the mid-1980s, a significant portion of Tony Grosso's numbers empire after Grosso's conviction for federal gambling and tax violations. Iannelli expanded in the greater Pittsburgh gambling market. In outlying counties, operations laid off action to Iannelli. Iannelli's sports and bookmaking enterprise ultimately became the largest in Western Pennsylvania.

His organization included bookmakers in at least six Pennsylvania counties and several other states. Iannelli used Chub's Place, McCandless Township, Allegheny County, a restaurant operated by his family, as a drop-off point for monies owed to the enterprise. The organization was tied through layoff activity to several other major gambling enterprises in Western Pennsylvania, including the Frank Unis, Jr., operation in Beaver County.

On June 18, 1990, Iannelli and a number of bookmakers affiliated with him were indicted by a state grand jury and were charged with operating a multi-million dollar a year sports and numbers bookmaking enterprise. Indicted with Iannelli were two of his chief operatives, Albert Diulus of Pittsburgh and Ralph Romano of Carnegie.

• **Adolph "Junior" Williams, Eugene Williams and Salvatore Williams** The Williams organization, which dominates numbers action in the Hill District, in the East End of Pittsburgh, and in the McKees Rocks area, was also heir to part of Tony Grosso's gambling empire. The Williamses operated two Pittsburgh businesses, Guglielmo Jewelry Store and Sugar's Deli. Sugar's Deli, 1501 Fifth Avenue, Pittsburgh, has been used by the Williamses to collect and sort bets. Additionally, Salvatore Williams has acquired over 40 properties in the Hill District, a large Black section of Pittsburgh. The Williams operation has also been connected to the gam-

bling enterprise operated by Paul "No Legs" Hankish in Wheeling, WV.

The Williams organization has a number of Black numbers writers in its organization, including Joseph Stotts, who accepts wagers from several Black numbers writers and collectors in the Hill District and the East End of Pittsburgh. He then forwards the action to the Williams operation. (See the Black Organized Crime chapter.)

During the late 1980s, Adolph Williams used John Deep, then-operator of the 900 Club, McKees Rocks, and his brother Eugene Williams to expand his numbers operation in McKees Rocks. A competitor for numbers business at that time was Robert Mancini who, on October 24, 1988, was a homicide victim. The homicide remains unsolved.

In May 1989, state authorities arrested Adolph and Eugene Williams, along with Kenneth "Leroy" Scotty, and charged them with operating an illegal lottery and bookmaking business. Those charges emanated from a grand jury investigation of gambling activities in the McKees Rocks, Allegheny County area. In March 1990, Eugene Williams entered a no contest plea to three gambling charges and was fined \$1,000. Kenneth Scotty was convicted in August 1990, on three lotteries counts. Charges against Adolph "Junior" Williams were dismissed earlier by a district magistrate who ruled that the state had provided insufficient evidence.

• **Frank Unis, Jr.** Unis has headed a \$500,000 per week sports bookmaking and numbers operation in Beaver County, PA and Boardman, OH. The Unis operation was laying off sports action to associates of the Gambino LCN Family in New York City. Paul Hankish, a Wheeling, WV, gambling operator, claimed to be a partner in the Unis operation.

On March 30, 1989, Unis and 11 others were charged with operating a multi-state gambling enterprise. Key operatives included Paul Flati, Joseph Roma, and Jeffrey Nordi. Unis was also indicted in January 1990, by a federal grand jury in Las Vegas, NV, on charges that he par-

ticipated in a nationwide multi-million dollar sports betting ring called "The Computer Ring." Unis was charged with one count of conspiracy, four counts of interstate transmission of wagering information, and four counts of aiding and abetting interstate transmission of wagering information.

• **Steven J. Hatzimbes** Hatzimbes, an associate of Pittsburgh LCN member Thomas Ciancutti, operated a sports and numbers bookmaking network in the New Kensington area. That operation employed at least seven numbers writers including James A. Ameris, (known as The Greek), who was also an associate of Ciancutti. Their operation laid off bets to a number of New Kensington bookmakers including Ciancutti associate Daniel "Speedo" Hanna.

On July 27, 1989, Hatzimbes, Hanna, Ameris and 20 others were indicted in United States District Court for the Western District of Pennsylvania and charged with federal gambling violations. In November 1990, Hatzimbes, Hanna, and a number of others pled guilty to gambling related charges. Hatzimbes, who also pled guilty to a conspiracy charge, was recently sentenced to 15 months imprisonment. Hanna faces five years imprisonment and a \$250,000 fine. Ameris is currently awaiting trial.

• **Paul "No Legs" Hankish** Hankish, of Wheeling, WV, has long been a close associate of the LaRocca/Genovese Family (specifically he has associated with Charles Porter, Joseph Naples and the late Gabriel Mannarino). He also was close to and involved in criminal activity with Gambino LCN Family member Joseph "Demus" Covello. Covello, Mannarino, and Naples are godfathers of Hankish's three children.

Like many LCN members or associates, Hankish headed a crime organization that was involved in diverse criminal activities, including gambling, prostitution, narcotics trafficking, extortion, fencing stolen goods, and loansharking. Hankish fenced a considerable amount of merchandise which was stolen in New York and New Jersey by members of

the Gambino LCN. He also employed a number of professional shoplifters in his operation. The Hankish operation provided protection from arrest to prostitution rings operating in the Wheeling area. One operator of such a ring stated that she paid Hankish 15 percent of her proceeds for this protection.

The organization dominated illegal gambling in West Virginia, and extended into several other states as well. It was linked through layoff activity to a number of other LCN-affiliated bookmaking operations. Through association with Joseph Covello, the Hankish association maintained ties with the Gambino LCN of New York. Testimony was also received that Hankish was partners with Frank Unis, Jr., in Beaver County. The Hankish organization was also tied through layoff activity to the Salvatore Williams numbers enterprise.

In October 1989, Hankish and his organization were indicted in United States District Court, Northern District of West Virginia. A superseding indictment, filed in April 1990, indicted Hankish and 11 others, including Charles R. Jacovetty (who supervised much of the organization's illegal gambling), Theodore Tsoras (who provided handicapping information), and Charles G. Joseph (who ran a significant retail sports betting establishment). Another Hankish co-defendant, Donald Musilli, operated an illegal gambling business in eight states (WV, OH, PA, MI, TX, NJ, RI and FL). During July 1990, Hankish pled guilty to nine federal counts, including three relating to his involvement in illegal gambling. Earlier, Jacovetty pled guilty to ten counts including one count of illegal gambling. Tsoras was found guilty of 22 federal violations. Charles G. Joseph also pled guilty to gambling violations.

• **Joseph Perfette** Since the 1970s the LaRocca/Genovese LCN Family had been receiving tribute from gambling enterprises operating in the Youngstown, Mahoning County, OH, area. During the mid-1980s, the Family expanded its territory into

Trumbull County, OH. The gambling operations here had long been controlled by Joseph Perfette, who had been paying tribute to the Cleveland LCN. Those gambling enterprises included illegal numbers and sports betting operations, illegal gambling casinos, and illegal gambling machines.

During the mid-1980s, the Pittsburgh LCN, represented by member, Charles Imburgia, struck an agreement with the Cleveland LCN Family, represented by Cleveland LCN member Joseph "Peanuts" Tronolone. According to the terms of the agreement, Imburgia would assume control of Trumbull County gambling operations. The Pittsburgh LCN would then give the Cleveland LCN, through its operatives Joseph James Iacobacci, Jr. and Russell Papalardo, 50 percent of the profits after all expenses were paid. Imburgia assigned Jack Lorenzetti, 62, of Niles, OH, to help Joseph Perfette run the gambling enterprise and to ensure that the Pittsburgh and Cleveland LCN Families received the appropriate monies from those operations.

During late 1987 and early 1988, the aforementioned Trumbull County gambling enterprises were the subject of a federal investigation which culminated with the April 1990 indictment of Joseph Perfette, of Warren, OH, and four of his associates. Indicted with Perfette were Thomas Matash, Ronald Beal, Robert Dalson, and Guy Paul Gaetano. The defendants were charged with conducting, financing, managing, and supervising an illegal sports and numbers bookmaking operation.

In May 1990, Perfette, Beal, Matash, and Gaetano pled guilty to federal gambling violations. Perfette was subsequently sentenced to 14 months' incarceration; Beal and Matash were sentenced to 12 months' incarceration; and Gaetano was sentenced to 15 months. Dalson was acquitted in a jury trial.

Narcotics In Pittsburgh

"Chuck (Porter), he was talking about Mike Genovese, how close he was with him, how he handles many things for him like loansharking and how they were doing the same things we did in Philadelphia, like shaking down drug dealers and bookmakers." (Philip Leonetti at Porter's trial)

As is true of most La Cosa Nostra Families, the Pittsburgh LCN is now and has been engaged both in shaking down drug dealers and in drug trafficking (*i.e.*, as financiers and upper- and mid-level distributors). In the early 1980s, as cocaine rose in popularity among a large and diverse segment of the population, various individuals directly involved in or affiliated with the Pittsburgh Family became investors and distributors in extensive cocaine trafficking in Western Pennsylvania. The significant profits from gambling were available to invest in the evolving cocaine business.

Under Genovese's leadership, the Pittsburgh LCN expanded its involvement in cocaine trafficking. The Family has been responsible for the distribution of thousands of kilograms of cocaine, orchestrated by a handful of Family members and associates, most notably Charles Porter and Louis Raucci. The Family's involvement in cocaine trafficking has been its most lucrative drug activity, but it has also been a supplier of marijuana and illicit pharmaceuticals. One associate of the Family told the Commission: "Drugs, they always get an in. They demand an in—because it brings so much heat into the area."

The major cocaine cases prosecuted during the 1980s involved key associates of the Pittsburgh LCN, including Gary Golden, Eugene Gesuale, Joseph Rosa, Marvin Droznek, and Paul Hankish. Several rank-and-file members also were indicted on drug trafficking charges in 1990, including Porter and Raucci. Although separate and distinct operations, the enterprises frequently operated in concert

to form a large network of drug operations. These court cases showed that the profits from many sizable drug deals in the Pittsburgh area were shared with the LaRocca/ Genovese LCN Family.¹

LCN Member in Early Case

In March 1981, Louis Raucci, 60, a soldier in the LCN Family; John Scalzitti, 50, Champion, Westmoreland County, LCN Family associate; and Robert Weldon, 36, then of Greensburg, who worked for Scalzitti, were charged with attempting to sell \$7,000 worth of cocaine. Scalzitti and Weldon were convicted while Raucci was acquitted of conspiracy charges. Scalzitti had been convicted previously in the mid-1970s of making false statements on a loan application involving the operation of Jon's Oldsmobile-Cadillac dealership in Latrobe.

Prosdocimo Drug Network

In three separate trials, three related drug dealers were convicted of first degree murder for the contract killing of a fellow gang member. One was sentenced to death and the others to life imprisonment. Robert Lee "Coddfish" Bricker, 49, of Pittsburgh's Northside, was the first of the three drug dealers convicted in the September 1979 murder of Thomas Sacco, a gang member who had become a police informant. He received the death sentence for his role in helping to plan the murder. Bricker also supplied the gun and lured Sacco to the after-hours club where he was fatally shot. The admitted triggerman was Miles Gabler, 49, formerly of Jeannette. Gabler pled guilty and received a life sentence.

Bricker had worked for drug kingpin William "Eggy" Prosdocimo, 39, of Greenfield. When Prosdocimo learned that his dealer Sacco was a police informant, he rewarded Bricker for the Sacco killing by giving him larger drug-selling territory. Following Prosdocimo's imprisonment, his brothers Richard and Donald Prosdocimo continued to run the drug operation.

For years, the Prosdocimo brothers

had terrorized some Squirrel Hill neighborhoods. Violence had broken out because of feuding with a splinter group, headed by Frank Faiello, 31, of Hazelwood. In 1984, a series of indictments charged seven members of the Prosdocimo network and four members of the Faiello gang with various drug charges. Included among the defendants were Richard "Ricky" Prosdocimo, 41, and his brother Donald, 32, both of Squirrel Hill; Frank Damico, 30, of Arizona; Angelino Florindo, 29, of Swissvale; Louis Delimbo, 34 of Greenfield; William Murphy, 33, of Greenfield; Gary Ramanoff, 43, of Hazelwood; and Kevin Tirpak, 29, of Homestead.

William Prosdocimo initially recruited the Faiello brothers to work in his narcotics operation. After a dispute, the Faiello brothers formed their own drug network which established an extensive Dilaudid distribution ring. In February 1985, Richard Prosdocimo was given a 20-year sentence with a lifetime probation; Damico received a 10-year sentence; Donald Prosdocimo received a five-year prison term; and Florindo and Murphy each received seven-year terms. Frank Faiello received a 10-year sentence; Anthony Faiello received a seven-year term; and Daniel Faiello received five years.

Gary Golden Operation

One of the more significant cases early in the decade centered around Gary Golden, 46, of Lower Burrell, a cousin and associate of LCN Family member Thomas Ciancutti, of New Kensington. The Golden network included 14 individuals from Allegheny and Westmoreland Counties charged with operating an extensive cocaine and marijuana cartel. Seven of the defendants pleaded guilty and agreed to cooperate with federal prosecutors. Golden and three others were arrested in November 1982 after they had bought \$46,000 worth of cocaine from an undercover FBI agent and had offered to buy three kilograms of the drug from the agent in three separate sales. Arrested with Golden were Charles R. Namey, then of New Kensington; G. Frederick

Majestic, Tarentum; and Gary R. Vowinckel, Penn Hills. Two months later the FBI arrested ten more people described as drug wholesalers in the Golden operation.

Six of the defendants were tried with Golden in Pittsburgh federal court. The government's case relied on testimony from two informants: Thomas Seft, of New Kensington and Wayne "The Hulk" Kapalka, of Natrona Heights.

Golden's principal cocaine sources were George Kost and Hilmer Sandini, two major suppliers in Western Pennsylvania. Golden financed his operation, in part, with loans from Eugene Gesuale, a Pittsburgh drug dealer and LCN associate. Golden had begun his narcotics operation by purchasing large quantities of marijuana. He originally obtained the marijuana from two international enterprises: one headed by Thomas Long (indicted in 1980 on federal continuing criminal enterprise {CCE} charges and still a fugitive); and the other headed by Dean Felton (indicted and convicted of CCE charges in 1985).

According to federal authorities, Golden made many investments during his years in the drug business. Most of his real estate purchases were titled to a nominee, that is, were bought by him in someone else's name. This technique is used to shelter acquisitions which may either bring attention to the real buyer or may later be the subject of forfeiture action. Golden was convicted of conspiring to distribute cocaine, marijuana, and prescription drugs and was sentenced to 25 years in prison.

Eugene "Nick the Blade" Gesuale Operation

Gesuale, 47, of Highland Park, was arrested 13 times between 1959 and 1981 but was not convicted of any crime. Described by police as a man with a violent temper, Gesuale was arrested several times for assault, and assault with intent to kill. For years he maintained a close relationship with Pittsburgh LCN boss Michael Genovese.

Gesuale fled Pittsburgh shortly

before being indicted by a federal grand jury in 1985 for major narcotics violations. It is believed that he was warned of the pending indictment by an FBI clerk who pled guilty to providing documents and information to an associate of Gesuale. He was a fugitive until his arrest in Kingston, Jamaica, on July 2, 1986. Later that year, he pled guilty to all charges and received a 45-year prison sentence with no parole eligibility.

Gesuale was considered a ringleader of a large drug network operating in Western Pennsylvania with ties to cocaine sources in New York, South Florida, and Colombia. The network operated by Gesuale initially used Ernest G. Rockwell, 47, as a principal drug source. According to trial testimony, Gesuale was involved in the drug business with LCN member Charles Porter, used Porter as "muscle" for his drug collections, and "gave a piece of his action to Porter." Through his LCN connections, Gesuale also sold cocaine to Daniel "The Deacon" Zwibel, of Plum, then the national vice-president of the outlaw Pagan Motorcycle Club; and to Robert Owen "Buffalo" Fitz, of Columbia, OH, a former president of the Pagan's Ohio chapter, who later became a protected witness. Fitz stated at Gesuale's trial that Porter was to receive \$46,000 for serving as the mediator in discussions on drug deals between Gesuale and Zwibel in 1981.

Gesuale's narcotics network was involved in the distribution of quaaludes, marijuana, heroin, and cocaine. Besides Rockwell, Gesuale's cocaine suppliers were George Kost (convicted of CCE charges, sentenced to life imprisonment), Hilmer Sandini (convicted of CCE charges; was sentenced to life imprisonment), and Salomon Schuster-Benitez (a resident of Colombia and Panama identified by DEA as a major, world-wide cocaine distributor).

Gesuale operated a prostitution business in New York City's Little Italy section, with the apparent sanction of New York LCN Families. He also operated several illegal gambling clubs in Pittsburgh, as well as a large-

scale loanshark operation. An investigation by the Internal Revenue Service established that Gesuale had grossed well over \$1 million from 1978 to 1982 and had spent hundreds of thousands of dollars during that period. Gesuale was alleged to have laundered large amounts of money through his mother's bank account, to have buried a large quantity of currency in New York State, and to have access to over \$1 million in cash when he fled the country.

Ernest Rockwell Emerges As A Major Pittsburgh Source

Ernest G. Rockwell, formerly of Monroeville, became a significant cocaine source for Gesuale and other drug organizations. A Pittsburgh native, Rockwell had been convicted in the 1960s for several armed robberies. In the late 1970s, Rockwell used a loanshark loan to begin his narcotics business and, within two years, was buying and selling multi-kilogram quantities of cocaine. He was arrested in 1982 on a firearms violation; but the case was dismissed when, according to Rockwell, a friend paid a bribe. Two years later a federal grand jury indicted Rockwell on drug charges; and in July 1985, he pled guilty to engaging in a continuing criminal enterprise (CCE) and agreed to cooperate with federal authorities. After testifying at several trials against members of the Gesuale network, Rockwell was sentenced to 10 years in prison with no possible parole.

For a time Rockwell's main source for cocaine was Hilmer Sandini, 65, of Fort Lauderdale, FL. In 1981, Rockwell and Sandini became partners and major suppliers of cocaine to members of several LCN-related drug networks. At the time, Sandini was an informant for the Miami Field Office of the FBI. Sandini had ties to major Colombian cocaine processors and exporters.

Sandini, a native of Wisconsin, had changed his name from "Sandine" so that he appeared to be Italian. He boasted that he was a member of the Chicago LCN Family. Between 1949

and 1985, Sandini was arrested more than 30 times for a wide range of offenses, including five firearms offenses and numerous con schemes and stock swindles. In 1979 he was arrested and subsequently sentenced to 15 years in prison for the transport of a plane load of marijuana. In 1982 and 1983, Sandini remained free as a paid informant of the FBI.

In 1984, however, Pittsburgh agents of the Organized Crime Drug Enforcement Task Force testified about Sandini's drug connections, documenting that he was selling cocaine in Pittsburgh even while serving as an FBI informant. The judge revoked his parole and invoked the 15-year sentence handed down the year before. In 1985, Sandini was indicted by a Pittsburgh federal grand jury and was charged with the distribution of more than 300 kilograms of cocaine in Pittsburgh and elsewhere. In March 1986, he was convicted and sentenced to life in prison with no parole eligibility. He later admitted to murdering drug dealer Harold Shatz and enlisting the aid of his wife and daughter in disposing of the body.

Sandini had sought and received the complicity of FBI Special Agent Dan Mitrione, who was working undercover posing as a smuggling expert at the Fort Lauderdale Executive Airport. Together, the two established ties with Salomon Schuster-Benitez, a Colombian national and resident of Panama who represented a cocaine manufacturing operation in Colombia. In March 1983, Mitrione and Sandini assisted Schuster-Benitez in smuggling 250 kilograms of cocaine into the U.S. Mitrione helped Sandini steal 42 kilograms of the shipment which later went to Rockwell for distribution in Pennsylvania. Most of the remaining cocaine was seized by Florida authorities. As a result of the Gesuale federal investigation in Pittsburgh, Mitrione's role was uncovered; he resigned from the FBI and pled guilty to cocaine conspiracy and bribery charges. He was sentenced to 10 years in prison, but his sentence was later reduced to five years.

George W. Kost: Former Bookmaker and Pimp

George W. Kost, 46, of Greentree, a Pittsburgh numbers bookmaker and bawdy house operator was a member of the Gesuale narcotics ring. Kost was indicted in June 1985, by a federal grand jury and charged with conspiracy to distribute more than 200 kilograms of cocaine in Western Pennsylvania. Faced with a possible sentence of life in prison, Kost fled the region and remained a fugitive until April 1988, when he was arrested by federal agents in Washington County. Kost and his partner Ronald Urban of Pittsburgh, marketed large quantities of cocaine in the Pittsburgh area.

During Kost's absence, police learned from Urban, who was serving 20 years in prison with no possible parole, and from Rockwell, that Kost had financed the contract murder of one of his drug dealers, James MacAuliffe, who had been shot seven times in the face at point blank range with a silenced .22 caliber pistol as he stood in the doorway of his house in Pittsburgh's South Side on November 27, 1984. He had been testifying before a federal grand jury at the time of his assassination.

Kost was first arrested in 1963 for burglary, then in 1971 for larceny, and again in 1984 for selling cocaine. Two years later he was arrested in Fort Lauderdale for conspiracy and trafficking in cocaine, and in New Jersey for dealing drugs. Later Kost began obtaining cocaine from a Cuban national Ramon Sosa. He began marketing this alternate supply of narcotics through Norman and Michael Farber, who had regular customers from as far away as Oregon, Iowa, and Missouri.

These groups operated in three distinct geographic cocaine markets from roughly 1981 to 1985. Gesuale and his network dominated the city of Pittsburgh; Rockwell serviced the eastern suburbs and Westmoreland County; and Kost supplied the South Hills and other southern suburbs. The bulk of the cocaine distributed by these groups was supplied by Colum-

bian sources through contacts in South Florida. Rockwell had established a number of Colombian sources through past associates who had migrated to Florida in the late 1970s. These Colombian sources, in turn, introduced Rockwell to Sandini, who subsequently developed connections with Salomon Schuster-Benitez. Rockwell (and Sandini) then developed Kost and Gesuale as primary markets for this cocaine. Kost was convicted in mid-1988 and sentenced to life imprisonment without the possibility of parole.

Anthony LaRocca: Jailhouse Drug Gang

Anthony "Rocky" LaRocca, Jr., 51, a former member of the outlaw Pagan Motorcycle Club and nephew of the late LCN Family boss Sebastian John LaRocca, headed a cocaine network in Western Pennsylvania while in the Allegheny County jail on murder charges. LaRocca has an extensive arrest record dating back to 1969, when he and two associates were convicted of narcotics distribution, trafficking in firearms, assault and battery, and the illegal sale of automatic weapons. In 1973, he and a member of the Pagans were charged with assaulting an ATF agent with a deadly weapon. Within two years of his 1975 release, he was convicted of conspiracy to distribute a controlled substance, assaulting a federal officer, possession of a non-registered silencer, and using a firearm during the commission of a felony. Originally sentenced to 30 years, the sentence was reduced to 10 years after appeals.

LaRocca was released from Lewisburg Federal Prison in 1982 and then established a cocaine distribution network with Francis "Rick" Ferri, 57, of Glassport, and others. In August 1982, LaRocca heard that John "Jocko" Heatherington, one of his gang members, was cooperating with police. Heatherington was murdered in the parking lot of a suburban Pittsburgh motel. In 1987, LaRocca and Ferri were found guilty of first degree murder and were sentenced to life

imprisonment for the Heatherington killing. While awaiting trial on additional state charges for cocaine trafficking and the murder of Heatherington, LaRocca was charged with having continued to engage in a conspiracy to distribute cocaine while in jail.

Near the middle of his federal cocaine trial, LaRocca pled guilty and was sentenced to 20 years in prison (to run consecutively with his life term for murder). Ferri, who had also been charged in federal court for a prior arson, was convicted in a separate trial and sentenced to a 25-year prison term.

One of the principal sources of LaRocca's cocaine supply was Louis Charles Boscia, 63, of Baldwin, a loanshark, gambler, and drug dealer. In 1975, Boscia was sentenced to 16 years at Lewisburg Federal Prison on an insurance scam. In December 1987, faced with "overwhelming" evidence gathered by the FBI, Boscia decided to plead guilty to three counts alleging that he conspired to distribute cocaine as part of the LaRocca narcotics network. He was sentenced to 30 years in prison.

Thomas A. Senge, 40, of Monroeville, another member of the LaRocca network, has an extensive arrest record for drug offenses, thefts and burglaries. He was held in the Allegheny County jail with LaRocca. He has assisted federal prosecutors and is now in the Federal Witness Protection Program. During the time that LaRocca and Senge were in jail together, Boscia obtained cocaine from William Kostrick and while on a work-release program, distributed the drug to a network of dealers provided by LaRocca and Senge. According to information developed during the investigation, LaRocca managed his operation by means of constant threats of violence and intimidation even though he was incarcerated at the time. Because LaRocca was generally believed to be a member of a "Mafia Family," and to have murdered Heatherington, it was easy for Boscia to intimidate other members of the conspiracy by invoking LaRocca's name.

The Rosa/Droznek/Kostrick Organization

The drug decade ended with the largest narcotics investigation in Western Pennsylvania history. The investigation resulted in the federal conviction of 27 individuals indicted in April 1988 and the conviction on October 29, 1990, of nine others indicted in April 1990, including the underboss of the Pittsburgh LCN Family. In addition, members of the Hankish organization were indicted and convicted on numerous charges including the distribution of cocaine.

At the center of the case resulting in the April indictments were three individuals: Joseph Frank "Joey" Rosa, who claimed to be a "made member" of the Pittsburgh LCN; William Kostrick, of McKeesport, a former police officer and operator of a video poker vending machine firm; and Marvin Droznek, a former bookmaker, loanshark, and drug dealer from the East Pittsburgh, Braddock, and North Braddock area, who had also acted as a strong-arm collector for the LCN. Because he had been actively assisting law enforcement Droznek was not included in the indictment.

Rosa, an LCN associate, is the son of the late LCN capo Frank Rosa and is a grandson of LCN Family member Joseph Sica. Rosa had bought from and sold cocaine to Droznek. He pled guilty to charges that he operated a continuing criminal enterprise and that he evaded taxes. He became a cooperating witness and was sentenced in February 1989 to 10 years in prison with no possible parole.

In his testimony, Rosa stated that he had become a member of the LCN Family after turning over the \$300,000 profit from a staged burglary of his jewelry store. He said Genovese and Porter told him his job was to run drugs and to perform drug rip-offs. He was also to report any drug deals to Porter, and the Family was to receive a portion of his profits.

Among the individuals who pleaded guilty in the Kostrick/Rosa case were former Allegheny County Assistant

District Attorney Perry C. Perrino, 34, of Homestead, and Mark D. Nicklow, 39, of North Versailles, who was a veteran of the police department in that municipality. Nicklow received a 10-year sentence; Perrino's sentence was reduced to six years.

The Kostrick/Rosa indictment also included Ronald "Fat Sam" Plisco, a long-time bookmaker, loanshark, and LCN Family associate. Plisco received a 15-year prison term. Also pleading guilty in the case was Victor E. Marchitello, 41, of East Pittsburgh, who operated a tavern known as Maestro's Cafe in Wilmerding. Drug dealer Rockwell operated out of Maestro's Cafe and lived with Marchitello for a time. Marchitello introduced Rockwell to Droznek, and Rockwell later became Droznek and Kostrick's supplier. Marchitello received a five-year term, plus five years of supervised release.

Kostrick and Droznek, as partners, operated a video poker firm in McKeesport called Zip Vending, which had been bankrolled from the profits of Droznek's drug operation. In return, Droznek was listed as an employee of the company so he could show a legitimate income. Kostrick, convicted by jury in August 1988, is a former police officer and former bouncer at a bar and restaurant in McKeesport known as "Joey's." Joey's was operated by LCN associate Joseph Bertone, who disappeared in 1985 and is now considered the victim of a gangland killing. Before his disappearance, Bertone was partner with Rosa, Chiarelli, and George "Sonny" Jordan in purchasing cocaine from Ramon Sosa. The drug sold for around \$30,000 per kilo; and according to Rosa, he and Bertone were required to pay Porter tribute in the amount of \$2,000 per kilo. Also tried with Kostrick was Dino "Dough Boy" Romano, 34, a former carpet merchant and drug dealer. Romano received a 15-year prison term. Kostrick received a 30-year prison sentence with no possible parole.

Droznek had been a bookmaker in Frank Amato's gambling operation in the North Braddock area. He was involved in the narcotics business by financing drug deals for Michael

Monaco, a former Deputy Sheriff of Allegheny County, who was also a gambler. Monaco had lost a large sum of money as a sports bettor in Droznek's bookmaking operation. To repay his debts, Monaco began borrowing money from Droznek to buy and resell cocaine. Once Droznek observed how much money Monaco was making, he began purchasing quarter-pound quantities of cocaine from Ernest Rockwell.

Within a year's time, Droznek's drug dealing had expanded to the point that Rockwell was no longer able to meet Droznek's demand for cocaine so Droznek pursued alternate sources. A friend introduced him to Rosa, and he purchased five or six kilos from Rosa. Each of the three, Droznek, Rosa and Kostrick had alternate sources of cocaine, and each would supply the others if his personal supply were low.

The Paul Hankish Narcotics Organization

In addition to being involved in gambling in the West Virginia Panhandle area, Paul Hankish and his associates were indicted in April 1990 on charges including cocaine distribution. The number two man in his organization Charles R. Jacovetty supplied a number of dealers with cocaine on Hankish's behalf. The organization was ultimately responsible for distributing kilogram quantities of cocaine, marijuana, and heroin in West Virginia, Pennsylvania, and states as far away as Florida and Rhode Island. (See earlier discussion of Hankish.)

Hankish had also been involved in setting up drug-related murders for organized crime figures. Testimony at his trial demonstrated that he had hired Ronald Asher to kill a drug dealer who was infringing on the drug territory of New Jersey organized crime figures. Asher testified that he was unable to find the drug dealer but was still paid by Hankish for his time.

The Porter/Raucci Narcotics Organization

In April 1990, Charles Porter, Louis Raucci, and 11 others were indicted and subsequently convicted in the Western District of Pennsylvania on charges including narcotics trafficking, racketeering, tax evasion, perjury, and obstruction of justice. Porter and Raucci, ranking members of the LaRocca/Genovese LCN Family, were responsible for directing and controlling the activities of other members and associates of the organization. The organization was involved in the distribution of cocaine in Western Pennsylvania. It was also involved in robbing drug dealers of cocaine and money.

Porter Trial

The Porter trial ranked as the largest organized crime prosecution ever in Western Pennsylvania. It covered nine weeks and detailed 23 years of criminal activity, beginning with a February 1967, armed robbery and ending with a January 1990 money-laundering operation. On September 5, 1990, the federal RICO trial of LaRocca/Genovese underboss Charles "Chucky" Porter, 57, Penn Hills; LaRocca/Genovese member Louis Raucci, 60, Penn Hills; and seven co-defendants commenced in U.S. District Court, Pittsburgh, following a 46-count indictment returned in April 1990.

The indictment accused Porter and Raucci of being high-ranking members of Pittsburgh's organized crime family who directed a network of drug dealers and racketeers. Testimony at the trial indicated that Porter and Raucci reported directly to LCN boss Michael Genovese. Criminal activities detailed in the 116-page indictment included drug deals, drug rip-offs, robberies, gambling, tax evasion, and multiple murders.

Along with Porter and Raucci, the following co-defendants also went on trial:

- **William R. "Billy" Porter**, 52, Etna, brother of "Chucky" Porter, who provided the "muscle" for the Pittsburgh LCN and was involved in threatening government witnesses, robbery, and cocaine conspiracy;
- **Geno Chiarelli**, 48, Cheswick, who was involved in several drug deals, along with co-defendant **Anthony "Sonny" Durish**, 49, of McDonald;
- **Irwin Levie**, 54, Hallandale, FL, and **Ramon Sosa**, 36, Miami, FL, who were the LCN's Florida cocaine source;
- **Michael Rosenfeld**, 31, Penn Hills, who distributed cocaine in the Pittsburgh area with Louis Raucci; and,
- **John Carrabba, Jr.**, 45, East Liberty, who obtained confidential information about the FBI investigations from his girlfriend and then-FBI secretary. The inside information was subsequently passed on to LCN.

Additional defendants named in the original indictment were: Michael Tedesco, 33, Plum Boro; Robert Liscio, 31, Penn Hills; Meyer Sigal, 74, Squirrel Hill; Rocco Viola, Jr., 53, Mars; Christopher Paul Hankish, 28, Mt. Lebanon; and Frederick J. "Ricky" Gualtieri, Jr., 34, Scott Township. Tedesco pled guilty on August 30, 1990, to charges that he conspired with members of the LCN to distribute cocaine and to conceal sources of illegal income from the IRS.

In pleading guilty, Tedesco admitted that he conspired with Porter and others to bring cocaine into Western Pennsylvania from Florida. Tedesco, a sales manager at a car dealership in Monroeville, also acknowledged that he helped admitted crime family member Joseph Rosa conceal illicit drug profits from the IRS in the mid-1980s. As part of his plea bargain, Tedesco agreed to provide prosecutors with all his personal knowledge regarding the Porter conspiracy.

At the start of the Porter *et al.*, trial, Robert Liscio pled guilty to charges of participating in the racketeering conspiracy and conspiring to defraud the IRS. In chronological order, the charges began in 1967, when Charles Porter and Paul Mazzei, an unindicted co-conspirator, carried out an armed robbery of the Domestic Finance

Company in East Liberty, which netted them \$3,000. Mazzei was a key player in the Boston College point shaving scandal during the 1978-79 season and is currently in the Federal Witness Protection Program.

Mazzei, and later Gerald Walls, described an organized crime family that was fueled by drugs and gambling and which thrived on violence in the 1970s. Mazzei testified that Porter ran barbiturate or dice games on behalf of the mob at some private East Liberty clubs. He said Porter collected a share of Eugene Gesuale's drug proceeds as a representative of the New Kensington LCN branch which was headed by Gabriel Mannarino until his death in 1980. Mazzei said that, sometime in late 1977 or early 1978, he attended a drug deal planning meeting with both Gesuale and Porter. Gesuale told Mazzei that "Chucky was basically representing the people from New Kensington," referring to Mannarino and Thomas Ciancutti.

Gerald "Snooky" Walls, of Fayette County, became involved with the crime family in 1972 after getting out of prison. Walls had met Hankish enforcer James Griffin in Western Penitentiary. Walls subsequently directed Hankish's Fayette County gambling operations. Walls' mentor and long-time friend Melvin Pike described the LCN hierarchy for Walls. But Pike's death was ordered in 1978 and Walls said he helped to set it up because, "I'm a team player." Walls quit the "team" in 1981 when he pled guilty in federal court to racketeering charges and agreed to cooperate with the government. Walls said he gained first-hand knowledge of Porter's LCN involvement when Porter attempted to dissuade him from killing William Prosdocimo in retaliation for the June 1979, murder of Walls' drug trafficking partner Gary "Stretch" DeStefano of Monessen, Washington County. Walls learned that the LCN was getting a share of Prosdocimo's drug business.

Prosdocimo, who is now serving life sentences for two killings—the DeStefano murder and the 1979 murder

of Thomas Sacco—testified that the DeStefano murder was a mistake and that Walls had been the intended victim. The actual murder of Sacco was performed by Miles Gabler.

Robert "Codfish" Bricker murdered Melvin Pike for Hankish. Pike's death signaled a turf battle for control of the rackets in Fayette County. Pike had been affiliated with Mannarino, a rival of Hankish's organization. Bricker had been enlisted by James Griffin, a Hankish enforcer.

According to Prosdocimo, Porter's role seems to have been one of a mediator between the parties. Prosdocimo told police that he contacted Porter and asked Porter to explain to Walls who ordered the killing so Walls would not kill Prosdocimo in retaliation.

Prosdocimo said Porter shot Bricker in the face in 1981 after Porter learned Bricker was responsible for the death of Pike. The Pike murder thus resulted in two additional murders, plus the attempt on Bricker's life. Bricker then tried to retaliate against Porter but was unsuccessful.

Prosdocimo said it was Porter, John Leone, and Eugene Gesuale who recruited him into organized crime when he was 18 years old. He had gone with Leone on collection runs for a loansharking business in the late 1960s, sometimes beating up people who owed money. Prosdocimo commented, "Basically, it was something like a paper route."

Prosdocimo said Porter was crucial to his ascent when Porter noticed him in the late 1960s after Prosdocimo was caught robbing mob-connected drug dealers. According to Prosdocimo, Porter collected a percentage of drug profits from Gesuale, helped plan and execute a robbery of a California drug dealer in the mid-1970s, and intervened to head off a fight between mob families in Pittsburgh and New York City after Gesuale and Leone robbed a courier who was transporting gold and drugs for a New York LCN family.

Also Walls and Prosdocimo testified in the trial of Wheeling mob boss Paul "No Legs" Hankish during the summer of 1990. Hankish, who pleaded guilty

on July 24, 1990, to charges of racketeering, cocaine trafficking, gambling, and filing false income tax returns, is the father of Christopher Paul Hankish, a co-defendant in the Porter indictment.

A precursor of the Porter trial occurred in 1986 with the convictions of Eugene "Nick the Blade" Gesuale and several of his associates on a large-scale drug trafficking operation. (See earlier discussion.) Gesuale received a 45-year prison term after he pled guilty in the middle of his trial. The Gesuale case then led federal authorities to Marvin Droznek, East Pittsburgh, a drug dealer, bookie, and enforcer for the LCN, and Joseph F. Rosa, Penn Hills. Droznek and Rosa, who are in the Federal Witness Protection Program were convicted in 1988 on federal drug conspiracy charges. They became unindicted co-conspirators in the Porter case and were mentioned prominently in many of the criminal acts detailed in the indictment.

Droznek began to cooperate with federal authorities in January 1988, by wearing a body recorder for some months to gather the evidence which resulted in the indictments and subsequent convictions of Rosa and 26 others.

Rosa, like Droznek, began to cooperate with the federal government after he was indicted. He pled guilty to charges of involvement in a continuing criminal enterprise and to tax evasion and received a ten-year sentence in 1988.

Rosa claimed that, while plotting cocaine deals with Porter and co-defendant Geno Chiarelli, he was told that a share of the drug profits was to go to Michael Genovese, whom Rosa described as the boss of the Pittsburgh LCN. Rosa said his father, who was a member of the Pittsburgh Crime Family, never held a legitimate job. His father told him about the Family business. "He told me that he was into gambling, shylocking, prostitution, and bookmaking." Rosa related that his grandfather, Joseph Sica, was in the same line of work. Rosa said his father told him that he and Sica were members of a criminal

organization.

"He said it was the Family. It was an organized thing known as the Mafia and everybody had different territories. That's how they made their living."

Shortly before his father died, Rosa said his father gave him a black book containing names of people who owed him money. Rosa was instructed to get help from Raucci if he had trouble collecting. He said he gave the book to Raucci and never saw it again.

One of the links between the Gesuale, Rosa/Droznek and the Porter cases was Ramon Sosa. Sosa, a Cuban National from Miami, FL, was a source of cocaine for Kost, Rosa, Droznek, and some of the defendants in the Porter case. The Porter indictment also states that Sosa had dealings with former McKeesport restaurateur Joseph Bertone, who disappeared in 1985. Geno Chiarelli, a co-defendant in the Porter trial, was charged with conspiracy to kill Bertone. According to the indictment, Chiarelli provided the weapon that was used to kill Bertone.

Robert Fitz, 51, an ex-Pagan Motorcycle Club member, testified that Porter held a meeting to settle a drug debt between the outlaw biker gang and Gesuale. Fitz said, in the late 1970s and early 1980s, he distributed cocaine for Gesuale. He said, after selling 75 ounces of cocaine he received on consignment from two people who worked for Gesuale, a dispute had arisen over whether Gesuale or his associates should receive payment for the drugs. Fitz said Gesuale was demanding payment of the \$26,000 Fitz owed. To avoid a confrontation between Gesuale and the Pagans, Fitz said a meeting was called at Porter's house. During the 30-minute meeting, it was decided that Gesuale should collect the money. Although Porter said very little at the meeting, Fitz said he believed Porter's role was that of an overseer.

Marvin Droznek testified that Porter received a share of the illegal gambling profits of Monroeville racketeer Ronald Plisco. That money was

generated by bets placed on sporting events in which the mob had inside information. Droznek said he placed some of those "wise guy" bets as a "beard" for the Pittsburgh LCN. Droznek said that he worked closely with Plisco, who is serving a 10-year federal sentence for cocaine trafficking, and with LCN member Frank Amato of East Liberty, who is involved in bookmaking and illegal sports betting. Amato told Droznek he "shouldn't be afraid to expand the business because he would put his power behind me." Droznek explained that Amato was referring to the power of the LCN Family. Droznek said he met Porter through Plisco in 1982. Later, he went with Plisco to deliver the profits of their gambling scheme to Porter. He described Porter as a man who wielded influence behind the scenes within the LCN. He said Plisco consulted with Porter before attempting to collect a \$63,000 gambling debt from Eugene Gesuale. Droznek also sought Porter's approval to have Plisco beaten because Plisco was mouthing off about Droznek's growing cocaine trafficking business.

"Chucky (Porter) was a superior to Amato. I wanted to have it done without any fear of reprisal from Amato and Porter." Porter told Droznek, "Do what you have to do." Droznek never went through with the beating of Plisco.

Philip Leonetti, the underboss of the Philadelphia LCN Family and nephew of LCN boss Nicodemo "Little Nicky" Scarfo, testified about a September 1986, meeting held at the Marriott Hotel in Monroeville to resolve a dispute between the Pittsburgh and Philadelphia mob families. Leonetti said he, Scarfo, and Scarfo's son, Nicodemo Scarfo, Jr., represented the Philadelphia Family, while Louis Volpe and Porter attended on behalf of the Pittsburgh Family. According to Leonetti,

"Chuck, he was talking about Mike Genovese, how close he was with him, how he handles many things for him like loansharking and how they were doing the same things we did in Philadelphia, like shaking down drug

dealers and bookmakers."

Yu Lip Moy, 59, also known as Kein Wee Moy, owner of Chin's Polynesian Restaurant, Monroeville, testified that, in 1984, while he was President of the National On Leong Chinese Merchants Association, he had to intervene to settle a dispute in Chicago between a Chinese gambling syndicate and the Chicago LCN. The Chicago mob had shut down the Chinese gambling operation. To get back into business, the Chinese syndicate was required to pay the Chicago LCN \$8,000 and the Pittsburgh Family was to get \$4000 a month. The payments stopped in 1988 when the Chicago gamblers were put out of business by federal authorities.

On October 29, 1990, the nine defendants were found guilty. The primary defendants were guilty of the following: Charles J. Porter—guilty of racketeering, conspiracy, conspiracy to possess with intent to distribute cocaine and marijuana, possession with intent to distribute cocaine, currency structuring, making/subscribing false tax returns, aiding or assisting in preparation of a false income tax return, and conspiring to defraud the U.S. by impeding the functions of the IRS.

Louis F. Raucci, Sr., was found guilty of racketeering, conspiracy, conspiring to possess with intent to distribute cocaine and marijuana, possession with intent to distribute cocaine, currency structuring, and making/subscribing false tax returns.

In January 1991, Porter, Raucci, and their seven co-defendants were sentenced to the following prison terms:

Porter, 28 years; Raucci, 27 years; Chiarelli, 22 years; Durish, 17½ years; William Porter, 17 years; Levie, 13 years; Rosenfeld, 12 years and seven months; Carrabba, five years; and Sosa, five years. In addition to these prison sentences, five of the defendants were also ordered to forfeit more than one million dollars in illegal assets to the government. Charles Porter was ordered to forfeit \$105,250; Raucci, \$96,000; Levie, \$328,000; Rosenfeld, \$56,000; and Sosa, \$429,000.

In addition to these defendants, four others have pled guilty. On August 30, 1990, Tedesco pled guilty to drug distribution and tax charges, and on September 5, 1990 Liscio pled guilty to racketeering and tax charges. On December 7, Tedesco was sentenced to one year's imprisonment and Liscio received two years' imprisonment. On January 3, 1991, Hankish and Gualtieri each pled guilty to one count of possession with intent to distribute cocaine. They were both sentenced to two years imprisonment.

In November 1990, Viola was found not guilty of conspiracy and tax evasion charges. In late 1990 charges against Sigal were dismissed.

Loansharking

"A lot of people are afraid of shylocking. I always thought it was a better business than sports or numbers." (A Family associate)

LCN Family members act as the principal loansharks in Western Pennsylvania, and Pittsburgh is the center of loanshark activity. Key associates of LCN members usually handle the loanshark transactions and serve as buffers between the borrowers and the LCN members.

Most loans from loansharks are used to finance illegal operations, to finance drug deals, or to pay off gambling debts. Sometimes tavern or "nightspot" owners who need quick cash go to shylocks, as do business men engaged in "quick money" schemes—the questionable nature of which closes off the possibility of loans from legitimate lenders. According to a Family associate, "Anybody that'd take shylock money is deserving of whatever he gets because he's a player to start with. He earns money illegally through gambling, or he's a scammer, a hijacker or a robber, or he's a drug dealer. He's dirty to start with, so don't feel bad for shylock customers."

Many loansharks in Western Pennsylvania are connected to large gambling networks and, increasingly in

recent years, to major drug trafficking organizations. Gambling and narcotics are typically the avenues by which legitimate businessmen and others are introduced to loansharking. An increasing practice among loansharks associated with drug networks is to enlist debtors to pay off their debts by selling drugs.

Gambling and loansharking go hand-in-hand in Western Pennsylvania. Some of the large bookmakers are also loansharks. Frequently the cash flowing from gambling and/or drug enterprises is used to finance loansharking. The LaRocca/Genovese Family does not control entry into the loanshark industry, but it is part of it. A number of Family members are known to be major loansharks or "financial backers" of shylock loans, including Porter, Amato, and Zottola. Some associates of the Family who have been involved in major gambling operations have also been major loansharks including Marvin Droznek, Ronald Plisco, Paul Hankish, and Eugene Gesuale.

Loansharks linked to the Family seldom use violence, but the group as a whole has a reputation for the effective use of violence which could be drawn upon by members or associates collecting debts. Most of the major loansharks employ people who make loans and collect payments. They also employ, at times, collectors who are "muscle men." A local loanshark who is an associate of the Family has stated that if he had a large loan out, he would be sure to have the Family back it up, as this made collection a lot easier. Loansharking not only involves the implicit threat of violence in collecting debts, but, more damaging, it involves the possible inducement of debtors to use a variety of means, some illegal, to obtain the funds needed to repay the debt.

Summary and Assessment

The LaRocca/Genovese LCN Family in Western Pennsylvania has a strong and continuing dominance of illegal enterprise in that area of the state. This dominance has been heightened by two primary occurrences: the ascension of Michael Genovese to boss of the organization and the fall of Tony Grosso's gambling empire.

Genovese, as boss, has shown more aggressiveness and a willingness to support LCN involvement in the drug trade. This stance has caused the Family to demand and to receive more tribute and "respect" and has enriched the Family's coffers through the narcotics trade. Ironically, one of the reasons for the LCN former reluctance to distribute narcotics was the seriousness of the crime and the likelihood of those facing drug charges to turn government informant. The number of convictions and informants in Pittsburgh has demonstrated the accuracy of this predicted consequence.

However, the conviction of Grosso and the assumption of his formerly independent gambling organization by LCN associates has been beneficial to the Family and has provided tribute and layoff to the LCN. Thus Grosso's conviction has created a more monopolistic hold by the LCN on gambling in Western Pennsylvania, where the one-time Grosso operation had been outside LCN control. This is an example of how some enforcement actions can benefit organized crime by removing its competition.

In spite of the recent convictions and indictments against Pittsburgh LCN members and associates, the organization appears to be strong and capable of continued growth through another decade. It has asserted itself as the primary crime group in the area and, by becoming more active in narcotics, has demonstrated its ability to be a full-service criminal organization. Barring exceptional law enforcement successes, the Pittsburgh LCN is likely to continue to

prosper as long as the market for illegal gambling, vice activities, and narcotics endures.

ENDNOTE

1. The Commission's treatment of the Pittsburgh LCN Family's involvement in narcotics trafficking is derived from a number of sources, including *Attorney General's Report on Narcotics Trafficking for the Western District of Pennsylvania*, August 23, 1989, U.S. Department of Justice, n.p.

THE BUFALINO CRIME FAMILY: LEVELED BY CONVICTIONS AND DEATH

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SYNOPSIS

- The Bufalino Crime Family has been active in the Northeastern Pennsylvania area since the turn of the century.
- The Family has been involved in criminal activity including labor racketeering, gambling, drug trafficking, loansharking, extortion, counterfeiting, receiving stolen property, jury tampering, and the infiltration of legitimate businesses, particularly in the garment and vending industries.
- Over the decade, the influence of this Family has diminished due to prosecutions and deaths. An Acting Boss is now in charge and it is believed that its members and territory will be assimilated into other LCN families.
- Major prosecutions against the Family during the decade included the conspiracy to murder conviction gained against boss Russell Bufalino in 1981, the conviction of capo Anthony Guarnieri in 1990 (he died two weeks after sentencing), and the imprisonment (1983-88) and death (1990) of underboss James Osticco.
- The Bufalino LCN has always been heavily involved in crime activities with other LCN Families in Pennsylvania and New York. This involvement continues today on the part of key Bufalino members and associates.
- The future of the Bufalino Family is uncertain in 1990. There is indication that it will be disbanded and its members encouraged to join other crime families.

THE BUFALINO CRIME FAMILY: LEVELED BY CONVICTIONS AND DEATHS

As the 1980s began, the Bufalino La Cosa Nostra Family was considered the most powerful in Pennsylvania. Its members had both legitimate and illegal business interests. It had a strong membership and an ongoing leadership. It was accepted by the five New York LCN Families and allowed to maintain business interests in New York. Its boss, Russell Bufalino, of Kingston, was one of the few remaining bosses who had been born in Sicily. However, this once formidable LCN Family today is weakened, and its future is doubtful. It is predicted that this Family will fade out as its members die or align themselves with other, more vital Families.

The Bufalino Family has operated in Northeastern Pennsylvania, in New York City, in the "Southern Tier" of New York (*i.e.*, the Binghamton, Endicott, and Endwell area), and in Florida. The Family's power originated in labor racketeering in the region's garment and coal industries. Its illegal activities have included narcotics trafficking, loansharking, gambling, theft, fencing of stolen goods, counterfeiting, extortion, and labor racketeering. It has maintained working relationships with other LCN Families and with non-traditional organized crime groups such as outlaw motorcycle gangs.

Today, Russell Bufalino has retired as boss; and an acting boss, Edward Sciandra, of Bellmore, Long Island, NY, has been appointed. Despite Bufalino's retirement and the near-decade of his incarceration which preceded it, the Family's interests in the geographic region it covers have been maintained; but the traditional LCN hierarchy is weakened, and its area is considered virtually "open territory" to all Families.

Major Events of the Decade

During the 1980s, members or associates of the Bufalino LCN Family were decimated by eight prosecutions (involving 24 individuals) and 11 deaths. There were no major events which served to strengthen the Family or add to its territory or wealth. On the contrary, each of the following events weakened the Bufalino empire.

- **December 1980** — Five months before he was due to be released from federal prison where he was serving a four-year term for extortion, Boss Russell Bufalino was indicted by federal authorities and charged with conspiring with two members of the Los Angeles LCN Family (Michael Rizzitello and Jimmy Fratianno) to murder Jack Napoli. Napoli was in the Witness Protection Program, and it had been his testimony which had sent Bufalino to jail in 1977. Bufalino was found guilty of conspiracy and obstruction of justice in 1981 and was sentenced to 10 years in jail and a \$15,000 fine. Bufalino was jailed from August 1982, to May 1989.

- **December 1980** — Frank Sheeran, a close associate of Bufalino, and Eugene Boffa, Sr., were indicted in federal court and charged with labor racketeering, conspiracy, mail fraud, and two counts of taking bribes. They were found guilty; and a year later, Sheeran was sentenced to 18 years in prison and fined \$22,000. Boffa was sentenced to 20 years in prison.

- **June 13, 1981** — Family member Angelo J. Son died of natural causes. Prior to his illness and death, Son had been a rising figure in the Family.

- **November 1981** — Edward Sciandra, then consigliere of the Family, was indicted and charged, along with three others (Vincent Foti, Sr., Yale Kroloff, and Peter Cardasis),

with violations of the Internal Revenue Code. Sciandra, Foti, and Cardasis entered guilty pleas. Sciandra was sentenced to two consecutive 18-month terms and was fined \$10,000.

- **October 1982** — James Osticco, underboss of the Bufalino Family, was indicted and charged for obstruction of justice and conspiracy. Indicted with Osticco, were Charles Cortese and Samuel Lovecchio. In December 1983, Osticco was sentenced to eight years in prison and was fined \$13,000.

- **December 27, 1982** — Gioacchino "Dandy Jack" Parisi, former triggerman for "Murder Incorporated," and member of the Bufalino Family, died of natural causes.

- **February 11, 1983** — Capo Philip T. Medico, Sr., owner of Medico Industries, died of natural causes. Medico Industries was used by Bufalino and other members of his Crime Family as a meeting place.

- **March 1983** — Bufalino Family associate Ellis Klepfer was indicted and charged with interstate transportation in the aiding and abetting of racketeering and bribery. He pled guilty in September 1984, was sentenced to two years' imprisonment, and was fined \$10,000.

- **July 29, 1983** — Louis Marconi, Bufalino Family member, died after an illness. Prior to his death, he had been considered the heir apparent to Anthony Guarnieri. He ran gambling junkets to Las Vegas in the 1970s, and in the 1980s was president of Tri-Cities Dress Company in Binghamton, NY.

- **March 17, 1984** — Family member Aldo Magnelli died of natural causes. He had been involved in sports book-making.

- **July 5, 1984** — Steven J. LaTorre, the oldest Bufalino Family member, died of natural causes. The LaTorre Family was part of the "Men of Montedoro," who are accorded the dubious credit of bringing organized

crime to Pennsylvania.

• **December 1984** — Charles Fratello, member of the Bufalino LCN, was arrested in Pompano Beach, FL, and was charged with first degree murder. He was found guilty in August 1985 and sentenced to life in prison.

• **March 4, 1987** — Casper "Cappy" Guimento, Bufalino chauffeur, companion, and confidante, died of natural causes. He had been involved in Margen Garment Cutting in Dunmore.

• **April 29, 1987** — Member Angelo Sciandra died of natural causes. Sciandra had attended the infamous 1957 Apalachin meeting, and had been involved in labor strong-arm enforcement.

• **May 1987** — Anthony Frank Guarnieri, capo of the Bufalino Family, was indicted in New York, Florida and Nevada, and charged with narcotics and weapons offenses and trademark counterfeiting. His co-defendants included Stanley Reppucci, Anthony Pelosi, Benjamin Musso, George Feinberg, and Herbert Goldspiel. Guarnieri was convicted, sentenced to two years' incarceration, and fined \$50,000.

• **October 1989** — Anthony Frank Guarnieri, Bufalino capo and Anthony Mosco, Sr., Bufalino soldier, were indicted and charged with labor racketeering, conspiracy, and RICO offenses. Charged also were various labor union officials including Jon E. Lainhart, Peter Pavlisak, and James Converse. In August 1990, Guarnieri was sentenced to 30 years in prison and was fined \$130,000. Mosco was sentenced to 17 years in prison, three years probation and was fined \$130,000.

• **January 25, 1990** — James "Dave" Osticco, Bufalino Family underboss, died after a lengthy illness. Osticco had spent much of the 1980s in poor health or imprisoned. In 1983, he was convicted of jury tampering, sentenced to a total of eight years, and fined \$13,000. He was released from a federal prison hospital in August 1988; thereafter, he became an inactive member. Prior to his 1982 indictment, Osticco was known to be involved in loansharking and the

receipt and sale of stolen merchandise (particularly gems and precious metals).

• **April 20, 1990** — Member Dominic J. Alaimo died. Alaimo had a falling out with Bufalino years earlier over the disposition of Alaimo's assets while he (Alaimo) was incarcerated.

• **August 12, 1990** — Anthony Frank "Guv" Guarnieri, Bufalino capo, died two weeks after being sentenced to 30 years in prison for labor racketeering and RICO. Guarnieri was in charge of upstate New York and Florida operations for the Family. These included loansharking, gambling, weapons violations, extortion, narcotics, and labor racketeering. He was 80 when he died.

History of the Bufalino Family

The Bufalino LCN Family traces its origins to the 1880s in the Pittston area of Luzerne County. The earliest Cosa Nostra-connected Sicilian immigrant of record in Pennsylvania was Stephen LaTorre, who came from Montedoro, Sicily, in 1880 and settled in Pittston. LaTorre was followed by a friend, Santo Volpe, Sr., who became the first boss of the Northeastern Pennsylvania Family. Santo Volpe, Sr., started out as a coal miner but, through manipulation, received an interest in a number of coal mines. During the 1930s, he became a member of the State Coal Commission, which controlled the tonnage that each company was permitted to mine. Members of the Crime Family gradually took over coal companies, controlled the United Mine Workers Union locals, and benefited from the "sweetheart" contracts which they were able to obtain.

Later in the 1930s, Volpe was succeeded as boss by John Sciandra, a partner in the Knox Coal Company in Luzerne County. (His son, Angelo Sciandra, died in 1987, a member of the Bufalino Family.) Sciandra's successor was Joseph M. Barbara, Sr.,

a convicted bootlegger and suspected murderer from the Scranton area. Barbara moved to Binghamton, NY, and then to Apalachin, NY, where he lived in a palatial country estate. As his underboss, he chose Russell Bufalino, the son of his close friend Angelo Bufalino. The 1957 summit meeting of La Cosa Nostra figures was held at Barbara's estate. Bufalino was credited by federal authorities with "arranging and attending" the Apalachin Conference. He paid the bill at the Hotel Casey, in Scranton, for several top crime figures who had gathered there prior to the meeting.

In 1959, after Barbara's death, the control of the Northeastern Pennsylvania Family passed to Bufalino. Federal authorities once described him as "one of the most ruthless and powerful leaders of the Mafia in the United States." Bufalino grew up in Buffalo, NY. After his marriage to Caroline Sciandra, he moved to Pittston and then to Kingston. He was involved in a number of businesses in Northeastern Pennsylvania and New York, predominantly in the garment industry. Also, he has bought and sold jewelry and has shown a special interest in diamonds.

The Bufalino Family's power originated in labor racketeering in the region's garment and coal industries. For many years, Bufalino made weekly trips from Pennsylvania to New York City. Declines in these industries have made the Bufalino territory a less fertile setting for traditional organized crime activities, and for the recruitment of new members or associates. That stagnation is reflected in the current list of Family members, which has not increased since the last 10-year report. The Bufalino Family has not opened its "books" since the late 1970s presumably because of Bufalino's apparent reluctance to recruit new members. In 1980, the Family had 33 known members (including Bufalino). This 1990 report documents only 11 active members. As noted above, there were 11 deaths during the decade. Bufalino recently was replaced as boss; and Edward

Sciandra, former capo and then consigliere, has taken over as acting boss.

It has been decided by the LCN Commission that the Bufalino Family will not be permitted to accept new members, nor will the Commission allow the Bufalino Family to appoint a new boss. Other LCN Families have been given permission to operate in former Bufalino territories. The Family may ultimately die of attrition. Currently, the remaining active members of the Bufalino LCN appear to be increasingly autonomous operators without any central control. They are expected to continue to operate in this manner or to join another Family.

It appears likely that the Gambino and/or the Genovese LCN Families of New York will assume control over many of the Bufalino crime activities in New York, and that they will become more active in Northeastern Pennsylvania. Already, a number of organized crime figures maintain second residences in the Poconos, including John Gotti, Jr., son of Gambino LCN boss John Gotti. Associates of the Genovese LCN Family have also been active in criminal pursuits in Northeastern Pennsylvania in the latter part of the 1980s. For example, Robert Rinaldi has operated a large-scale bookmaking operation in Northeastern Pennsylvania which has accepted layoff action from other area bookmakers. This operation has been affiliated with John "Moose" Marrone, an operative of the Genovese LCN Family.

The decline of the Bufalino Family in Pennsylvania may be a two-edged sword. There is less of a threat from an indigenous LCN Family, but an increased threat from powerful New York Families. They may fill the criminal enterprise void by joining their resources with the ongoing activities and networks of Bufalino Family members and associates. This situation could mean more, rather than less, organized crime activity in the area.

Operating Style

As with other LCN Families operating throughout the United States, the Bufalino Family normally maintained a hierarchy consisting of boss, underboss, consigliere, caporegime, soldiers, and associates. As the 1980s progressed, however, the hierarchy tended to become less important, as much of the Family's leadership became incapacitated through illness or incarceration. As the leadership lost its ability to govern, certain soldiers, such as William D'Elia, assumed additional responsibilities. Now, Edward Sciandra, consigliere to the Family, functions as its acting boss, while the Family has been left without an underboss following the death of James Osticco. Further, with the death of Anthony Frank Guarnieri, the Family has no active caporegime. Consequently, the soldiers operate in a semi-autonomous fashion, although they do use the Family's connections to other LCN Families to further their ventures.

The Bufalino Crime Family relies on a New York-based LCN Family for its representation before the National LCN Commission. For a number of years, the Bufalino Family has been represented before the Commission by the Colombo LCN Family. The Colombo LCN Family, too, has declined over the decade. It has been decimated by prosecutions and an aging membership, and no longer commands the power and influence it once had in New York City. The operating style of the Bufalino LCN Family resembles that of the New York Families in regard to its funneling of monies, from the enterprises of associates and soldiers, up the chain of command to the caporegimes and, eventually, to the boss. This similarity to New York Families is to be expected, since Russell Bufalino spent much of his time in New York City; and he, as well as several of his members, regularly dealt with members of the New York City-based Families.

A prime example of the funneling of monies up through the hierarchy can be seen in a recent labor racketeering

case against the Binghamton crew of the Bufalino LCN Family. In that scheme, Anthony Mosco, Sr., a soldier in the Family, as well as several associates of the Family, were extorting monies from truckers working on an interstate construction project. A portion of the monies extorted by Mosco, as well as monies from other ventures, was later funneled from Mosco to Guarnieri, who was entitled to a portion of the monies because of his position as Family capo. Although Mosco complained that Guarnieri always wanted a "cut," he recognized Guarnieri's status and paid the monies accordingly. Similarly, during the 1970s, Russell Bufalino and Guarnieri received monies for every item made by a garment business owned by a soldier of the Bufalino LCN Family, who was under Guarnieri's control.

Russell Bufalino benefited from the illegal ventures of both his soldiers and close Family associates. For example, during the 1970s and early 1980s, Bufalino benefited from the labor racketeering activities of Frank Sheeran, a Teamster official who was a close associate of Bufalino. Interestingly, Sheeran had been an associate of the Bruno LCN Family and was given to Bufalino by Angelo Bruno, boss of that Family. A member of the Bruno/Scarfo LCN Family has advised that Angelo Bruno also turned over to Russell Bufalino the services of Donald Cabello, a Bufalino Family associate from Philadelphia. According to Philip Leonetti, underboss of the Scarfo Family who became a government witness, Cabello subsequently provided Bufalino with up to \$250,000 per year obtained from his drug trafficking.

The Bufalino Family, like other LCN Families, maintained a territory and demanded "tribute" from other LCN groups operating in their territory. An example of Bufalino's strength in exacting this tribute was revealed in an intercepted conversation between Salvatore Avellino, a member of the Lucchese LCN Family, and Salvatore Santoro, then the underboss of that Family. The conversation referred to Mike Pappadio, a brother of Andimo Pappadio (deceased), who was for-

merly a ranking member of the Lucchese LCN Family.

SANTORO:...Russell Bufalino, you know Russell Bufalino, well, Mikey went out there, there was nothing, and Mikey Pappadio, he started to create things out in Pennsylvania, out in the f... coal mines you hear. And this Russell Bufalino started to come forward, you know, like, this is my stomping grounds, you come from New York, you know, so they were giving him a little piece of this...

Members of the Bufalino Family

• **Russell Bufalino**, 87, 304 East Dorrance Avenue, Kingston. Russell Bufalino was boss of the Northeastern Pennsylvania Crime Family from 1959 until recently, when he stepped down because of poor health. Under Bufalino's leadership, the Family was strong and was actively involved in labor racketeering, fencing of stolen merchandise, gambling, extortion, loansharking, and narcotics trafficking. Russell Bufalino's stature as one of the last "Sicilian-born dons" gave the Family access to LCN Families as far away as California.

Bufalino stood trial three times and was convicted twice during his criminal career. The first case, in 1974, grew out of an alleged plot to beat two cigarette vendors in the Binghamton, NY, area. Bufalino and 15 others were accused of conspiring to extort from two vending company officials. Bufalino and six others were acquitted. The charges against four others were dropped because of lack of evidence.

In October 1976, Bufalino was arrested and charged with extortion, along with three others. According to testimony at the trial, Bufalino threatened Jack Napoli, who had bought jewelry, using Bufalino's name as a reference, with a check which subsequently bounced. In August 1977, Bufalino was found guilty and sentenced to four years in federal prison. He was released in May

1981.

However, prior to his release, he was indicted for conspiracy to murder Jack Napoli, the principal witness against him in his 1977 trial. Bufalino was convicted in October 1981, and in November of that year, he was sentenced to 10 years' incarceration. In August 1982, he went to prison and remained there until May 1989. Because of illness, Bufalino has relinquished the leadership of the LCN Family which still bears his name.

• **Edward Sciandra**, 78, 2340 Centre Avenue, Bellmore, NY. After Russell Bufalino stepped down as boss of the Bufalino LCN Family, Edward Sciandra, consigliere of the Family, assumed the position as acting boss. Sciandra, during Bufalino's incarceration, had been responsible for the day-to-day operation of the Family. Sciandra also oversaw the Family's New York City enterprises.

Sciandra has been active in loansharking, sports and numbers bookmaking, and trademark counterfeiting. Like most organized crime members, Sciandra is not personally active in bookmaking, but uses associates to operate the enterprises while Sciandra receives a portion of the profits. Sciandra has used George Feinberg, also known as George Foerster, to operate a New York City based-sports and numbers bookmaking venture. Sciandra has also been active in the sale of counterfeit goods. As consigliere and acting boss of the Bufalino LCN Family, Sciandra has met with the leaders of several LCN Families, including Nicodemo Scarfo, boss of the Philadelphia Family, and Joseph Todaro, boss of the Buffalo, NY, Family.

Sciandra, like other members of the Bufalino Family hierarchy, was the target of a successful federal prosecution during the decade. In November 1981, Sciandra, Yale Kroloff, Vincent Foti, Sr., and Peter Cardasis were indicted in U.S. District Court in the Southern District of New York on charges relating to a kickback scheme. Sciandra subsequently was sentenced to two consecutive 18-month sentences, of which he served approximately 18 months. His con-

viction stemmed from his association with the MCA/Universal entertainment conglomerate. Throughout the 1980s, he had business dealings with MCA and its contractors. (See "Kickbacks")

• **William D'Elia**, 44, 18 Northview Drive, Hughestown. Although D'Elia is a soldier in the Bufalino LCN Family, he plays a more significant part than his title would indicate. His expanded role can be attributed to his close association with the recently-retired boss, Russell Bufalino, as well as to the deterioration of the Family. As the hierarchy of the Family faced successful prosecutions, D'Elia assumed additional duties and, ultimately, became the Family's most active Pennsylvania representative. D'Elia remained in frequent contact with Bufalino during his incarceration, and he has been in contact with the acting boss, Edward Sciandra. D'Elia has also been in frequent contact with members of other LCN Families, including LaRocca/Genovese Family underboss, Charles Porter, and member, Joseph Naples, as well as Bruno/Scarfo Family member Joseph Scalleat, Sr.

D'Elia has been involved in the solid waste brokering business for at least one year. He and others are currently acting as "waste brokers" —i.e., a person or company which obtains contracts for air space at landfills and then sells that air space, along with transportation services, to waste generators such as transfer stations and waste haulers. In addition to his "waste brokering" business, D'Elia has also been active in gambling junkets to Atlantic City, NJ. He was active in the operation of Spaniel Transportation, a trucking company which formerly operated from a location in Kingston. D'Elia is also associated with several Northeastern Pennsylvania gambling figures, including Robert Rinaldi, Jack Craig and Theodore Fanucci.

• **Anthony J. Mosco**, 48, Box 156A, Bean Hill Road, Endicott, NY. Mosco is a soldier in the Bufalino LCN Family and reported to capo Anthony Frank Guarnieri. Mosco has been heavily involved in labor racketeering,

particularly with the Teamsters Union. In 1986, Mosco used his organized crime affiliation to obtain the position of assistant business agent with Local 693 of that union. Mosco used his position with the local, as well as the reputation of the Bufalino Family, to extort construction workers and employers working on interstate construction projects in the Binghamton, NY, area.

On April 20, 1990, Mosco and Guarnieri, to whom Mosco paid "tribute," were convicted of various RICO and labor racketeering charges. On August 12, Mosco was sentenced in U.S. District Court to 17 years incarceration, three years probation and fined \$130,000.

● **Frank Cannone**, 59, 1615 Newell Road, Endicott, NY. Cannone reported to Anthony Frank Guarnieri. Unlike most LCN members, Cannone has hands-on involvement in sports bookmaking. During the early 1980s, Cannone operated in the Greater New York City area, and more recently, his operations have been centered in the Binghamton, NY, area.

Cannone has accepted layoff action from other Binghamton area bookmakers, including Andrew Quinlan. In 1984, Cannone was arrested and convicted on 10 counts of criminal contempt of court as a result of his testimony before a Tioga County, NY, investigative grand jury relative to Quinlan's gambling activities.

On December 3, 1989, Cannone was again arrested by New York authorities and charged with running a \$500,000 a month bookmaking operation. These charges are still pending.

● **Albert Scalleat**, 70, 2 West 21st Street, Hazleton. Albert Scalleat is a soldier in the Bufalino LCN Family. He has been involved in gambling and loansharking activities in the Hazleton area. Scalleat's loansharking activity has been in partnership with his brother, Joseph Scalleat, Sr., a member of the Bruno/Scarfo LCN Family.

● **Charles Fratello**, 49, Brooklyn, NY. Fratello, a soldier in the Bufalino Family, operated as an enforcer for Family consigliere Edward Sciandra.

Fratello was involved in narcotics trafficking (cocaine) and loansharking prior to his 1985 conviction on homicide charges.

Prior to his arrest, Fratello operated The Seminar Lounge in Pompano Beach, FL. He was convicted of the murder of a patron of that establishment and was sentenced to life in prison.

● **Angelo Bufalino**, 60, 133 Pine Street, Pittston. Angelo Bufalino, a soldier in the Family and the nephew of retired boss Russell Bufalino, has been involved in loansharking.

● **Salvatore "Blackie" Aleccia**, 76, Endwell, NY. Aleccia is a soldier in the Bufalino Crime Family, formerly under Anthony Frank Guarnieri. Aleccia operates A & G Vending, 127 West Main Street, Endicott, NY, which has been involved in distributing video poker machines.

● **Samuel Rotella**, 68, One Alice Avenue, Endwell, NY. Samuel Rotella is a soldier in the Bufalino LCN Family. He is the owner/operator of the Endwell Construction Company, Endwell, NY.

● **Anthony Santacrose, Jr.**, 59, 607 West Main Street, Endicott, NY. Anthony Santacrose, Jr. is a soldier in the Bufalino LCN Family. He is the owner/operator of the Endicott Furniture Mart, 400 North Street, Endicott, NY.

Remaining members of the Bufalino LCN are largely inactive in Family affairs, and have been so throughout most of the 1980s. These members include:

William Meringola (65)
Augustine Riolo (72)
Anthony DeStefano (79)
Remo Allio (68)
Joseph Constanzo (92)
Joseph Saraceno (66)
Charles Schifano (77)
Samuel Debella (72)
Joseph Falcone (88)

Bufalino Family Associates

Like all La Cosa Nostra Families, the Bufalino Family has a number of as-

sociates who are involved in their enterprises. The following is a sampling of those associates.

● **Theodore Fanucci**, 48, 412 Lillibridge Street, Peckville, had been associated with Casper Guimento (deceased) and William D'Elia for several years. During the 1970s, Fanucci was president of a local of the International Federation of Labor Unions. This union, which was tied to John Digilio of the Genovese LCN Family, was formed in an effort to organize casino workers if that industry were to be legalized in the Pocono region.

Fanucci has also operated gambling junkets with Anthony "Wango" Capizzi, of the LaRocca/Genovese LCN Family in Western Pennsylvania.

Fanucci was involved in loansharking, giving loans as high as \$100,000 to gamblers and businessmen. Other activities of his have included odometer rollbacks and receiving stolen property.

● **Philip "Fibber" Forgione**, 54, 1315 North Webster Avenue, Dunmore, has been associated with Bufalino LCN member William D'Elia and with LCN associate Theodore Fanucci. Also, he was an associate of Casper Guimento (deceased). Forgione was convicted in connection with the receipt of watches stolen by members and associates of the Lucchese LCN Family.

● **John Edward Francis**, 54, 293 Glenbrook Avenue, Yonkers, NY, has associated with Bufalino Family retired boss, Russell Bufalino, acting boss Edward Sciandra, and member William D'Elia. He has been involved in labor racketeering activities with this LCN Family. He has been convicted twice of tax violations; the second conviction stemmed from his role in laundering money for an enterprise which was importing and distributing substantial quantities of marijuana and hashish.

● **Anthony "Tony" Leta**, 63, of Montoursville, was the principal ringleader of one of the largest sports bookmaking networks in the state's history (For details, see Chapter 4).

Leta, who has been involved in gambling since the late 1950s, has

handled sports, horses, and numbers betting, as well as a significant amount of lay off from other bookmakers. After exhausting his appeals on a 1983 conviction, Leta is serving a one and a half to three-year prison sentence.

● **Robert Rinaldi**, 49, LaPlume, is a major Lackawanna County sports bookmaker and has been associated with LCN member William D'Elia and LCN associate Theodore Fanucci. During the mid-1980s, Rinaldi operated a sports bookmaking layoff operation, with ties to John Marrone, a close associate of the Genovese LCN Family.

● **Frank Sheeran**, 70, 1443 Neshaminy Valley Drive, Cornwell Heights, is a close associate of retired Family boss Russell Bufalino. Sheeran and Bufalino were involved in a number of enterprises including labor racketeering and loansharking, with a portion of Sheeran's profits going to Bufalino. A 1981 conviction for labor racketeering, mail fraud, and obstruction of justice caused Sheeran to be stripped of the presidency of Teamsters Local 326. He was sentenced to 18 years in federal prison.

● **Stanley A. Reppucci**, 54, 405 Warren Street, Vestal, NY, was a close associate of Bufalino Family capo Anthony Guarnieri (deceased). He is associated with member Frank Cannone and member Anthony Mosco. Reppucci has been involved in sports bookmaking and has paid tribute to the Family. He was involved in narcotics trafficking and was convicted with Guarnieri. He owned a business named Century Sales in Binghamton, NY, and was also part of the operation of Mercury Tours, which had ties to the Bufalino LCN Family and ran gambling junkets to Las Vegas, NV.

● **Ellis Klepfer**, 78, 509A Plaza Drive, Binghamton, NY, was a close associate of Anthony Guarnieri and was involved with him in a number of enterprises, particularly labor racketeering. Klepfer and his son, Michael, were indicted in a bribery/racketeering scheme in 1983. Klepfer pled guilty and received a two-year sentence and a \$10,000

fine. Klepfer testified at Guarnieri's trial that a portion of the moneys he received was given to Guarnieri for his part in the scheme.

● **Thomas C. Dellarocco**, 54, 114 Conklin Avenue, Binghamton, NY, was an associate of Family capo Anthony Guarnieri and Anthony Mosco, Sr. Dellarocco, who was convicted for his part in a scheme involving the interstate transportation of stolen vehicles during the early 1980s, has been involved in the sale of counterfeit goods for the Family.

● **Benjamin Musso**, 64, 3391 NW Sixth Avenue, Oakland Park, FL, was an associate of Family capo Anthony Guarnieri (deceased). He is associated with acting boss Edward Sciandra. Musso was involved in narcotics trafficking which was financed, in part, by Guarnieri; he also sold counterfeit goods on Guarnieri's behalf. He has been seen with Joseph Todaro, Sr., boss of the Buffalo, NY LCN Family.

● **George Feinberg**, also known as George Foerster, 74, 14407-68th Drive, Flushing, NY, is an associate of acting boss Edward Sciandra, and was an associate of deceased capo Anthony Guarnieri. Feinberg has operated an illegal bookmaking operation for Sciandra and was convicted of dealing in counterfeit goods with Guarnieri.

● **Salvatore DeFrancesco**, 40, 51 Hale Street, Pittston, is an associate of William D'Elia and has been involved in D'Elia's waste brokering business.

● **Donald "Big Donnie" Cabello**, 60, 1833 Forrestal Street, Philadelphia, is an associate "given" to Russell Bufalino by Angelo Bruno. Cabello is involved in the sale of stolen gems and in narcotics trafficking. Further, an organized crime member has advised that Cabello has given Bufalino several hundred thousand dollars a year in tribute from Cabello's narcotics business.

● **Jack Craig**, 64, 1390 N. Washington Street, Wilkes-Barre, is an associate of Family member William D'Elia. He formerly operated as a sports bookmaker and currently operates gambling junkets and card games.

● **Daniel Salvaterra**, 53, 22 Downing Street, Hanover Township, Wilkes-Barre, has been associated with Family member William D'Elia. Salvaterra has been involved in the trafficking of cocaine and methamphetamine. He has also been involved with members of the Pagan Motorcycle Club.

● **Joseph N. Maruca**, 44, Oneida Avenue, Endicott, NY, was a bookmaker in Binghamton who was associated with the Bufalino LCN and who paid tribute to the Family. He attempted to become independent of the Family and, on August 11, 1981, Maruca was shot several times by persons acting on behalf of Anthony Guarnieri. He survived the attempt on his life.

● **Michael Insalaco**, 54, 7057 Venice Square, Bethlehem, has been associated with Family member Frank Cannone. Insalaco has been involved in illegal gambling (including video poker), extortion, and loansharking. He is an officer of J&J Amusements, Inc., of West Easton, which distributes amusement devices, including video poker machines. Insalaco has operated Tiffany Tours and has been involved in gambling junkets to Las Vegas, Atlantic City, and the Caribbean.

Insalaco's father, Samuel Insalaco (deceased), and cousin, Modesto Loquastro (deceased), were members of the Bufalino LCN. Insalaco has ties in the Lehigh Valley area with Joseph Scalleat (a Scarfo LCN member) and with Peter Belletieri, a nephew of Scalleat. He also maintains close ties with local racketeers George Sam, Dennis Sweeney, James Smith.

Illegal Activities

Members and associates of the Bufalino Crime Family have been involved in a variety of criminal activities, including gambling, labor racketeering, tax evasion, narcotics distribution, counterfeiting, fencing stolen property, and kickback schemes.

Gambling

As noted in the personal profiles above, most members and associates of the Bufalino LCN Family have been involved in illegal gambling in one form or another. Detailed here are the hands-on involvement of Frank Cannone and the video poker dispute between Family members Salvatore Aleccia and Anthony Mosco.

During the early 1980s, Frank Cannone operated in the Greater New York City area and, more recently, his operations have been centered in the Binghamton, NY, area. Cannone has accepted layoff action from other Binghamton area bookmakers, including Andrew Quinlan. In 1984, Cannone was arrested and was convicted on 10 counts of criminal contempt of court as a result of his evasiveness, when he was subpoenaed before a Tioga County, NY, grand jury which was investigating Quinlan's gambling activities. Quinlan was later convicted of gambling charges. In addition to Cannone, Quinlan was also laying off to Anthony "Tony" Leta, of Williamsport.

On December 3, 1989, Cannone was again arrested by New York authorities and charged with operating a \$500,000 a month bookmaking operation. Charged with Cannone were Gerald D. Sines, 163½ Susquehanna Street, Binghamton, NY; Gary M. Kusher, 706 Odell Avenue, Union, NY; and the late Carmen C. Delanzo, 137 Susquehanna Street, Binghamton. These charges are currently pending.

Salvatore Aleccia operates A & G Vending, 127 West Main Street, Endicott, NY. Aleccia's company has been involved in distributing video poker machines. Interestingly, at one point, Aleccia had experienced difficulty with Bufalino Family member Anthony Mosco, Sr., who was a competitor in the distribution of video poker machines. Mosco sought Guarnieri's assistance, and was given Guarnieri's permission to do whatever was necessary to Aleccia to resolve this matter.

Labor Racketeering

Bufalino Family member Anthony Mosco, Sr., has been heavily involved in labor racketeering, particularly within the Teamsters Union. In 1986, Mosco used his Family membership to obtain the position of assistant business agent with Teamsters Local 693. He then used that position, backed up by his LCN membership, to extort money from construction workers and employers working on interstate construction projects in the Binghamton, NY, area. The payment of monies was "motivated" through the vandalism of construction equipment and assaults on construction workers and company employees.

On October 3, 1989, Bufalino capo Anthony Frank Guarnieri and Anthony Mosco, Sr., were indicted in the U.S. District Court, Albany, NY. Also charged with Guarnieri and Mosco were Jon Lainhart, an officer of the Teamsters local in Binghamton, NY, and Peter Pavlisak and James Converse, officials with the Laborers Union Local 7 in Binghamton. Guarnieri was charged with RICO conspiracy, RICO extortion, and mail fraud. Mosco was charged with RICO conspiracy, mail fraud, and embezzlement of union funds.

On April 20, 1990, Guarnieri and Mosco were convicted of various RICO and labor racketeering charges. Also convicted was James Converse. The other co-defendants were acquitted of all charges, except Pavlisak, who later pled guilty. In addition to their convictions, Guarnieri, Mosco, and Converse were ordered to forfeit to the federal government in excess of \$500,000 in assets, including several vehicles and a home owned by Mosco. On August 12, 1990, Mosco was sentenced in U.S. District Court, Northern District of New York, to 17 years' incarceration, three years' probation, and was fined \$130,000.

In 1983, Casper Guimento, a Bufalino Family member (deceased), and James Osticco, the Bufalino Family underboss (deceased) were arrested by the Pennsylvania State Police and charged with conspiracy to commit arson. Osticco and

Guimento were accused of supplying 16 sticks of dynamite and approximately 20 blasting caps to government informant and former organized crime enforcer Charles Allen. The dynamite was to be used by Allen and Teamster official Frank Sheeran, who is an associate of the Bufalino LCN Family, to bomb Hiab Crane Company, Newark, DE; a motor transport labor relations office in Philadelphia; and the car of Hiab's president. These planned bombings were intended to "settle" labor problems with Hiab Crane. The charges were dismissed in 1984 because of the expiration of the statute of limitations. This case, coupled with the conviction of Mosco and Guarnieri, demonstrates the close affiliation between the Bufalino LCN Family and certain Teamster officials throughout the decade.

Bufalino LCN associate Frank Sheeran was also involved in labor racketeering. On July 14, 1980, he was indicted with six others, including Eugene Boffa, Sr., 75, of 10 Coventry, Marlboro, NJ, and Robert Boffa, 3324 Rand Street, Philadelphia. The defendants were charged with labor racketeering, mail fraud, and obstruction of justice. The charges resulted from sweetheart contracts between Sheeran and Boffa's companies which resulted in lower wages, decreased security, and loss of benefits to rank and file members of the union. Sheeran, Boffa, and Russell Bufalino split the profits from this arrangement. On June 8, 1981, Eugene Boffa, Sr., was convicted and received a sentence of 20 years and a \$47,000 fine. On October 30, 1981, Sheeran was convicted of the charges and stripped of the Teamsters Local 326 presidency. He was later sentenced to 18 years in federal prison and was fined \$27,000.

On March 29, 1983, Ellis Klepfer and his son, Michael Klepfer, Crocher Hill Road, Binghamton, NY, were indicted in U.S. District Court, Middle District of Pennsylvania, and charged with interstate transportation in the aiding and abetting of racketeering and bribery. The indictment charged that, between August 1981 and

February 1982, Klepfer contacted Ronald Duser, the president of Local 481, Bakery, Confectionery, and Tobacco Workers, International Union AFL-CIO, Hazleton, PA, and suggested a series of bribe payments to Duser, if he were to cause his local to remove picket lines from the struck Spalding Bakeries, Inc., located in Hazleton. Duser reported the attempted bribe to the FBI. Arrangements were made, and Klepfer made a \$4,800 cash payment to Duser on September 16, 1981, which was to be the first in a series of payments totalling \$50,000.

On September 4, 1984, Ellis J. Klepfer pled guilty to interstate travel in the aid of racketeering in connection with a scheme to bribe an officer of Local 481, and was sentenced to two years' imprisonment and fined \$10,000. Klepfer later testified that a portion of the monies he received to bribe Duser was instead given to LCN capo Anthony Guarnieri (now deceased) for his part in the scheme.

Tax Evasion

In 1980, John Edward Francis, a Bufalino Family associate with ties to retired boss Russell Bufalino, acting boss, Edward Sciandra and member William D'Elia, was indicted and charged with income tax evasion and bribery. The charges stemmed from a bribery attempt made to an IRS agent by Victor Puglisi at Junior's Restaurant, Brooklyn, NY. The proceeds for the bribe came from John Francis, then president of Boyle Management Corporation of Yonkers, NY, and Jersey City, NJ; and Sharon Consultants, Inc., New York, NY, and Jersey City, NY. Francis was under investigation by the IRS for failure to file tax returns for his businesses. On July 25, 1980, Francis was sentenced to two years in prison.

Narcotics Distribution

In May 1987, capo Anthony Guarnieri was indicted, along with Stanley Reppucci, 54, 405 Warren Street, Vestal, NY; and Anthony

"Sonny" Pelosi, Revere, MA; in U.S. District Court, Southern District of Florida, and charged with possession with intent to deliver 300 pounds of marijuana, wire fraud, and conspiracy.

Also in May 1987, capo Anthony Guarnieri was indicted, along with Reppucci and Pelosi, in U.S. District Court, District of Nevada, and charged with possession with intent to deliver 1,400 pounds of marijuana, aiding and abetting, the use a communication facility to facilitate the distribution of narcotics, and conspiracy. On July 15, 1988, Guarnieri pled guilty to narcotics, counterfeiting, and conspiracy charges. He was sentenced to two years' imprisonment at the Federal Prison Hospital, Springfield, MO, and was fined \$50,000. Guarnieri's involvement in narcotics was one indication of the growing number of organized crime members who have violated the (alleged) LCN rule against narcotics trafficking.

In 1988, John Edward Francis, Bufalino LCN associate, was indicted and charged in U.S. District Court of Southern Florida with being part of an enterprise which was importing and distributing substantial quantities of marijuana and hashish. Francis was charged with laundering money for the enterprise. He subsequently pled guilty to two tax violations; and on May 26, 1989, was sentenced to 18 months' incarceration and was fined \$12,500.

Trademark Counterfeiting

The counterfeiting of designer accessories and clothing has been a particular money-maker for organized crime in Northeastern Pennsylvania, because of its proximity to and involvement in the New York City garment industry. In May 1987, the following individuals were indicted in U.S. District Court of Southern Florida and charged with intentionally trafficking in counterfeit watches (specifically Rolex, Gucci, and Piaget counterfeits), and conspiracy from September 1985 to April 1987:

• Bufalino capo Anthony Frank Guarnieri (now deceased);

• Benjamin "Bennie" Musso, 64, 3391 NW Sixth Avenue, Oakland Park, FL;

• George Feinberg, also known as George Foerster and George Foster, 74, 14407 68th Drive, Flushing, NY; and

• Herbert "Herb" Goldspiel, also known as Herbert Jacobs, 55, Freeport, NY, and Miami Beach, FL.

Feinberg has operated a New York City-based bookmaking enterprise for now acting boss Edward Sciandra of the Bufalino LCN Family. Edward Sciandra informed an undercover investigator that he was the one who introduced Guarnieri to the New York City supplier of the counterfeit watches. Another person dealing with counterfeit watches was John J. "J.J." DeNoia, 63, 15701 NW Second Avenue, Dade County, FL. DeNoia is a member of the Genovese Crime Family. When he needed additional quantities, Guarnieri would arrange for counterfeit watches through DeNoia.

Receiving Stolen Property

During 1987, Philip Forgione, an associate of LCN members William D'Elia and Casper Guimento (deceased) and of LCN associate Theodore Fanucci, was arrested and convicted in connection to his receipt and sale of a substantial quantity of stolen watches. The watches received by Forgione, of 1315 North Webster Street, Scranton, were part of a load stolen by members and associates of the Lucchese LCN Family, including Anthony Casso, underboss of that Family.

Interestingly, those watches were fenced through Thomas Carew, Staten Island, NY, who was involved with Tiger Management of Pittsburgh, Pennsylvania, noted in the Crime Commission's solid waste investigation. On August 17, 1989, LCN associate Theodore Fanucci, then part-owner of the Bella Vista Restaurant, was arrested along with several co-defendants, and charged with receiving stolen federal food stuffs. Fanucci pled guilty on September 5, 1989, and was sen-

tenced to six months' incarceration and fined \$5,000.

Jury Tampering

In 1977, a federal fraud trial prosecuted Louis DeNaples, an owner of DeNaples Auto Parts, Dunmore; James Decker, then Lackawanna County chief of busing; Charles Morell, then Lackawanna County purchasing agent; and Louis Coviello, then a Lackawanna County employee. These individuals were indicted and were charged with falsifying documents to obtain \$525,000 in federal reimbursements for the 1972 Hurricane Agnes Flood. The prosecution ended in a mistrial because of the lone acquittal vote of Mrs. Roseanne M. Donahue. All four defendants subsequently pled no contest to the charges, stating that they could not pay the expenses nor endure the strain of another trial.

On October 19, 1982, the late James Osticco, then underboss of the Bufalino LCN Family, was indicted with Samuel Lovecchio, of West Pittston, an employee of Medico Industries, Inc.; and Charles F. Cortese, former husband of Roseanne M. Donahue. These individuals were charged with various criminal counts, including obstructing justice, conspiracy, perjury, influencing a juror, intimidating a juror, and false declarations. The indictments were handed down in federal court after Roseanne Donahue pled guilty to obstruction of justice, and admitted that her former husband (Cortese) had been paid to influence her decision in the 1977 federal fraud trial.

The federal government charged that James Osticco had bribed Charles Cortese with \$1,000, a set of tires, and a pocket watch to have his wife, a juror in the 1977 fraud trial, vote for acquittal and keep silent about her actions in this case. Osticco had also asked Frank Parlopiano, a cooperating government witness, to induce Cortese to invoke his Fifth Amendment, privilege and to give false testimony, if he had to, before a grand jury held in 1980 concerning the criminal activities of the Bufalino

LCN Family. The financial arrangements with Cortese were made at Medico Industries, Plains Township, which was owned by Bufalino capo Philip Medico, now deceased. Osticco was also employed by Medico Industries.

The federal government also claimed that Lovecchio lied to the 1980 grand jury about his declaration of never speaking of the jury tampering with Osticco and Casper Guimento, another member of the Bufalino Family (now deceased). In July 1983, Cortese pleaded guilty to perjury and agreed to be a government witness. Osticco and Lovecchio were subsequently found guilty.

On September 22, 1983, Cortese was sentenced to five years' imprisonment on the perjury charge. On December 1, 1983, Lovecchio was sentenced to three months' in prison, two years' probation, and a fine of \$10,000 for his involvement in the jury tampering case. On December 16, 1983, Osticco was sentenced to a total of eight years, and was fined \$13,000 for his role in the jury tampering and cover-up. In August 1988, Osticco was released from Federal Prison Hospital, Lexington, KY.

Kickback Schemes

Acting boss Edward Sciandra has had long contacts with the entertainment industry in New York and California, particularly with MCA/Universal. During the early 1980s, Sciandra used his influence with this company to steer Universal business to Movie Lab, Inc. According to the government sentencing memorandum:

"Sciandra was neither an employee nor authorized agent of Universal; however, because of his organized crime connections, Sciandra was able to dictate to which companies Universal sent its film processing/editing work."

Sciandra ultimately entered into an agreement with Peter Cardasis, a Movie Lab vice president, to steer Universal business to that company

in exchange for a 10 percent kickback on the business. Cardasis was able to generate that Sciandra kickback by issuing false Movie Lab invoices to a company headed by Yale Kroloff.

Sciandra had earlier been introduced to Kroloff by Martin "Big Daddy Jiggs" DeSeverio, a New York City loanshark. The government sentencing memorandum described Kroloff's early contacts with Sciandra:

"He soon learned of Sciandra's organized crime connections and saw for himself how he ran the Bufalino crime family operations while 'the old man,' Russell Bufalino, was away in prison. Night after night, he would see Sciandra 'holding court.' People would come to him from all walks of life with their problems and their proposals. He would arbitrate their differences and direct their operations, all the while commanding their respect and their obedience."

Sciandra ultimately received kickbacks in excess of \$60,000 via the false invoicing scheme for referring Universal business to Movie Lab. Sciandra also steered Universal business to Sheldon Levy, a New York City film editor and received a kickback for his "referrals."

Sciandra and Kroloff also entered into an agreement whereby Sciandra referred other "customers" to Kroloff. These "customers" were businessmen who came to Sciandra wishing to get cash out of their business but wishing, at the same time, to show a legitimate business expense on their records. This process was accomplished by means of a false invoicing scheme. The agreement called for Kroloff and Sciandra to each receive five percent of each invoice and the remaining 90 percent would be returned to the "businessmen." One of the businessmen referred to Kroloff was Michael DelGaizo, a Sciandra associate and operator of North Star Graphics, Inc.

On November 9, 1981, Sciandra, Kroloff, Cardasis, and Vincent Foti, a Movie Lab employee, were indicted in U.S. District Court in the Southern District of New York. On January 15, 1982, Sciandra, Foti and Cardasis

entered guilty pleas to income tax violations. Sciandra was subsequently sentenced to two consecutive 18-month sentences; he served approximately half of his sentence. DelGaizo was also convicted of tax violations in a separate indictment.

Sciandra's link to MCA/Universal, however, did not end with that conviction. During the late 1980s, Sciandra was associated with Eugene F. Giaquinto, who was president of the Home Entertainment Division of MCA/Universal until 1989. In an affidavit submitted in support of a federal wiretap, it was indicated that Giaquinto was believed to be forwarding, on a yearly basis, large amounts of money to Sciandra from MCA/Universal through North Star Graphics, a New Jersey company.

Affiliated with North Star Graphics at that point was Michael DelGaizo, a close associate of Sciandra, and involved in the 1982 conviction. North Star Graphics had a 12 to 15 million dollar per year contract with MCA/Universal to supply boxes for MCA's home video products. The affidavit also states that North Star's MCA contract was in jeopardy, due to an MCA internal investigation. Sciandra was apparently displeased with the possibility of losing the contract and allegedly began pressuring Giaquinto over the matter. In addition, Sciandra was also pressuring Giaquinto for part of the profits Giaquinto was to make from the release of a film on Meyer Lansky's life.

In an effort to protect himself from Sciandra, Giaquinto went to Gambino LCN Family boss John Gotti in New York, who later ordered a "sit-down" with Sciandra. During that "sit-down," Gotti ordered Sciandra to stay away from Giaquinto.

Relationships With Other LCN Families

The Bufalino Family has always been involved with dealings outside its immediate LCN group. In 1957, it

hosted the Apalachin summit conference of LCN members. Its members have been allowed to operate legal and illegal enterprises in New York City, home of the five most powerful LCN Families in the country. The Bufalino Family is represented on the La Cosa Nostra Commission by the Colombo Family in New York.

In the past decade, it has had dealings with several LCN groups including the Colombo, Lucchese, Gambino, Genovese, LaRocca/Genovese, Todaro, and Bruno/Scarfo groups. That pattern of Bufalino Family members entering into partnerships and enterprises with other groups may have come about because of the Family's diminishing membership and influence.

A strong relationship exists between the Bufalinos and the Bruno/Scarfo Family. As noted previously, Donald Cabello, of Philadelphia, is an associate who was "given" to Bufalino by Angelo Bruno. Cabello has paid hundreds of thousands of dollars a year to Bufalino, in "tribute," as a result. Another tie to the Bruno/Scarfo Family is through the Scalleats of Hazleton. Albert Scalleat is a Bufalino member, while his brother Joseph, with whom he is in partnerships, is a Bruno/Scarfo member.

Another significant tie has been between the Bufalinos and the LaRocca/Genovese Family of Western Pennsylvania. Currently, Bufalino member William D'Elia is particularly active in inter-Family activities and has frequently met with members of the LaRocca/Genovese Family, —viz., with underboss Charles Porter and with member Joseph Naples. D'Elia received a portion of tribute monies Porter was extracting from some Western Pennsylvania bookmakers. D'Elia also had frequent contact with Naples, of Youngstown, OH, who extracts "tribute" from gambling operatives in his area. Members or associates of both Families were also previously involved in gambling junkets.

D'Elia has been involved in several ventures with Naples, including the waste brokering business. D'Elia has used Naples' contacts in the business.

Also, Mahlon Lauer of Easton and Sal DeFrancesco of Pittston (an LCN associate) have been offering air space at four Pennsylvania landfills. Bufalino LCN Family acting boss Edward Sciandra has put D'Elia in contact with New York City waste haulers, in an effort to secure business for D'Elia's waste brokering activities.

One of the larger bookmaking operations in Northeastern Pennsylvania, run by Bufalino associate Robert Rinaldi, has been affiliated with John "Moose" Marrone, an associate of the Genovese LCN.

Bufalino LCN associate, Benjamin Musso, has been seen in the company of Joseph Todaro, Sr., boss of the Buffalo, NY, LCN Family. Musso has been involved in narcotics deals which were financed by Bufalino capo, Anthony Guarnieri (deceased), to whom he then paid a portion of his profits.

The Todaro Family figured in an enterprise furthered by Anthony Guarnieri. During a Broward County (Florida) undercover investigation, Guarnieri took the undercover officer to Buffalo to meet Charlie Sterniola, who was to make silencers for firearms and then sell them to the agent. Todaro, apparently, became upset that Guarnieri had brought an outsider into his turf without his approval. This disagreement was mediated by acting boss Sciandra.

Summary and Assessment

The Bufalino La Cosa Nostra Family in Northeastern Pennsylvania has been leveled by convictions and deaths. Its hierarchy—Bufalino, Osticco and Guarnieri—has been removed, leaving only Edward Sciandra to represent the structure as acting boss. For whatever reason, the old Bufalino Family had the power to work with other Families, even in the territory of the New York LCN Families. That power appears to have dissipated, with several instances of the Bufalino's

outside-of-area activity being severely reproached by other bosses.

Recently, when MCA/Universal executive Eugene Giaquinto was being pressured by Bufalino acting boss Edward Sciandra for kickbacks, he went to Gambino LCN Family boss John Gotti, who had a "sit-down" with Sciandra and ordered him to leave Giaquinto alone. This order by Gotti may be indicative of the diminishing stature of the Bufalino Family, along with the elevated stature of the Gambino Family.

Out of the 33 members noted in 1980, only 11 remain clearly active in 1990. It remains to be seen which LCN Families the remainder align themselves with, and which LCN Families begin to claim dominance in the territory and criminal activities once ruled by the Bufalinos.

In all, the decline of the Bufalino Family reflects both aging and attrition, and the ability of law enforcement to intervene in criminal organizations. That intervention, coupled with the economics of Northeastern Pennsylvania, has virtually eliminated a once-powerful LCN Family. Time will tell if what replaces this criminal organization is more or less violent and monopolistic.

THE BRUNO/SCARFO CRIME FAMILY: PHILADELPHIA LCN IN TATTERS

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SYNOPSIS

- **The Philadelphia LCN Family, active in the Philadelphia area since the 1920s, has been involved in criminal activities including gambling, loansharking, drug brokering and trafficking, extortion, labor racketeering, and political corruption.**
- **During the decade of the 1980s, the Crime Family lost two bosses to homicide and one to life imprisonment.**
- **Much of the blame for the decline of the Family falls upon boss Nicodemo Scarfo whose greed and violence alienated his membership. At least 19 members and associates were killed during the decade.**
- **Scarfo initiated 42 members into the Family, including six who defected and testified against the Family.**
- **Significant prosecutions included the November 1988 RICO convictions of Scarfo and 16 other members, and the April 1989 murder convictions of Scarfo and 7 members. Scarfo became the first LCN boss to be convicted of first-degree murder.**
- **In 1990, the Bruno/Scarfo LCN is smaller and less organized than it was a decade ago. An acting boss is managing the Family and it is doubtful that the Family will regain its former importance within the criminal world.**

THE BRUNO/SCARFO CRIME FAMILY: PHILADELPHIA LCN IN TATTERS

"Bruno was a racketeer; I'm a gangster."¹ — Nicodemo Scarfo

The 1980s was the most tumultuous and violent decade in the history of the Philadelphia LCN Family. In 1980, under Angelo Bruno, it was considered one of the most significant Mafia Families outside of New York City. At decade's end, the Family, under Nicodemo "Little Nicky" Scarfo, was in tatters. Greed, ambition, murder, unprecedented law enforcement coordination, the defection of Family members and associates, and a series of crushing prosecutions and convictions have decimated the Bruno/Scarfo Crime Family.

Many believe that the Family's decline is due largely to the inept leadership of Scarfo. He saw himself as a man of violent action, patterned after the gangsters of the twenties and thirties. He created an environment of fear and uncertainty which encouraged the defection of six Family members who broke the code of silence (*omerta*) and cooperated with law enforcement.

The leadership and many of the Family's rank-and-file have been sentenced to long prison terms. This group includes Scarfo, who will spend the rest of his life behind bars. Scarfo continues to run the Family while in prison, attempting to manage its remnants through his son Nicodemo Scarfo, Jr., who carries his father's orders to members and associates on the street. However, Scarfo's support among members or associates is fragile. The attempted murder of Scarfo, Jr., in October 1989, and the continued defection of Family members indicate how allegiance to Scarfo has crumbled. The recent (August 1990) filing of criminal complaints against Scarfo, Jr., and eight members of the New Jersey faction of the Family will further erode Scarfo's control of the Family.

Major Events of the Decade

- **March 21, 1980** - Family boss Angelo Bruno was murdered. His murder triggered a series of killings within the Family and caused a drastic change in the operating style of the Philadelphia LCN. The Family became more exploitive, confrontational, and violent under the leadership of, first, Philip Testa and, then, Nicodemo Scarfo. Tribute from members, "street tax" from non-members and extortion were implemented on a systematic basis under Scarfo. Divisions appeared between young and old members and between Sicilians and Calabrians.

- **December 16, 1980** - John J. McCullough, who had been a long-time ally of Bruno and who was leader of the Roofers' Union Local 30, was murdered to strengthen the Family's control of labor unions in Philadelphia and Atlantic City. At the time, McCullough was organizing hotel and casino workers in Atlantic City in direct opposition to Local 54 of the Hotel and Restaurant Workers, which was controlled by Nicodemo Scarfo. After Bruno's death, the new Family boss, Philip Testa, told McCullough to get out of Atlantic City, but McCullough refused. He was killed by Willard Moran, who had been hired by Raymond Martorano and mob associate Albert Daidone. Moran was convicted and began to cooperate with law enforcement, providing crucial testimony which led to the murder convictions of Martorano and Daidone.

- **March 15, 1981** - Family boss Philip Testa was murdered. Testa's leadership of the Philadelphia Family ended after less than a year when an explosive device was detonated as he entered his house. His death had been engineered by his underboss

Peter Casella, along with Casella's brother Antonio, Frank T. Narducci, and several young LCN associates. Testa had named Nicodemo Scarfo consigliere of the Family and had inducted nine new members.

- **March 1981** - Nicky Scarfo is appointed Family boss. Soon after Testa's murder, Scarfo was named by the LCN "Commission" in New York as boss of the Philadelphia Family. Scarfo's operating style included the elimination of Family members who failed to pay him respect or to obey his orders. In 1982, he instituted a system to collect tribute and street tax from gamblers, drug dealers, and other criminals operating in Family territory. Fifty percent of the tribute collected went to Scarfo, his underboss, consigliere, and other close Family members. Those who refused to pay were dealt with brutally.

- **May 1982 through January, 1984** - The Riccobene "war" takes place. Scarfo declared war on the faction of the Family led by Harry "Little Harry" Riccobene, one of the oldest active members from the Bruno years. Scarfo felt threatened by the independent Riccobene. Casualties of this war included Scarfo's consigliere, Frank Monte (May 13, 1982), and Riccobene associates Robert Riccobene (December 6, 1983) and Salvatore J. Tamburrino (November 3, 1983). Riccobene was the target of two unsuccessful assassination attempts by Scarfo members. He was sentenced to life in prison in November 1984 for Monte's murder (he was convicted along with his half-brother Mario and associates Victor DeLuca, Joseph Pedulla, Joseph Casdia, and Vincent Isabella). Riccobene's imprisonment thus eliminated the last serious threat to Scarfo's leadership among the Bruno contemporaries/loyalists. A final victim of the war was Enrico Riccobene, nephew to Harry. Confronted by Scarfo killers, Enrico com-

mitted suicide in the walk-in safe of his Philadelphia jewelry store on December 16, 1983.

● **June 1982** - Raymond Martorano is convicted. Martorano, soldier and a principal money-maker, was convicted and sentenced to 10 years in prison for trafficking in P2P, also known as "oil," a chemical precursor necessary for the manufacture of methamphetamine. This conviction documented the expanding involvement of the Philadelphia LCN in the drug trade and its relationship with outlaw biker groups, such as the Pagans.

● **September 1984** - Capo Salvatore Testa is murdered. Salvatore Testa, Scarfo loyalist, survived several attacks by the Riccobene faction during the "Riccobene War." On July 31, 1982, Testa was shotgunned from a passing car. On December 10, 1983, Testa was attacked again, but not injured. Despite his loyalty, Scarfo ordered Testa's murder which was carried out in September 1984.

Testa's murder, in particular, signaled to Family members Scarfo's paranoia and quick resort to murder in response to perceived threats or acts of incompetence. Even those loyal to Scarfo would be dealt with severely. Scarfo had a close relationship with Phil Testa and thought highly enough of Sal Testa (Phil's son) to promote him to capo when Sal was in his mid-twenties. But Scarfo turned on Testa—for breaking his engagement to the daughter of underboss Merlino (and thus showing disrespect to the "Family" and its leaders), and for being a rising star or potential threat to Scarfo. According to Philip Leonetti, the underboss, Scarfo said, "Testa, he's no [expletive deleted] good...[He] wants to be boss. He's dealing drugs and has his own gang."

Scarfo's paranoia had already been signaled with the murder of Pasquale Spirito (April 1983), and it continued with the plotted murders (which were never carried out) of his former underboss Salvatore Merlino (for incompetence), and of Merlino's brother Lawrence, and each of their sons (for fear of a vendetta).

● **November 1984** - Atlantic City Mayor Michael Matthews is convicted. Matthews pleaded guilty to accepting a \$10,000 cash extortion payment from an undercover FBI agent and was sentenced to 15 years in prison. He had been removed from office in July 1984 as a result of an electoral recall on charges that he conspired to sell the mayor's office of Atlantic City to the Scarfo LCN. On January 6, 1985, Frank Lentino, an organizer of Local 54 of the Bartenders Union in Atlantic City, was sentenced to ten years in prison for his part in the conspiracy.

● **June 1986** - The Family fails in an attempt to extort monies from developer Willard G. Rouse. In June 1986, Scarfo and Philadelphia City Councilman Leland Beloff became involved in a scheme to extort \$1 million from Rouse, a nationally-known developer who was under-taking a project, valued at more than \$500 million, to develop the Penn's Landing area of Philadelphia's waterfront. Rouse immediately went to the FBI, who placed an undercover agent in the role of Rouse's representative in discussions with Nicholas "Nicky Crow" Caramandi, a Family soldier. After several meetings and an exchange of money, Beloff, his legislative aide Robert Rego, and Caramandi were arrested for extortion. Later, Scarfo was arrested on the same charges. Scarfo was livid at Caramandi's handling of the extortion attempt. Obviously, he had failed to "smell out" the undercover agent. Caramandi became a government witness and testified against the other three in two separate trials.

● **November 1986** - The defection of Scarfo Family members and associates begins. In November, 1986, Thomas DelGiorno, a recently demoted Scarfo capo, listened to a taped conversation in the possession of the New Jersey State Police. The conversation was between Family members who were discussing DelGiorno's execution. Afterwards, DelGiorno became the first Family member to become a government witness. He was a key witness in the subsequent RICO and D'Alfonso trials

which left many members sentenced to life in prison. Following DelGiorno was Nicholas Caramandi, who had mishandled the extortion of Willard G. Rouse. Four others also became government witnesses, including Eugene Milano, Lawrence Merlino, Philip Leonetti, and George Fresolone.

● **November 1988** - Scarfo and 16 other Family members were convicted on federal RICO charges, including 10 murders and five attempted murders, extortion, gambling, and narcotics (P2P and methamphetamine). Fifteen of the seventeen were subsequently sentenced to prison terms ranging from 30 to 55 years. The testimony of DelGiorno and Caramandi helped to establish the Scarfo LCN as a "criminal enterprise." Their testimony also provided first-hand knowledge of crimes that these two committed with other Family members and inside information about the inner workings of the Scarfo Family. This RICO prosecution was the most significant of a series of prosecutions during the decade (See Table at the end of this chapter).

● **April 1989** - Family boss Scarfo is convicted of the murder of Frank D'Alfonso. Scarfo and seven Family members were convicted of first degree murder for the killing of mob associate Frank "Frankie Flowers" D'Alfonso in July 1985. All defendants were sentenced to life, with Scarfo becoming the first LCN boss in history to be convicted of first degree murder.

● **August 21, 1990** - The Operation Broadsword criminal complaint is filed. A year-long investigation by the New Jersey State Organized Crime and Racketeering Task Force uncovered gambling operations by Scarfo Family associates and members in Central and Northern New Jersey. The complaint details inter-family cooperation between the Scarfo Family, the Lucchese Family, the Genovese Family, and the Gambino Family. The principal government witness George Fresolone recorded his own induction into LCN membership. This recording marked the second time in history that such initiation rituals have been taped. (See

Feature at the end of this chapter.)

• **December 18, 1990** - Local 54 civil action is filed. Filed under RICO, the suit charges that the Bruno/Scarfo LCN, for more than 20 years, has had an often-violent grip on Local 54 of the Hotel Employees and Restaurant Employees International Union. The lawsuit states that the Philadelphia-based crime Family used murder and intimidation to control the union, plundered its health and welfare funds, and extorted money from bars and restaurants. The federal government sued to take control of the union that represents 22,000 hotel, bar, and restaurant workers in Atlantic City and its casinos.

Family History

The Mafia in Southeastern Pennsylvania began with a gang of Sicilians led by Salvatore Sabella. Sabella, born on October 21, 1881, entered the United States as a stowaway in 1911. Sabella had been convicted of murder in Sicily in 1905 and fled to the United States. He was involved in a gunfight in May 1927, in which two persons were killed and four were wounded. He was arrested but later acquitted of the charges. However, his arrest brought his illegal residency to light, and he was deported back to Sicily. John (Nazone) Avena emerged as the new leader.

Avena restructured the Philadelphia Mafia into La Cosa Nostra, following the lead of the New York LCN Families after the Castellammarese War in 1930-31. Avena is also credited with developing a relationship between the LCN and the Jewish gamblers in the city. He was fatally shot on a street corner on August 17, 1936.

Joseph Bruno (also known as Giuseppe Dovi) became boss after Avena's death. He controlled gambling in Delaware County, Philadelphia, Bucks County, and Southern New Jersey. He was headquartered in Bristol, PA, and Trenton, NJ. Bruno died of natural causes in 1946. (*N.B.*, Joseph was

not a relation of Angelo Bruno's.)

Joseph Ida, Joseph Bruno's underboss, succeeded him as boss of the Philadelphia LCN. Ida kept a low profile, and depended on his underboss Marco Reginelli, of Camden, to supervise the illegal activities of the Family. Reginelli was a generous and extravagant leader who, when he died in 1956, had more than 40 cars filled with flowers in the funeral procession.

Ida replaced Reginelli with Dominick Olivetto and attended the infamous Apalachin conference with him on November 14, 1957. Law enforcement investigations following the conference targeted Ida, and he relinquished his position and returned to Italy.

Olivetto refused to assume command of the Philadelphia Family. The two primary contenders for the position were Antonio Dominick Pollina and Angelo Annaloro, also known as Angelo Bruno. Pollina, who served as interim boss, gave out a contract to kill his rival Bruno. The would-be "hit-man" contacted Family member Ignazio Denaro, who in turn informed Bruno of the plot. Bruno went to the LCN Commission, which mediates certain Family disputes and approves all Family bosses. In 1959, the Commission ruled that Pollina had acted without justification and Bruno should be named the head of the Philadelphia LCN.

Angelo Bruno was born in Villalba, Caltanissetta, Sicily, in 1911. He became one of the nation's most powerful LCN bosses but portrayed himself as a mere commissioned salesman for John's Wholesale Distributors, a tobacco products firm. During the 1970s, Bruno spent time in prison. He was called to testify before the New Jersey State Commission of Investigation (NJSCI) and was ordered to jail in 1970 for refusing to answer questions put to him by that agency. (Nicodemo Scarfo also was incarcerated with Bruno. This apparent connection raised Scarfo's stature within the Family, at least symbolically.) After limited releases because of illnesses in 1972 and 1973, Bruno was freed for an indeterminate period in mid-1973 because an

alleged medical condition had worsened. He finally purged himself of contempt by answering the Commission's questions in 1977. He was questioned by NJSCI for the last time a few days before he was killed in 1980.

Bruno, known as the "Docile Don," had a reputation for seeking negotiated solutions to problems, as opposed to using aggression. Although Dominick Pollina had put out a contract for him just before he was named boss, Bruno rejected the option of having Pollina murdered; and Pollina continued as an inactive Family member. In fact, Pollina campaigned for the job of consigliere in 1977.

Bruno disapproved of the Family's involvement in the narcotics trade. With the advent of casino gambling, he allowed Atlantic City, formerly under his control, to become open territory for other Families.

Bruno was executed, gangland style, on March 21, 1980. His death apparently resulted from a power struggle between him and his consigliere Antonio Caponigro. Caponigro, underboss Philip Testa, and Nicodemo Scarfo were among those who felt Bruno was too old and too entrenched in "Old World" ways. In addition, there was the long-standing division between the Sicilian and Calabrian factions within the Family. Scarfo and Caponigro were Calabrian; Bruno was Sicilian. Scarfo once asked Joseph Salerno, whom Scarfo was recruiting and who later became a government witness, if Salerno were Sicilian. When Salerno replied negatively, Scarfo said: "That's good [because] the Calabrese are the real people. We're the real ones, we're the real gangsters, and we do our stuff."

Caponigro had been jailed for assaulting an FBI agent but was released in 1978 and made consigliere by Bruno in the hopes of assuring Caponigro's loyalty. Caponigro soon showed his interest in total domination of the Bruno Family. Believing erroneously that he had permission from the LCN Commission for Bruno's removal as boss of the Philadelphia Family, Caponigro planned and or-

dered Bruno's assassination. Less than a month after Bruno's murder, Caponigro and his brother-in-law Alfred Salerno were murdered and their bodies were dumped in the Bronx, NY, in a move determined to be retaliation for Bruno's death. Two other LCN Family members were murdered in 1980. John Simone was killed on September 19, and Frank Sindone was killed on October 29.

Philip Testa, Bruno's underboss, had assumed control of the organization on Bruno's death. Testa made two moves which put Nicodemo Scarfo in a position to succeed him as boss. First, he made Scarfo consigliere; and second, while inducting nine new members, he included three men who were Scarfo allies. They were Scarfo's nephew Philip M. Leonetti, Salvatore J. Merlino, and Lawrence Merlino - all proven killers.

On March 15, 1981, Philip Testa was killed by a bomb as he entered his house. Law enforcement authorities attribute his death to Peter Casella, his underboss, who went into hiding and subsequently died of natural causes in 1983; Peter's brother, Antonio Casella, who has remained a recluse in his South Philadelphia home ever since; and capo Frank "Chickie" Narducci, who was shot to death on January 7, 1982. Informant Thomas DelGiorno indicated that Testa's son Salvatore and two associates murdered Narducci.

The other conspirators in Philip Testa's slaying were Family associates Rocco Marinucci and Theodore DiPretoro. One year after Testa's death on March 15, 1982, Marinucci was found shot to death with three unexploded firecrackers in his mouth. Presumably, the firecrackers were an indication of Marinucci's role in the bombing death of Testa. DiPretoro turned himself in after Marinucci's death and became a government witness. Scarfo was approved by the LCN Commission as the next boss. He named Salvatore Merlino as his underboss and Frank J. Monte as his consigliere.

[These homicides and the deaths of other Family members and associates

are listed on the table opposite.]

A succession of government informants (see feature, "The Scarfo Family Defectors" at the end of this chapter) led to Scarfo's indictments and to prosecutions for RICO and murder charges. Scarfo is now serving a life sentence. Acting boss Anthony Piccolo and Scarfo's son Nicodemo Scarfo, Jr. are running the LCN Family for Scarfo.

Operating Style of the Philadelphia LCN

As seen in the Figure on page 154, the hierarchical structure of the Philadelphia LCN Family is typical of the American Mafia. In most cases, soldiers, as members of a regime or crew, report to caporegimes, or captains, who in turn report to the boss. If the boss is unavailable, the underboss is in charge. The consigliere is a counselor who advises the boss and settles disputes among members. Each member has associates, some of whom are prospective members, reporting to him.

Under the leadership of Testa and Scarfo, membership rapidly increased. In the year-and-a-half after he became boss, Scarfo inducted 17 new members and increased the Family's size by about one-third. As boss, Scarfo promoted and demoted people as suited his whims. Among his notable demotions were Salvatore Merlino, from underboss to soldier, and Thomas DelGiorno, Lawrence Merlino, and Ralph Napoli, from capos to soldiers.

Thomas DelGiorno and other members provided information on the induction process. A potential candidate for membership ("candidate") is recommended by a capo and approved by the boss or underboss. The candidate undergoes three stages: the "ready" stage in which the candidate commits a minor infraction; the "purpose" stage in which the candidate participates in a violent act such as murder; and the "induction" stage in which the candidate swears

an oath to the Family and becomes a "made" member.

The induction is ritualistic. Members gather in a circle around the candidate who holds a burning piece of paper in the palms of his hands while repeating the oath administered by the boss, "May I burn like the saints if I betray my friends." The boss then pricks the candidate's finger with a needle until blood is drawn.

After this, the new member kisses the cheeks of the other members, and all stand in a circle holding hands while the boss says something in Italian. During the ceremony, a gun and a knife are present, signifying that members should "live by the gun and die by the gun, live by the knife and die by the knife." Finally, members are told of rules which prohibit involvement in drugs, counterfeiting, kidnapping, or having affairs with the wives of other members.

Under Scarfo, soldiers were expected to share their profits from illegal businesses with their capos. The capos shared their money with the boss and with others, as directed by the boss. Members sometimes invested money into partnerships with other members or associates and shared the profits.

Scarfo instituted "the elbow" (shakedowns of illegal entrepreneurs) in which the street crews kept half of the monies and the other half was shared among Family management. The percentage of profits passed along varied according to the activity involved and members frequently cheated. [See Feature at the end of this chapter]

DelGiorno, for example, testified at the 1988 RICO trial about a scheme to shakedown methamphetamine dealers when he was a soldier under Joseph Ciancaglini. The shakedowns were approved by Salvatore Merlino, as underboss, because Scarfo was in prison. One-third shares were to go to DelGiorno, to Ciancaglini, and to Scarfo and Merlino. DelGiorno, however, only gave up 50 percent (\$75,000) of his profits, rather than the 66 percent called for. Later, he went directly to Merlino for approval

Table 5.2

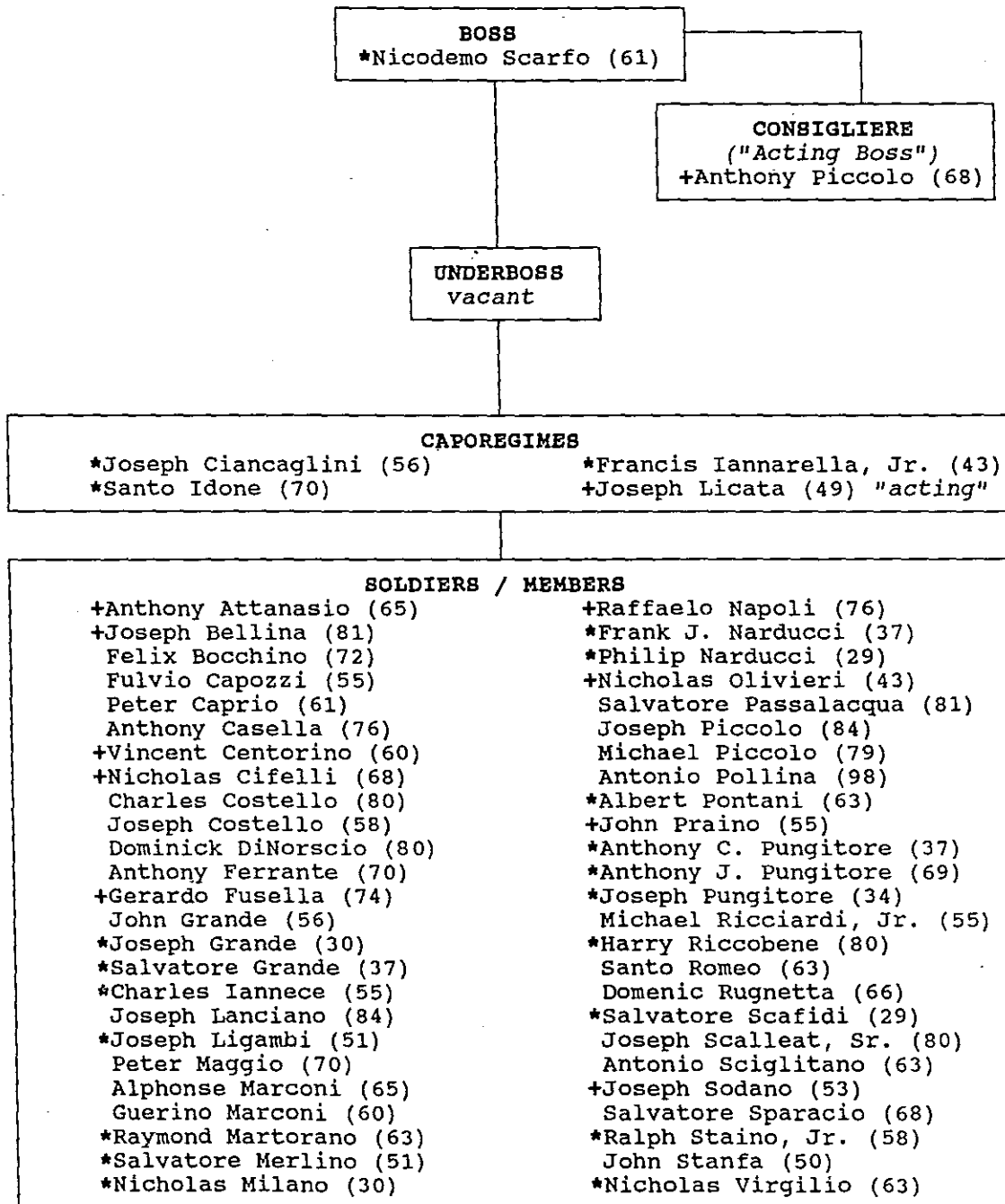
as of 12/31/90

Deaths of Philadelphia Cosa Nostra Family Members/Associates			
Date	Name	Rank	Cause
1980			
03/21	Angelo Bruno	Boss	murdered
04/17	Antonio Caponigro	Member	murdered
04/17	Alfredo Salerno	Member	murdered
09/18	John J. Simone	Member	murdered
10/29	Frank G. Sindone	Member	murdered
12/16	John J. McCullough	Assoc.	murdered
1981			
03/15	Philip C. Testa	Boss	murdered
05/23	Harry Peetros	Assoc.	murdered
05/27	Chelsais "Steve" Bouras	Assoc.	murdered
06/03	Robert J. Lumio	Member	natural
10/06	John R. Calabrese	Assoc.	murdered
1982			
01/07	Frank T. Narducci	Member	murdered
02/22	Domenick A. DeVito	Member	murdered
03/14	Rocco Marinucci	Assoc.	murdered
05/13	Frank J. Monte	Consig.	murdered
1983			
04/29	Pasquale Spirito	Member	murdered
05/25	Rocco Scafidi	Member	natural
09/18	Anthony Veniero	Member	natural
10/11	Peter F. Casella	Member	natural
11/03	Salvatore J. Tamburrino	Assoc.	murdered
12/06	Robert J. Riccobene	Assoc.	murdered
1984			
09/14	Salvatore A. Testa	Capo	murdered
1985			
01/24	Carl S. Ippolito	Member	natural
06/--	Edward C. Caminiti	Member	natural
07/05	Joseph Scafidi	Member	natural
07/23	Frank D'Alfonso	Assoc.	murdered
1988			
01/25	John Cappello	Member	natural
1989			
02/14	Nicholas Piccolo	Consig.	natural
06/25	Alfredo J. Iezzi	Member	natural
10/25	Frank Martucci	Assoc.	natural
1990			
08/04	Pasquale A. Martirano	Capo	natural
08/14	Frank Nicoletti	Member	natural
10/02	Samuel Scafidi	Member	natural

Figure

5.1

PHILADELPHIA LCN FAMILY



* presently incarcerated
+ presently under indictment

FEDERALLY PROTECTED WITNESSES

Nicholas Caramandi (55)	Philip Leonetti (37)
Thomas DelGiorno (50)	Lawrence Merlino (44)
George Fresolone (37)	Eugene Milano (31)

on another shakedown. DelGiorno testified; "He (Merlino) said, 'Don't say nothing.' He said, 'Just do it, and you keep half and I'll keep half...'"

This arrangement increased the profits of DelGiorno and Merlino, cutting capo Ciancaglini out of the money.

The operating style of Bruno was rigid and heavy-handed in requiring members to follow his rules, but his control over them was more decentralized than that of Scarfo. Under Bruno, members were generally free to pursue illegal activities without always having to share their profits with the organization's hierarchy. Scarfo, on the other hand, demanded up to 50 percent of the illegal profits; thus it was important to him to know in what illegal ventures his members were involved. Often, members had to receive his approval before undertaking criminal schemes. This requirement made it harder for them to hide their profits from him.

Some Family members were apparently better off financially under Bruno, as associates, than under Scarfo, as members. In a conversation recorded for the FBI by building contractor John Pastorella, soldier and strong-arm enforcer Nicholas Caramandi reflected on his membership in the Scarfo LCN:

Pastorella: "If you, if you had it to do all over again, would you do it?"
Caramandi: "No siree brother! Not what I go through.... They are paranoid.... Phew, these guys are jealous, vicious, try to put you in [expletive deleted] traps."

"... I used to do good, you understand. This is all [expletive deleted] problems."

"You know how much money I coulda made? I can't get near it. I coulda made millions and millions.... So when I came out [of jail], they said don't do nothing, we got plans for you. I knew all these [expletive deleted] guys when I got out...Coca cola, [cocaine] tons of it. These guys, fifty-sixty keys ain't nothin' for them to move, nothing. I had some good men, you know, some good guys. I'm worst off now than I ever was. I lost my hustle...the hustle of the street."

Another major difference was in Scarfo's approach to problem solving. Whereas Bruno sought to resolve disputes peacefully, Scarfo was more likely to resort to violence. Further, he gathered around him those who shared his propensity for violence. The testimony of federal witness Joseph Salerno in the 1988 RICO trial establishes Scarfo's predilection for violence and his gangster mentality. Salerno was in the company of Scarfo and Phil Leonetti when Leonetti shot contractor Vincent Falcone and killed him. Falcone had angered Scarfo because of a comment that Scarfo and Leonetti were "crazy." After the shooting, as they were preparing to move the body, Scarfo told Salerno: "Here's what I want you to do. I want you to tie him up like a cowboy. Tie his hands behind him, tie his feet behind him, wrap him up in this blanket..." As the body was laying there only the head was showing...And (Scarfo) looked down at the head and said that, "I love this," he said, "I love this."

Scarfo Family Membership

In 1980, there were approximately 44 known members in the Philadelphia Family. The membership of this Family changed considerably over the decade, as 42 new members were inducted by Testa and Scarfo. During the same period, 24 Family members died; 11 of whom were murdered (See Table on page 153).

Today, there are 62 identified members in the Scarfo LCN (there may be a number of unidentified members). Of these, six have become government informants. Of the remaining 56, 21 are incarcerated and 11 are facing criminal charges. (See tables on prosecutions and inductees at the end of this chapter.)

Thus, there are 24 known members who are still on the street and who are not currently facing criminal charges. Of these, twelve are 70 years or older; seven are in their 60s; and

the other five are in their 50s. The listing below identifies many of the members who remain most active.

• **John "Coo-Coo" Grande**, 56, 1204 Mifflin Street, Philadelphia. Grande is the father of incarcerated LCN members, Joseph and Salvatore Grande. John Grande oversees one of the largest gambling and layoff operations in Philadelphia.

• **Joseph Licata**, 49, 2 Timber Court, Florham Park, NJ. Licata is involved in bookmaking, loansharking, and extortion. He has maintained close ties with the Lucchese LCN. He was arrested in August 1990 as a result of "Operation Broadsword."

• **Alphonse Marconi**, 65, 919 S. 11th Street, Philadelphia. Marconi is involved in gambling and loansharking.

• **Guerino Marconi**, 60, 1819 Tree Street, Philadelphia. Marconi is involved in gambling and loansharking.

• **Anthony Piccolo**, 68, 2311 S. 21st Street, Philadelphia. Piccolo is acting boss of the Family. Involved in gambling and bribery, he is Scarfo's first cousin and is attempting to control the Family on Scarfo's behalf.

• **Anthony "Blonde Babe" Pungitore**, 69, 2522 S. 22nd Street, Philadelphia. His incarcerated sons Anthony and Joseph are also members of the Bruno/Scarfo LCN. Pungitore directs one of the largest sports betting and layoff operations in Philadelphia and South Jersey.

• **Santo Michael Romeo**, 63, 1416 S. 8th Street, Philadelphia. Romeo is involved in gambling, extortion, and labor racketeering.

• **Joseph Scalleat Sr.**, 80, 711 East 9th Street, Hazleton. Scalleat is involved in gambling, loansharking, and labor racketeering. For many years Joseph Scalleat was believed to be a member of the Bufalino LCN. It is now known that he has always been a member of the Bruno/Scarfo LCN. However, his brother Albert is a member of the Bufalino LCN. Joseph Scalleat also has been the Philadelphia LCN's main liaison with the Bufalino LCN. Scalleat has extensive connections with the Pittsburgh and New York LCN

Families.

• **Joseph Sodano**, 53, 10 Fords Lane, Roseland, NJ. Sodano is involved in sports bookmaking, loansharking, and drug trafficking. He was arrested in August 1990 as a result of "Operation Broadsword."

• **Salvatore Sparacio**, 68, 1613 Lawncrest Lane, Somerdale, NJ. Sparacio controls a large sports betting operation in the Southern New Jersey and Philadelphia area.

Scarfo Family Associates

A sampling of major associates of the Bruno/Scarfo LCN are listed below. They remain active and are not currently incarcerated.

• **Joseph A. Altimari**, 51, 613 Norristown Road, Horsham, is a gambling figure in Northeast Philadelphia and Bucks County who enjoys a relationship with many Philadelphia LCN figures. Altimari has been surveilled meeting with Nicky Scarfo, Jr., Philip Leonetti and Lawrence Merlino in Atlantic City, NJ. In 1984, Altimari was convicted with several others in a prostitution ring that included Bucks County and Southern New Jersey.

• **Gerald J. Blavat**, 51, 31-G Society Hill Towers, 220 Locust Street, Philadelphia, is a disc-jockey, entertainer and owner of the Memories Nightclub in Margate, NJ. Blavat was frequently observed with former LCN boss Angelo Bruno. Since Nicodemo Scarfo took over as Family boss, Blavat has been observed associating with him and other high-level members on numerous occasions. When Scarfo purchased his boat, he did so by giving the cash down payment to Blavat, who mortgaged the remainder of the purchase through his bank so that Scarfo did not appear as the true boat owner. Blavat was also one of several individuals listed as "paying rent" on Scarfo's Fort Lauderdale residence to help conceal the true ownership.

• **Richard Bocchino**, 58, 119 Virginia

Avenue, Audubon, NJ, is the younger brother of Philadelphia LCN member Felix Bocchino. He is involved in narcotics in Philadelphia and is subordinate to his brother.

• **Russell J. Conti**, 46, 921 Catherine Street, Philadelphia, was the operator of a deli which was used as a base of operations for imprisoned LCN Family capo Joseph Ciancaglini and is reportedly the "caretaker" for Ciancaglini's loansharking business. In April of 1988, Conti was arrested for criminal conspiracy, pool selling, and bookmaking as a participant in the gambling operation controlled by LCN Family member Salvatore Sparacio. Most recently, he was arrested for larceny on April 29, 1990, by the Atlantic City Police.

• **Harry Anthony D'Ascenzo**, 65, 117 Yale Avenue, Somerdale, NJ and 201 5th Street, South Brigantine, NJ, is a loanshark. He was convicted in New Jersey in 1976 for loansharking, and in 1977 he was sent to jail for three to five years. His then boss, the late Frank Sindone, LCN member, was later acquitted. On October 29, 1990, D'Ascenzo, Frank Lebano, Dominick DiFelice, and Bruce DiFelice were indicted in U.S. District Court in Baltimore, MD, on loansharking charges. D'Ascenzo is a fugitive who, in the past, has been self-employed as a surety/performance bond salesman. He is a licensed boxing manager in New Jersey and Maryland. His LCN contacts are member Salvatore Sparacio and associate Frank Palermo.

• **Tyrone J. DeNittis**, 54, 1012 Barnswallow Road, Huntingdon Valley, and 9517 Atlantic Avenue, Condo #A-11, Margate, NJ, operates the Tyrone DeNittis Entertainment Consulting Agency in Philadelphia, which books entertainment at various bars and clubs in Pennsylvania, New Jersey, and Delaware. In 1977, an FBI Title III wiretap at DeNittis' agency, 1644 South Broad Street, revealed it was used by LCN member Harry Riccobene as the headquarters for his loanshark and gambling business. DeNittis listed Harry Riccobene and his half brother Mario as employees. After Harry was sent to jail in 1982, DeNittis became a

"front man" for Nicodemo Scarfo in a video jukebox business in New Jersey.

• **Anthony S. DiSalvo**, 57, 1200 Ridgewood Road, Bryn Mawr, a visitor to Scarfo's home in Florida, is considered the largest loanshark in the Philadelphia area. He is manager of Joe Braun's Check Cashing in Philadelphia.

• **Joseph A. Dolpies**, 53, 424 Vollmer Street, Philadelphia, is a participant in the illegal lottery operation headed by John Melilli in Philadelphia. During the early 1980s, Dolpies operated as a sub-bank for Melilli's operation and was one of numerous individuals arrested in December 1983 for participation in the gambling operation.

• **Michael Forte**, 50, 815 Catherine Street, Philadelphia, is a long-time associate of the Bruno/Scarfo Family. He has been involved in gambling and drug trafficking. His recent arrests and convictions are for manufacturing and distribution of methamphetamine and for distribution of P2P. Forte has had a long association with LCN member Raymond Martorano.

• **Alexander "Al" Joseph Hartzell**, 62, 19 Shipley Place, Philadelphia, and 3101 Colanthe, Las Vegas, NV, was used by LCN member Frank Sindone in the 1960s and 1970s as an enforcer to collect loanshark debts. In 1974, Hartzell was convicted of loanshark extortion and was sent to jail. The jury acquitted Sindone. Hartzell is a close associate of John Carlyle Berkery, a leader in the old K & A Gang, who became a partner with LCN member Raymond Martorano in a major P2P methamphetamine business in the 1970s and 1980s. Hartzell was acquitted of drug charges in 1982 and moved to Las Vegas but still frequents his old Philadelphia area hangouts. His son Kevin Hartzell was an associate of Scarfo Family members and was involved in extortion; he is now in the Witness Protection Program.

• **Gary L. Iaconelli**, 42, 740 South 8th Street, Philadelphia, was active in gambling and loansharking operations under the late LCN Family member Salvatore Testa. After Testa's

death, Iaconelli began working for the gambling operation controlled by LCN member Joseph Pungitore. He was indicted in October 1986, for conspiracy to commit racketeering, as a result of "Operation Tigershark."² He was described in that indictment as being one of the individuals responsible for enforcement activities which included intimidation and physical violence. Most recently, Iaconelli was arrested on October 11, 1990, for participating in an illegal gambling business.

● **Salvatore "Sam" LaRussa**, also known as Samuel LaRussa, also known as Sam the Barber, 52, 2024 Harts Lane, Whitemarsh Township and 2238 South 6th Street, Philadelphia, has prior arrests for liquor law violations at "bust-out bars" he operated in the past around 13th & Locust Streets in Philadelphia. He was the owner of La Cucina Ristorante, 121 South Street, Philadelphia, which has long been a hangout for members of Scarfo's LCN Family. Former LCN members (now government witnesses) Thomas DelGiorno and Nicholas Caramandi testified that LaRussa's house in Whitemarsh was used by Scarfo for the LCN induction ceremony.

● **Philip S. Ligambi**, 47, 1143 Durford Street, Philadelphia, works as a bookmaker for his brother Joseph, an LCN member. Philip was indicted in October 1986 for conspiracy to promote gambling in one of the indictments resulting from "Operation Tigershark" in New Jersey. He was also arrested in Philadelphia on January 2, 1987 (found guilty and fined on April 13, 1987), for participating in an illegal bookmaking operation. It has been reported that Philip assisted in the collection of "street tax" for the LCN after his brother was incarcerated.

● **Bernard Malseed**, 54, 120 Manton Street, Philadelphia, is a South Philadelphia gambling figure who worked for deceased LCN capo Frank Narducci in his gambling operation. Malseed then began working for the Grande gambling operation, which took the illegal numbers portion of Narducci's gambling empire.

● **Richard "Richie" Dennis Mastro**, 48, 416 Vollmer Street, Philadelphia, is a known gambler in South Philadelphia. He has been working in an illegal gambling business controlled by LCN associate John C. Melilli. Mastro is a principal "office manager" for Melilli and assists him in collecting gambling debts.

● **Francis R. McFadden**, 53, 224 Creekwood Drive, Feasterville, is a convicted murderer who has maintained a relationship with the Philadelphia LCN for more than a decade. McFadden is involved in gambling, narcotics, and loansharking in Northeast Philadelphia.

● **Leonard Joseph Mercer Jr.**, 56, 3200 Galt Ocean Drive, Ft. Lauderdale, FL and 8890 Norwood Avenue, Philadelphia, was identified in testimony as a business associate of former LCN boss Angelo Bruno. He has also acted as a "front man" and land speculator for various organized crime figures. When Nicodemo Scarfo purchased his Fort Lauderdale residence, he placed Mercer's name on the deed as a "front." In March of 1988, Mercer was arrested by federal authorities in Miami, FL, on mail fraud, perjury, and conspiracy charges. He was sentenced to four years confinement and was on parole in November of 1989. On April 23, 1990, federal authorities charged him with a parole violation.

● **Louis Morelli**, 48, 708 Christian Street, Philadelphia, is an associate of LCN soldier Joseph Pungitore in his gambling operation and is considered a "good" sports office man in South Philadelphia.

● **Vincent A. Pagano**, 61, Box 400, Hurffville & Crosskeys Roads, Turnersville, NJ (last known address), close associate of LCN Family member Harry Riccobene, participated in gambling and loansharking operations controlled by Riccobene. During the early 1980s, Pagano became involved in LCN member Raymond Martorano's narcotics operation. He was convicted of P2P possession and sentenced to four years in federal prison in 1982. After being released from prison in June of 1985 (on parole until March 1991), Pagano was

among numerous LCN members and associates observed meeting in Ft. Lauderdale with Scarfo in a series of meetings held from December 1985 to February 1986.

● **Johnny Palumbo**, 55, 737 Federal Street, Philadelphia, is a gambling operative of deceased Philadelphia LCN capo Frank Narducci. Palumbo continues his gambling operation in South Philadelphia. He was sitting with Nicky Scarfo, Jr., in a South Philadelphia restaurant on October 31, 1989, when Scarfo was shot.

● **Arthur "Art" Robert Pelullo**, 35, 10 Wyndham Road, Voorhees Township, NJ, and Grove Isle, Building #3, Apt. #1504, Coconut Grove, FL, has associated on a personal and business basis with Nicodemo Scarfo and members of the LCN, including Philip Leonetti and the late Salvatore Testa. With the help of Leonetti, Leonard and Arthur Pelullo took over Ambassador Limo Service in Atlantic City, NJ, from the former owner who had defaulted on a loan made by Leonard Pelullo. Arthur Pelullo was privy to special meetings between Scarfo LCN members and their close associates who were "fronting" for LCN people in legal/illegal activity.

● **Leonard "Len" "Lenny" Adolph Pelullo**, 40, R.D. #5 Box 368, Doe Run Road, Coatesville, or 3 Grove Isle Drive, Apt. # 1509, Coconut Grove, FL, is a real estate developer with his brothers Peter and Arthur in the Royale Group Ltd and various companies. Leonard is chairman/director of Cavagro Corporation, Tallahassee, FL. In the 1980s, the Pelullo brothers owned and operated the Mars Restaurant on South Street in Philadelphia. Until 1987, this establishment was a frequent hang-out for Nicodemo Scarfo and many members of his LCN Family. The Pelullo brothers have borrowed money from an LCN associated loanshark. In 1983, Leonard travelled to Denver, CO, with LCN members, where he attempted to purchase a bank.

● **Peter Salvatore Pelullo**, 38, 8109 St. Martins Lane, Philadelphia, is a close associate of Nicodemo Scarfo and other members of the LCN Family, including Philip Leonetti,

Salvatore Merlino, and the late Salvatore Testa. He is the owner of Philly World Records in Philadelphia, where Maria Merlino (daughter of Salvatore Merlino) has been employed without her name appearing in the firm's records. Pelullo's partner in Philly World Records is Giuseppe Gambino, a member of the Sicilian Mafia. He is also president of Alpha International Recording Studios, Inc., Philadelphia. With his brothers Arthur and Leonard, Peter was a partner in Mars Restaurant, a hang-out for Philadelphia LCN members prior to late 1987.

● **Ralph Pungitore**, 32, 2522 South 22nd Street, Philadelphia (last known address), is the son of Anthony J. Pungitore, and brother to Anthony C. and Joseph Pungitore, all of whom are LCN Family members. He was formerly associated with the K & L Amusement Company in Philadelphia, which was involved in the video poker business. It was reported by Family members that Ralph was a "potential" member, who was to have been inducted after he participated in the contract killing of Ronald "Cuddles" DiCaprio, a Family associate who fell out of favor with Scarfo. The killing never took place and Ralph continues to help oversee his father's gambling operation now that his father and brothers are in jail.

● **Anthony "Chaz" Charles Rossano**, also known as "Pretty Boy Chaz," 70, 1416 Manoa Road, Penn Wynne, and 294 St. James Place, Philadelphia, and 305 16th Street, South Brigantine, NJ, is a well-known gambler in South Philadelphia. He has been a close associate of LCN members Frank Narducci, Frank Sindone, and Alfredo Iezzi, all of whom are now deceased. He was involved in all types of gambling, but his principal activity was LCN crap games and card games. On June 16, 1981, Rossano and Narducci were convicted on gambling-bribery charges in U.S. District Court. Rossano served two years in prison, but Narducci was murdered before he could be sentenced.

● **Gaetano A. "Tom" Scafidi Jr.**, 26, 1430 Ritner Street, Apt. 2, Philadel-

phia, controlled an illegal numbers operation with his brother Salvatore, a Family member. After Salvatore was incarcerated along with others in the federal RICO case, Gaetano began working with Nicky Scarfo, Jr., in the collection of "street tax" from various gamblers in South Philadelphia.

● **William Robert Stearn**, 62, 5016 D Bakers Bay Condominiums, North Convent Lane, Philadelphia, is a former Roofers Local 30 president and has had a relationship with Philadelphia LCN members for over a decade. Stearn was named with Roy Stocker, an old K & A gang member, and LCN member Albert Pontani in a 1989 Pennsylvania investigative grand jury presentment, which identified him as a member of a criminal enterprise which engaged in drug trafficking, burglary, theft, corruption, and conspiracy in Philadelphia and Bucks Counties.

● **Gary James Tavella**, 32, 1613 East Passyunk Avenue, Philadelphia, and 2433 South Sartain Street, Philadelphia, worked in the gambling business for LCN members Frank Iannarella, Jr., Joe Grande, Salvatore Grande, and John Grande. Tavella and his wife operate a candy store called "Something Sweet" in South Philadelphia, where Salvatore Testa was murdered on September 14, 1984. Tavella has prior arrests for carrying a weapon, gambling, and obstruction of police.

● **Charles F. Warrington**, 50, 178 Rosemar Street, Philadelphia, is considered a crap game specialist and has run these types of games for the LCN for years. He was convicted with LCN members Joseph Ciancaglini, Harry Riccobene and Pasquale Spirito in 1982 on federal racketeering charges. Prior to being imprisoned on these charges, he was observed meeting with LCN boss Nicodemo Scarfo.

Gambling Activities

The Philadelphia LCN is involved in a wide range of illegal gambling activities including horse betting, numbers lottery, card and dice games, sports pools, and illegal video poker machines. The most profitable are sports wagering, illegal numbers betting, and illegal video gambling machines.

Assessing the Family's criminal portfolio, gambling has been described (by DelGiorno) as "the force that drives the wheel"—the foundation upon which the rackets flourish. It provides a steady, relatively risk-free income which can then be reinvested into other criminal activities, such as drug trafficking and loansharking, or into legitimate business.

A profitable gambling operation enhances the status of a Family member and brings the opportunity for recruiting an organization to run or expand his gambling business. Associates, often including a member's son(s) or relative(s), are hired as salaried employees and are frequently used in other criminal activities as well. Proven success in running a gambling business can lead to membership in the Philadelphia LCN.

The Scarfo Family is by far the dominant organization in the Philadelphia-South Jersey gambling market. Family members own numerous gambling organizations and are partners with associates in others. The LCN provides edge or layoff services to many independent gambling organizations. Under the leadership of Scarfo, the Family has been collecting periodic extortion payments from many independent gambling operations in its area.

Notwithstanding the turmoil within the Family during the decade, continuity has been maintained in the gambling rackets. Philip Testa's numbers operation passed to Scarfo, Salvatore Merlino, Frank Monte, and Thomas DelGiorno. Frank Narducci's sports bookmaking business went to

Anthony Pungitore; his son, Joseph Pungitore; and to Salvatore Testa. Narducci's numbers operation passed to John Grande, and his sons Salvatore and Joseph. John Simone's gambling organization was taken over by Albert Pontani.

Many of the LCN-owned gambling operations were partnerships involving two or more members, typically formed in one of three ways: partnerships that were acquired through investments, partnerships that were bestowed in return for "services" rendered, or partnerships that were acquired as a result of one's position in the Family. Thomas DelGiorno, for example, invested money in several gambling operations, thus becoming partners with other Family members including Salvatore Merlino (a numbers operation), Salvatore Testa and Joseph Pungitore (a sports bookmaking operation), and with Salvatore Sparacio (a numbers operation).

Members also have acquired interests in gambling operations as a reward for "services" rendered. When Salvatore Testa and Joseph Pungitore murdered Frank Narducci in 1982 with Scarfo's approval, they were given an interest in Narducci's sports bookmaking business. In 1983, associates Nicholas Caramandi and Charles Iannece killed Family soldier Pasquale Spirito on orders of Scarfo. They were rewarded with Spirito's numbers and sports bookmaking operation, and both were inducted into the Family the following year.

Some interests are acquired by the leaders of the Family, because of their position in the hierarchy. Scarfo, Salvatore Merlino (underboss), Frank Monte (consigliere), and DelGiorno each acquired an interest in Phil Testa's numbers business when Testa was murdered. When Testa's son Salvatore was murdered in 1984, Scarfo and Merlino acquired Salvatore's one-third interest in the sports betting business along with DelGiorno and Pungitore. In 1986, when Scarfo demoted Merlino and named his nephew Philip Leonetti as underboss, Leonetti acquired Merlino's

one-sixth interest in that sports betting operation.

Some gambling operations have been known to cross Family lines. A monte game in Newark, NJ, had George Fresolone and Anthony Attanasio, Scarfo LCN members, in partnership with Gambino Family member Charles Luciano, Gambino associates Joseph Casiere and Anthony DeVino, Genovese member Joseph Zarra, and Genovese associates Philip DeNoia and Ronald Catrambone. These games ran for periods of two weeks in 1989 and 1990; profits were divided among the partners.

Operation Broadsword showed that Fresolone agreed to be an agent for a large illegal bookmaking operation run by Michael Perna (Lucchese Family) and Ralph Perna (his brother), Robert Spagnola, and Steven Franks. Fresolone referred bettors to the Perna operation; at the end of the season Fresolone received \$9,000, about 25 percent of the Perna's profits from bettors referred by Fresolone.

Some insights into LCN gambling operations can be gleaned by analyzing DelGiorno's gambling interests. DelGiorno was a partner with other Family members in at least six different gambling operations. He ran his own numbers operation from 1973 to 1986, at which time he became a cooperating government witness. His weekly betting action varied from between \$10,000 to \$100,000. Although there were weeks when he lost money, his profits were six to 10 percent of betting action, with winnings, writers and office expenses taking up 60 percent, 20 percent, and 10 percent of the gross, respectively.

DelGiorno had five offices handling betting action of between 10 and 30 numbers writers. He paid 600-to-1 odds, but his writers could pay 500-to-1 odds to their customers. Associates who worked in his business and went on to be members were Francis Iannarella and Salvatore Scafidi.

DelGiorno was also involved in a sports betting operation which even-

tually netted at least \$165,000 a year. He was partners with Salvatore Testa and Joseph Pungitore, who handled the day-to-day activities. It accepted sports betting action from 30 large bookmakers and also employed bookmakers.

Pungitore, who was sentenced in May 1989 to 40 years in prison as a result of his conviction on RICO charges, told an associate about his vision of becoming a gambling kingpin:

"I wanna build up where this year I pick up three, four guys. Next year I pick two, three guys, and in [expletive deleted] ten years I got [expletive deleted] two hundred guys around me...And this guy makes ya four hundred, this guy makes ya three hundred, ya know what I'm saying? That's the way ya do it."

The Pungitore family has several members involved in gambling enterprises. Joseph's father Anthony J. is the leader of a highly-successful sports betting operation which includes his sons Anthony C. and Ralph. According to DelGiorno, the elder Pungitore was one of the wealthiest members of the Scarfo Family, someone who had made "tons of money" and had invested it wisely. Since the incarceration of Scarfo and other Family members, Anthony Pungitore, Sr. has assumed control of many of the Family's gambling operations. Since April 1990, Pungitore has been in prison for contempt for failing to testify before a Federal Grand Jury after having been granted immunity.

Other LCN gambling organizations which were targets of law enforcement action during the decade include:

- **John "Cupcakes" Melilli**, Philadelphia, is an LCN associate and lifetime gambler who began an association with Pasquale Spirito in 1979. Spirito became an LCN member in 1982 and informed Melilli that he was now a fifty-fifty partner in Melilli's operation. Spirito was later killed by then-associates Nicholas Caramandi and Charles Iannece, who were given Spirito's gambling interests as part of their reward. In 1983, Melilli,

Caramandi, and Iannece began a loansharking business. On January 5, 1989, Melilli was convicted of hiding fugitive Iannece and was sentenced to three years.

• **Albert "Reds" Pontani**, Hamilton Township, NJ, inherited the gambling operation of John Simone, the victim of a mob hit in September 1980. Pontani's gambling operation is centered in Trenton, NJ, and areas of Southern New Jersey, including Camden. During Pontani's federal racketeering trial in 1988, a witness testified that, in July 1984, Pontani attempted to organize Hispanic cocaine dealers in Camden as a means of acquiring control of their numbers business. In an earlier case, Pontani pled guilty to gambling charges and was sentenced to two years probation, a \$750 fine, and 100 hours of community service. The Scarfo Family, represented by Pontani, has an agreement to share the proceeds of gambling ventures in Trenton on a fifty-fifty basis with the Gambino LCN Family of New York City.

• **Salvatore Sparacio**, Somerdale, NJ, operates a gambling organization which is based in Southern New Jersey and Philadelphia but, also reaches into New York City. Sparacio's organization accepts sports, numbers, and horse bets, and provides layoff services. In 1986, Sparacio became a partner in a numbers business with Scarfo and Del-Giorno. Sparacio was arrested with eight others on gambling charges in February 1986. He pled guilty to conspiracy to operate a sports book-making operation in Camden, Burlington, and Gloucester Counties in New Jersey and in Philadelphia. He was sentenced to six months work release and two years probation. Following gambling raids conducted in Pennsylvania, New Jersey, and New York in April 1988, Sparacio and seven others were charged by the Camden County Prosecutor's Office in 1989 on gambling violations. Sparacio was convicted in October 1990 and was sentenced to three years' probation.

VIDEO POKER

Two significant enforcement efforts in the past few years have highlighted involvement by Scarfo Family members and associates in the illegal video poker business. One of these, involving capo Santo Idone, occurred in Delaware County while the other, in Operation Broadsword, occurred in Northern New Jersey. Santo Idone was indicted in January 1989, with three associates on federal charges of illegal gambling, extortion, conspiracy, and racketeering. His associates were Mario "Murph" Eufrazio, Gary Iacona, and Francis Peticca. (See Chapter 11; "Chester, Pennsylvania: Racketeering at the Local Level.")

Trial testimony revealed that Idone and his group acquired "stops" (bars or restaurants) as outlets for their video poker machines, afterwards giving the tavern owners usurious loans which the borrowers were to pay back through the profits of the poker machines. Bar owners, who could not repay their debt, could be threatened with violence (extortion).

Idone and his associates were found guilty, and Idone was sentenced to 20 years, Eufrazio to 10, Iacona to six, and Peticca to two years.

Further evidence of the Scarfo Family's involvement in electronic gambling devices was detailed in a criminal complaint filed in connection with "Operation Broadsword" and dated August 21, 1990.

The complaint alleges that Grayhound Electronics Company, Route 37, Toms River, NJ, sold and distributed illegal video slot and poker machines in New Jersey, Pennsylvania and New York (These machines also were distributed in the Vietnamese community in Westminster, CA.) Grayhound, owned by Scarfo Family associate Carmen Ricci, sold the machines, collected fees for the illegal use of the machines, and passed on a percentage of its profits (about \$1,500 bi-weekly) in tribute to the Scarfo Family. In return, the Family provided Ricci with protection from competitors and assisted him in obtaining additional "stops" for his machines.

The tribute payments were given to Nicky Scarfo, Jr., one of 41 individuals were arrested as a result of this investigation. The complaint added that Scarfo, Jr., discussed his negotiations with other organized crime Families to market these machines in Massachusetts, New York, and Nevada.

Narcotics

Members of the Philadelphia LCN have trafficked in drugs for decades. One Philadelphia Family member has an arrest record for narcotics reaching back to the 1920s (Harry Riccobene), while others were convicted for narcotics violations in the 1950s (Peter Casella and Frank Sindone). In spite of Bruno's reputation for heavy handed enforcement of rules, he failed to sanction members' involvement in the drug trade. Many members avoid direct involvement by acting as brokers who are paid a fee for bringing drug wholesalers and retailers together. (The latter typically have little choice than to deal through the LCN if they want to deal drugs within Family territory, so the process is a kind of street tax.) Other members provide capital to finance large drug buys, and some set up drug distribution networks.

In 1972, cousins of the late LCN boss, Carlo Gambino, began to open pizza shops in Southern New Jersey, Philadelphia, and Delaware, areas traditionally controlled by Bruno. Among the cousins were three brothers, Rosario, Giuseppe, and Giovanni Gambino, who settled in Cherry Hill. Giuseppe Gambino's restaurant, Valentino's, in Cherry Hill, served as the location for a meeting between Bruno and Paul Castellano, who later became head of the Gambino Family.

It was at Valentino's that Giuseppe and Rosario were arrested in 1980 for allegedly participating in an international heroin smuggling operation, after police in Italy confiscated 41.5 kilograms (about 91 pounds) of heroin destined for the United States. The

Gambinos were eventually acquitted, but Rosario was subsequently convicted on other heroin-related charges and was sentenced, in December 1984, to 45 years in prison. Also convicted were Rosario's cousins, Erasmo Gambino, Antonio Gambino, and Anthony Spatola.

MARKETING "METH"

During the late 1970s, mob associate Raymond Martorano, who became a "made" member of the Scarfo LCN in April 1981, became involved in the lucrative Philadelphia methamphetamine market. Methamphetamine was extremely popular at the time, and Philadelphia was labeled by DEA as being the "methamphetamine capital of the world."

At that time, Ronald Raiton, of Dresher, PA, was the major Philadelphia-area supplier of P2P—a chemical needed to manufacture methamphetamine. Raiton was smuggling the chemical from Germany and selling it to Martorano and others. Raiton, arrested on cocaine charges and under investigation for his P2P smuggling, began cooperating with law enforcement (the Philadelphia Police Department and the FBI) and arranged for meetings between himself and Raymond Martorano. During one of these meetings in 1981, Martorano gave Raiton \$104,000 in return for 52 gallons of P2P.

In January 1982, Martorano, John C. Berkery, a former member of the K & A Gang in Philadelphia, and 36 others were arrested on methamphetamine-related charges. During the trial, it was noted that more than 200 gallons of P2P—capable of producing \$20 million worth of methamphetamine—had changed hands in the Philadelphia area between October 1979 and August 1981. In June 1982, Martorano was sentenced to 10 years in prison. (Subsequently, Martorano was sentenced to life in prison for the murder of John McCullough, leader of Roofers Local Union 30.) Fleeing to Ireland, Berkery became a fugitive. He returned in 1987, was apprehended by the FBI, and subsequently was sentenced to six

years in prison.

Martorano is also the chief suspect in another murder involving a competitor in the meth trade. According to members and associates of the Scarfo Family, Martorano, with Scarfo's approval, arranged for the murder of Chelsais "Steve" Bouras on May 27, 1981. Bouras, a member of the Philadelphia "Greek Mob," was shot to death by two gunmen while eating dinner with Martorano at a restaurant in South Philadelphia.

In early 1981, Scarfo Family member Harry Riccobene became involved with Jimmy DeGregorio and Glenn Turner, members of the Pagan outlaw motorcycle gang, in the manufacturing and distribution of methamphetamine. Later, Riccobene's involvement ended when he was imprisoned for racketeering and murder.

The Scarfo Family collected extortion payments from three major methamphetamine networks in Philadelphia in the early 1980s. (See feature "The Elbow" or "Shakes" on page 163.) The LCN saw that more profits could be realized. In 1986, the crime Family went into the business more directly. It knew that a gallon of P2P sold for \$145 in Europe, and for better than \$20,000 here. With its extortion of meth dealers, it thus exercised virtual vertical control of a major portion of the meth trade.

In the fall of 1986, the Family imported more than 100 gallons of P2P. This operation fell apart when Thomas DelGiorno and Nicholas Caramandi, two Family members who played significant roles in the scheme, became government witnesses. Other Family members involved in this purchase and other methamphetamine-related activities were: Scarfo, Philip Leonetti, Francis Iannarella, Jr., Salvatore Merlino, Charles Iannece, Joseph Ciancaglini, Joseph Pungitore, Ralph Staino, Jr., and Albert Pontani. Pontani also was involved with Roy Stocker, a principal manufacturer and trafficker of methamphetamine.

Beginning in 1981, Albert Pontani, leader of Scarfo Family activities in Mercer County, NJ, organized a drug network distributing small quantities

of marijuana and quaaludes. This operation expanded into transactions involving multi-kilos of cocaine and 55-gallon barrels of P2P. In July 1984, Pontani was unsuccessful in an attempt to organize all the cocaine dealers in the Black and Hispanic neighborhoods of Camden, NJ. His drug network stretched from Trenton to Camden and other areas of South Jersey, and to Bucks and Philadelphia Counties. Pontani established part of his operation in New Orleans, LA, where associates attempted to smuggle the P2P into the United States.

Pontani was convicted in November 1988, in federal court, of running a continuing criminal enterprise involving the distribution and sale of cocaine, loansharking, and extortion. He also was found guilty of possession of, and conspiracy to smuggle, P2P into the United States from Mexico, the Dominican Republic, and Belize. In January 1989, Pontani was sentenced to 30 years in prison.

Also convicted in the case were Daniel Marino, 58, Cherry Hill, NJ; Angelo "Cappy" Belardo, 60, and Daniel Muccie, 52, both of Trenton, NJ; and James Wilson, 46, of Camden, NJ. Ronald P. "Jack Diamond" Bramer, a New Orleans, LA, restaurant owner, testified as a government witness and indicated that he became involved in the P2P operation as a way of paying off a loanshark debt he owed Pontani.

Joseph Pungitore, Scarfo Family member, became involved in the methamphetamine trade in 1984 by forming a partnership with Michael Madgin, who also was a partner in a numbers gambling operation. Initially, Pungitore provided financial backing to Madgin for the purchase of methamphetamine that was then resold to others. Madgin repaid the loans plus interest. At the same time, Pungitore informed Madgin's meth customers that they would avoid Scarfo Family "shakes" if they borrowed money to purchase the meth from him (at three percent weekly interest). Pungitore and Madgin split the profit on the interests. Pungitore also received a finders fee of \$500 per pound of meth sold to a customer

referred by him. In December, 1986, Pungitore modified the partnership. He continued to provide money to Madgin for purchases, but each received 50 percent of the profits. This partnership continued until April, 1987, when Pungitore was arrested on racketeering and murder charges.

LINKAGES TO BLACK DRUG DEALERS

The Philadelphia Crime Family, particularly through its associates, has maintained a shadowy relationship with Black drug dealers throughout the 1980s. According to FBI/DEA affidavits filed in federal court in Philadelphia, Black Mafia leader Lonnie Dawson, also known as Abdul Saleem, met with LCN associate Frank D'Alfonso in June 1981, to discuss territorial rights in the distribution of narcotics within the city.

George Martorano, son of LCN member Raymond Martorano, developed a sizable drug organization in the early 1980s, which included Michael Youngblood, a Black with strong ties to Black Mafia leaders Dawson and Robert Mims. Martorano, with the assistance of his attorney Kevin J. Rankin developed a diversified drug organization which supplied cocaine, methamphetamine, heroin, quaaludes, and morphine-based cough syrup. Martorano's organization was estimated to have distributed in excess of \$75 million worth of drugs yearly. Youngblood was Martorano's connection to the Black community, particularly with respect to the sale of cocaine. Martorano established direct links to cocaine sources in Colombia, South America; and the size of his operation expanded significantly when he began selling cocaine to the Black community through Youngblood.

Martorano's organization was penetrated by an undercover FBI agent, and in September 1983, Martorano, Rankin, Youngblood and 11 other members of Martorano's organization were indicted on federal narcotics and conspiracy charges. Martorano was subsequently convicted and was

sentenced to life imprisonment without parole. Rankin, originally sentenced to 54 years, won a new trial, was convicted again, and ultimately received a sentence of 40 months. Youngblood was sentenced to 10 years in prison.

Youngblood also maintained a close association with Salvatore Testa, a capo in the Scarfo Family who was murdered in 1984. More recently, Tracey Mason, a member of the Junior Black Mafia (see chapter 7), was observed with Joey Merlino, son of LCN member Salvatore Merlino. Rick Jones, a close associate of JBM members, has had dealings with Anthony Rossano, Jr., whose father was an associate of former LCN gambling czar Frank Narducci (deceased).

Rossano and Jones were involved in a partnership which purchased, rehabilitated, and resold properties. On May 30, 1990, Rick Jones and an associate John D. Padilla, a Philadelphia prison guard, were arrested by the FBI in Philadelphia while attempting to purchase five kilos of cocaine from an FBI informant. This five-kilo purchase was the initial phase in a proposed deal involving 50 kilos of cocaine. Accompanying Jones to the purchase was Anthony Rossano, Jr. Rossano was arrested, but the charges against him were subsequently dropped.

Loansharking

Loansharking has been a major money-maker for the Scarfo LCN, and the Family is considered the major loanshark in the Greater Philadelphia area. Most usurious loans are made to bookmakers, drug traffickers, and gamblers. A few are made to businessmen who cannot obtain legitimate funding. The interest rate usually runs at two-to-three percent per week. Many loans are for a 10-week period.

The Family often acts as the shylock's "bank"—providing money to a shylock who then loans the money at a higher rate. For example, Anthony

Attanasio and Joseph Licata, as detailed in the "Operation Broadsword" criminal complaint, provided money to shylock Joseph Laurence, who then loansharked the money at higher rates. Scarfo LCN member DelGiorno also testified that he loaned money in this manner.

The Family's control over loansharking in the area extended to extorting independent loansharks. Anthony "Porky" DiSalvo, manager of J. Braun Check Cashing Agency and one of the largest loansharks in Philadelphia, paid tribute to Scarfo for the privilege of operating without interference.

Outstanding loans owed members who are killed or imprisoned for lengthy periods pass on to other Family members. LCN member Domenick DeVito, for example, was killed in 1982 at Scarfo's direction. DeVito's loan records were given to Pasquale Spirito, who, along with underboss Salvatore Merlino, began collecting on DeVito's loans. When Raymond Martorano went to jail for a life term, Scarfo and Philip Leonetti took over a loan belonging to him, the weekly payments on which were between \$700 and \$750.

The Family's loansharking activities frequently interface with its gambling activities. Pasquale Martirano, for example, stated in a clandestinely recorded conversation that he had \$760,000 available to him for gambling and loansharking activities. Harry Riccobene loaned money to bookmakers and acquired a 50 percent interest in their gambling operations. He assigned an "agent" to work in the gambling operation to make sure he was not getting cheated. Santo Idone and his associates provided usurious loans to tavern owners who repaid their loans from their share of the profits generated by video poker machines. Joseph Pungitore and Michael Madgin used profits from their sports betting operation to loan hundreds of thousands of dollars to various individuals. Nicholas Caramandi and Charles Iannece used gambling monies given to them, as a reward for murdering Pasquale Spirito in 1983, to begin a loansharking operation.

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Extortion

Early in his regime, Scarfo approved a plan to extort money systematically from gamblers, loansharks, drug dealers, and others involved in illegal activities. The monies collected were shared among the hierarchy of the Family and the collector. Under Bruno's reign, extortion was neither Family policy, nor regular practice. Under Scarfo, a crew was formed—comprised of Pasquale Spirito (a Joseph Ciancaglini soldier), and would-be Family members Nicholas Caramandi, Charles Iannece and Ralph Staino—to collect extortion payments for the Family. Eventually, many Family members and associates became involved in collecting extortion, including Saul Kane, Harry Joseph, Alfonse Parisse, Roy Stocker, and Albert Pontani.

One-half of the monies went to the crews who collected it. The other half went to Scarfo, to be divided among Scarfo, his underboss, the consigliere, the caporegimes, and lesser amounts

to others. The extortion was initially directed against numbers bankers, sports bookmakers and loansharks. Later, it expanded to include drug dealers. Those involved in gambling were required to make weekly "street tax" payments for the privilege of operating in the Family's territory. Drug dealers, because of more irregular activity, were required to make payments based on that activity. In addition, some gamblers and drug dealers were required to make lump-sum payments for past business conducted without the knowledge and consent of the Family.

In order to prevent targets of extortion from being approached by more than one Family member, a "registration" process was devised. Members and associates would identify targets and then seek approval of their capos before approaching them. The capos would confer with each other to make sure that the targets were not already registered.

Violence and threats of violence were used to intimidate victims into

paying. In one example, Ralph Staino threatened to gouge out the eyes of an individual if he refused to pay his extortion payment. In another, five LCN members or associates beat a teenage drug dealer, who had refused to make payments, in plain view on a South Philadelphia street.

LCN member Joseph Pungitore shook down his own associate and partner Michael Madgin. When Madgin asked what would happen if he refused to pay Pungitore a commission on all his drug sales, Pungitore told him to either pay or they would kill him, his wife, and his family, just as they had killed Pungitore's best friend Salvatore Testa.

In a 1988 indictment obtained by the Philadelphia Organized Crime Strike Force, mob associate Stanley E. Branche and John "Johnny Chang" Ciancaglini, son of capo Joseph Ciancaglini, were accused of shaking down drug dealers with permission of Nicky Scarfo. Unindicted co-conspirators included Kevin Hartzell, Norman Lit, Thomas DelGiorno, Sal

THE "ELBOW" OR "SHAKES"

In 1982, Scarfo instituted the systematic extortion of gamblers and drug dealers called the "elbow" or "shakes." Members were assigned to collect this payment from the dealers, in return for which the illegal operations were supposed to be protected by the LCN. This was not an optional service. In the case of the methamphetamine market, the "elbow" was applied to P2P dealers, thus controlling the manufacture of methamphetamine by controlling a necessary component of the drug.

The Scarfo Family collected "elbow" from three major meth networks in South Philadelphia. The largest network was controlled by Steven

Vento, Sr., who, in partnership with Angelo "Chick" DiTullio, imported more than 150 gallons of P2P hidden in items such as air compressors and gas barbecue grills. The other two networks were controlled by John A. Renzulli and Michael Forte. Renzulli's organization purchased P2P and manufactured methamphetamine. Forte, a go-between for the Scarfo Family and the South Philadelphia drug trade, controlled a P2P and methamphetamine network.

In late 1984, the Scarfo Family demanded that the Vento/DiTullio organization pay the Family \$2,000 for every gallon of P2P it distributed. In June 1985, the Family directed

DiTullio to sell P2P to Forte who, in turn, sold the P2P to Renzulli. Forte agreed to pay the Family \$2,000 for every gallon of P2P obtained from DiTullio, who was continuing to make his \$2,000 per gallon payments to the Family. Thus, the LCN made \$4,000 on every gallon of P2P moving from importer to wholesaler.

The next year, the Family was making even more money on P2P. Renzulli struck a new deal with them, by-passing Forte. Renzulli paid \$28,000 per gallon for the P2P, \$8,000 of which went to the LCN. DiTullio was also paying \$2,000 per gallon; the Family thus made \$10,000 per gallon sold.

vatore Merlino, and Scarfo. Branche, Ciancaglini, Hartzell, and Lit were charged with extorting (collecting) as much as \$1,000 per week from drug dealers and then giving a percentage of the money to the Scarfo Family. One of the drug dealers extorted (\$1,000 per week) was Frank Trachtenberg; at a meeting with Lit and Hartzell to make his first payment, Trachtenberg refused to name his cocaine source and Hartzell slashed his forehead with a knife. In June 1988, Hartzell pled guilty and was sentenced to three years in prison. In January 1989, a jury found Branche and Ciancaglini guilty. Branche was subsequently sentenced to five years in prison and Ciancaglini to nine years. Lit, a self-described LCN associate who testified at the trial, joined the Federal Witness Protection Program and was later sentenced on gambling charges.

ATTEMPTED SHAKEDOWN OF DEVELOPER WILLARD G. ROUSE

One of the most notorious incidents of extortion and corruption in the Commonwealth during the decade involved Scarfo and Philadelphia City Councilman Leland Beloff in the attempted extortion of Philadelphia developer Willard G. Rouse. Rouse, a nationally-known real estate developer, had undertaken a project valued at more than \$500 million to develop the Penn's Landing area of the Philadelphia waterfront.

The project required substantial private financing as well as a \$10 million Housing and Urban Development grant. Approval for such a grant required guarantees by the City of Philadelphia in the form of legislative protection against certain potential losses which might be incurred by the developer. In City Council, the protocol is that such legislation is introduced by the councilman in whose district the project is being developed.

Beloff, that district's councilman, agreed to introduce the legislation in return for \$1 million. To execute the extortion, Beloff had his legislative aide Robert Rego and Scarfo Family

member Nicholas Caramandi act as his representatives in negotiations with Rouse. It was Caramandi's role to provide Rouse with a credible threat regarding the violent consequences he might incur should he divulge the extortion attempt to law enforcement.

Rego approached Caramandi on Beloff's behalf because of the Scarfo Family's reputation for violent retribution toward informants or witnesses. The potential value of such violence to Beloff was described by Caramandi, after he informed Beloff of Scarfo's decision that Beloff and Rego would share only 25 percent of the Rouse extortion profits, rather than the 50 percent originally discussed:

"I go back into the bar and I tell Beloff and Rego...I have got some bad news for you...I said Nicky said he want to cut (the) thing down to 25 percent. They says, (expletive) we are doing a lot here, we're sticking our necks out. I said listen I can't argue with the boss. He (Beloff) says, well, what did he (Scarfo) say about, you know, me running again? He (Scarfo) is going to back me up? I said, he (Scarfo) told me to tell you don't worry about it. Whoever runs the night before, we will kill them and you won't have no competition, and with that he (Beloff) said, oh, oh, oh, he (Beloff) was happy about it. He (Beloff) said, I don't care about nothing now."

Bribery of, and extortion by, governmental officials was seen in the Operation Broadsword investigation. In 1988, Scarfo Family member George Fresolone was employed at Giordano Waste Haulers of Newark, NJ, owned by Patrick Giordano and Daniel Fasano. That year, Giordano and Fasano told Fresolone that they were having difficulty obtaining a use variance for their business from the Newark Zoning Board. Fresolone advised that he knew John Mavilla, a board member, whom he would approach on behalf of his employers. Mavilla informed Fresolone that he would guarantee passage of Giordano's use variance for a payoff. Giordano and Fasano agreed to pay

Mavilla \$6,000 which they gave to Fresolone. Fresolone gave Mavilla \$2,000, and the remaining \$4,000 was given to Scarfo capo Pasquale Martirano as the Family's share. Neither Giordano or Fasano knew that a major portion of the payment was going to the LCN.

Mavilla later approached Fresolone and advised that Giordano's use variance was good for only two years and was due to expire soon. Mavilla said that he could guarantee Giordano a five-year use variance for \$3,000 or a ten-year use variance for \$5,000. This deal fell through with the arrest of Mavilla, Giordano, and Fasano at the conclusion of "Operation Broadsword."

Labor Racketeering

The importance of labor racketeering to La Cosa Nostra was highlighted in the comment of Genovese soldier-turned-informant Vincent "The Fish" Cafaro:

"We get our money from gambling, but our real power, our real strength, came from the unions. With the unions behind us, we could shut down the city, or the country for that matter, if we needed to get our way...we got power over every businessman in New York...we could make or break the construction industry, the garment business, the docks..."³

The nexus between LCN and labor unions is exemplified by the Scarfo Family's control of Local 54 of the Hotel Employees and Restaurant Employees International Union (HEREIU) in Atlantic City. On December 18, 1990, the federal government filed a civil action to assume control of Local 54 to rid it "of more than twenty years of domination and influence by organized crime members and associates, specifically, by the Bruno/Scarfo Family of La Cosa Nostra." The complaint charges that Local 54's pension, health, and welfare funds were used as "cash cows" to funnel illegal payments to mob members and corrupt union officials,

and that Scarfo still controls Local 54 from his federal cell in Marion, IL.

Bruno initially moved to consolidate the Family's control of Local 54 in 1976 when casino gambling was approved by the state of New Jersey. Bruno sought control of Local 54 through Ralph Natale, the power behind Local 170 of the Bartenders Union in Camden, and through John McCullough, president of Local 30 of the Roofers Union in Philadelphia. Nicodemo Scarfo, the Family's representative in Atlantic City, also wanted control of Local 54, and formed an alliance with Local 54 president Frank Gerace. Angered by Scarfo's action, Bruno ordered a "sit-down" in Philadelphia in 1978 and told Scarfo that he, Bruno, would run Local 54. Scarfo, however, maintained his association with Gerace.

After the murders of Bruno and McCullough in 1980, Scarfo took control of the union. Scarfo received assistance from Louis A. "Bobby" Manna, the consigliere of the Genovese LCN in New York. Also, the Genovese LCN had a connection to Alfred Pilotto of the Chicago LCN which controlled Edward Hanley, the president of HEREIU. Chicago-based organized crime interests exert substantial influence over the International Union; the Union's payroll includes many relatives and associates of the Chicago LCN. Pilotto met Scarfo in Atlantic City in 1980 where they discussed the merger of HEREIU Locals 491 and 54, and methods of skimming monies from Local 54 pension and welfare funds.

During the 1980s, Scarfo, acting through Gerace and Gerace's hand-picked successor Roy Silbert, systematically skimmed money from Local 54 funds. Gerace met regularly with Scarfo and gave him on average \$20,000 monthly. Scarfo also received monies from sweetheart deals in which bars and restaurants were protected from the union, including the following:

- Saul Kane, owner of My Way Lounge in Atlantic City, paid Scarfo \$200 to \$500 each week for protection from the union.
- Selvin Hoelflich, owner of the

Deptford Tavern, in Deptford, NJ, and the Coral Reef, in Bellmawr, NJ, paid Scarfo \$200 weekly for each location to keep the union out of his businesses.

- Gerald Blavat, owner of Memories, a nightclub in Margate, NJ, paid Scarfo \$500 weekly and also paid the mortgage on Scarfo's boat, "The Usual Suspects," to keep the union out of his club.

Other unions subjected to some degree of control by the Bruno/Scarfo LCN included the Roofers Union Local 30; the Ironworkers Union Local 405; the Laborers Union Local 332; and Teamsters Union Locals 107, 158, 331 and 837.

Scarfo commented on a number of occasions to other Family members that "We are the union!" The unions were used for favors, jobs, and sweetheart contracts. Scarfo personally contacted labor leaders such as Stephen Traitz, Jr., of the Roofers Union, and Frank Gerace of the Bartenders Union.

John J. McCullough, head of Local 30 of the Roofers Union, was a close associate of former boss Angelo Bruno. Together, they devised a scheme to exert control over Atlantic City casinos by organizing security workers who were essential to the operation of the casinos. During 1979, McCullough began a drive to organize security workers. His action angered other Family members, such as Philip Testa and Nicodemo Scarfo. Testa, after he became boss in 1980, told McCullough to stop his union activities in Atlantic City, but McCullough did not. He was killed by Willard Moran at the direction of Raymond Martorano and mob associate Albert Daidone in December 1980. Martorano and Daidone were convicted and received life sentences, and Moran was sentenced to death.

Stephen Traitz, Jr., assumed control of the Roofers Union and was told by Testa that the Roofers were with the Family. Traitz relied on his relationship with the LCN to enhance his control of the Roofers. A monitored conversation on October 10, 1985, recorded Traitz as telling a fellow union official about a conversation

with Scarfo:

"He (Scarfo) says what can I do for you? Like, yeah...I says, you know, what can you do? Make sure everybody knows I'm your (expletive) guy. Because I'm a little power around here. Yo! I'm a fist fighter. I got all fist fighters. The Hobbs Act puts me the (expletive) away. But yo, if they know you're in, ah, back of me, I'm un-(expletive) beatable."

In a later, electronically-monitored conversation, Traitz explained to a colleague the harmonious relationship he had developed with Scarfo:

"...I do enough for (Scarfo) to cover us all...Whenever he...whenever they call, they got a job, they run stock free...Nobody bothers 'em...(Afterwards) when they send an envelope up to me, I send it back...That leaves me that they owe me...Now for the last five years, they seen that I don't lie to them. I don't (expletive) 'em. I don't (expletive) with no money...I says,...we don't steal here...it's a family thing. We all make a good (expletive) living, we're all doing good."

Organized crime's involvement in union health and welfare plans was highlighted by the case of AMMA Health Center, Inc., operated by John Martorano, brother of Scarfo Family member, Raymond Martorano. As detailed in the Commission's 1981 report *Health Care Fraud: A Rising Threat*, John Martorano submitted false utilization reports and fraudulent billing to the Teamsters Local 837 Health and Welfare Fund. On June 26, 1984, a federal jury found Martorano guilty, and he was sentenced to three years' imprisonment and was fined \$10,000.

Another example of the Scarfo Family's control over union activities involved Ralph "Big Ralph" Costobile, owner of Costo, Inc., a construction and demolition business in Philadelphia. On February 14, 1990, Costobile pled guilty to making payments to the Scarfo Family to ensure labor peace. Beginning in 1984, Costobile paid LCN soldier Nicholas Caramandi \$70 per week per laborer so he could hire non-union laborers, pay below union scale wages to union members,

and omit contributions to the Laborers Union Local 332 Health and Welfare Fund. Costabile's actions cost the union's fund more than \$300,000 over a three-year period. On May 3, 1990, Costabile was sentenced to three years imprisonment.

In Operation Broadsword, an extortion scheme took place involving George Fresolone, Scarfo Family member-turned-informant; DeCavalcante LCN Family boss John Riggi; and Joseph Licata, a member of the North Jersey faction of the Scarfo Family. Fresolone stated that from 1985 to 1989, he collected an annual extortion payment from Michael Salimbene, owner of Tectonic Construction Company in Newark, NJ. These payments were collected for Riggi who provided Salimbene with labor peace in the operation of his construction company. Riggi, in turn, would give the Scarfo Family a portion of Salimbene's payment.

In 1989, Salimbene told Fresolone that he did not want to pay. Fresolone informed Licata, who told Fresolone to tell Salimbene, "They're gonna knock your (expletive) head off, you're gonna get a (expletive) beating." Riggi told Fresolone to tell Salimbene that if he did not pay, he would have trouble with the unions. Informed of these threats, Salimbene gave Fresolone \$10,000 at a meeting in November 1989. Fresolone subsequently gave this money to Riggi, who gave Fresolone \$5,000 as the share for the Scarfo Family.

Summary and Assessment

The Scarfo LCN Family has undergone a tumultuous decade. Two Family bosses have been killed, along with nine other Family members and several Family associates. A third Family boss, the first LCN Family head to be convicted of first degree murder, is imprisoned for life. The Family is now being run by the imprisoned Scarfo through an acting boss, with Scarfo's son serving as

messenger and go-between. But the strength of the Family and the loyalties to Scarfo have been severely strained.

Six Scarfo Family members (and many associates) turned informant during the decade, resulting in unparalleled incriminating evidence being provided to law enforcement. Many believe that these defections were caused by Scarfo, himself, who had no tolerance for mistakes or for lack of respect by his members or his managers. Several of those who turned did so because they wanted protection from Scarfo.

With Scarfo in jail for life and unpopular with his membership, the LCN Commission has a number of options. It could name a new boss to manage the remnants of the Family. It could facilitate a merger of remaining Scarfo Family members with one or more existing Families. Or it could declare Philadelphia an open territory.

Whichever option is chosen, we have not seen the end of the Philadelphia Crime Family. South Philadelphia (and parts of New Jersey) remains a favorable setting for launching or incubating organized crime. That locality continues to be a fertile recruiting ground for young "mobsters" who covet the "respect" which mafiosi engender. There is a large pool of potential members and leaders waiting to take over.

Table 5.1

Major Arrests / Prosecutions Involving the Philadelphia LCN Family: 1979-1990				
Date*	Defendant(s)	Rank*	Offense(s)	Disposition*
12/79 (NJ)	Nicodemo D. Scarfo Philip M. Leonetti Lawrence Merlino	Member Assoc. Assoc.	Murder (V. Falcone)	10/80 - All Acquitted
01/81 (Fed)	Nicodemo D. Scarfo	Member	Possession of weapon by a convicted felon	08/81 - 2 years entered prison 08/82 released 01/84
02/81 (Fed)	Philip C. Testa Frank T. Narducci Carl S. Ippolito Joseph A. Ciancaglino Harry Riccobene Mario Riccobene Pasquale A. Spirito Charles Warrington Joseph Bongiovanni Frank Primerano	Boss Capo Member Capo Member Assoc. Assoc. Assoc. Assoc. Assoc.	"Operation Gangplank" RICO Gambling Loansharking	killed before trial killed before trial ruled incompetent for trial 6/82 - 10 years 6/82 - 9 years 6/82 - 4 1/2 years 6/82 - 8 years 6/82 - 10 years 6/82 - 2 1/2 years 5/82 - Acquitted
01/82 (Fed)	Raymond Martorano John C. Berkery - plus 36 others	Member Assoc.	"Operation Limestone" Narcotics Conspiracy	6/82 - 10 years became fugitive - arrested 06/87; 02/89 pled guilty; 03/90 - 78 months + 9 yrs special probation
09/82 (PA)	Raymond Martorano Albert Daidone	Member Assoc.	Murder (J. McCullough)	07/84 - life 07/84 - life
08/83 (NJ) (2 separate indictments)	Nicholas V. Virgilio	Member	Extortion Terroristic threats	09/83 - Pled guilty in plea bargain agreement 10/83 - 3 years
08/83 (NJ)	Salvatore J. Merlino	Underboss	Bribery	01/84 - 4 years
09/83 (Fed)	George Martorano - plus 13 others	Assoc.	Narcotics Conspiracy	09/84 - life
11/83 (Fed)	Dominick DiNorscio - plus 44 others	Member	Narcotics Burglary Conspiracy	03/84 - 5 years released 11/86 (on probation until 1992)
03/84 (PA)	Harry Riccobene Mario Riccobene - plus 4 others	Member Assoc.	Murder (F. Monte)	11/84 - life 11/84 - 4 years (is now a federal protected witness)
08/84 (NJ)	Albert Pontani - plus 7 others	Member	"Operation ALPO" RICO Gambling Conspiracy	- \$150 fine plus probation
09/84 (Fed)	Philip M. Leonetti Michael J. Matthews (then Mayor of Atlantic City, NJ)	Capo	Extortion Conspiracy Official Corruption Extortion Conspiracy	04/86 - charges dismissed 11/84 - Pled guilty in plea bargain agreement 12/84 - 15 years

* Date of indictment/arrest, rank at that time, disposition date is when sentenced

Major Arrests / Prosecutions Involving the Philadelphia LCN Family: 1979-1990				
Date*	Defendant(s)	Rank*	Offense(s)	Disposition*
03/85 (NJ)	Raffaello Napoli - plus 70 others (preliminary arrests which resulted in the 10/85 indictment listed below)	Member	"Operation Ocean" Gambling (video poker) Criminal usury Conspiracy	There was no trial The major action was the seizure of numerous video poker machines.
09/85 (Fed)	Anthony F. Piccolo	Member	Mail Fraud Commercial bribery Conspiracy	04/87 - 2 years
10/85 (NJ)	Raffaello Napoli - plus 18 others (related to the 03/85 arrests listed above)	Member	"Operation Ocean" Extortion Gambling (video poker) Criminal usury Conspiracy	There was no trial The major action was the seizure of numerous video poker machines.
02/86 (NJ)	Salvatore Sparacio - plus 8 others	Member	Gambling Conspiracy	06/86 - Pled guilty 6 months work release + 2 yrs probation
10/86 (Fed)	Nicholas Caramandi Leland Beloff (Phila City Councilman) Robert Rego	Member Assoc. Assoc.	"Rouse Case" Extortion	11/86 - became a federal protected witness; 07/89 - 8 years 08/87 - 10 years 08/87 - 8 years
10/86 (NJ)	Thomas A. Delgiorno	Capo	Racketeering	03/87 - became a federal protected witness 06/89 - 5 years
11/86 (NJ)	Nicodemo D. Scarfo Philip M. Leonetti Francis Iannarella Jr Thomas Delgiorno Joseph Pungitore Joseph Grande Salvatore Grande ----- Ralph Staino, Jr. Joseph Ligambi John Ciancaglino Gary Iaconelli Gary Tavella	Boss Underboss Capo Capo Member Member Member Member Member Assoc. Assoc.	"Operation Tigershark" RICO Extortion Gambling Criminal usury Conspiracy -----	This indictment was super- seded by that in 4/87. The charges against these five (5) were dropped with the superseding indictment.
01/87 (Fed)	Nicodemo D. Scarfo	Boss	"Rouse Case" Extortion	08/87 - 14 years
04/87 (NJ)	Nicodemo D. Scarfo Philip Leonetti Francis Iannarella Jr Salvatore Merlino Nicholas V. Virgilio Lawrence Merlino Salvatore Grande Frank J. Narducci Philip Narducci Joseph Pungitore Joseph Grande Salvatore D. Scafidi Charles Iannece	Boss Underboss Capo Member Member Member Member Member Member Member Member Member Member	Superseded the "Tigershark" indictment RICO Extortion Gambling Criminal usury Loansharking Murder (Helfant) Attempted murder Conspiracy	There was no trial These charges were in part incorporated in the below 01/88 federal RICO case Because of the results of the federal case, the N.J. authorities do not plan to take any further court actions.

Major Arrests / Prosecutions Involving the Philadelphia LCN Family: 1979-1990

Date*	Defendant(s)	Rank*	Offense(s)	Disposition*
04/87 (PA)	Nicodemo D. Scarfo Philip M. Leonetti Francis Iannarella Jr. Salvatore J. Merlino Salvatore W. Grande Joseph Grande Joseph A. Pungitore Salvatore D. Scafidi Charles A. Iannece	Boss Underboss Capo Member Member Member Member Member Member	Murder (S. Testa)	05/88 - All Acquitted
06/87 (Fed)	Nicodemo D. Scarfo Philip M. Leonetti Francis Iannarella Jr. Salvatore J. Merlino Charles A. Iannece Ralph Staino, Jr. - plus 22 others	Boss Underboss Capo Member Member Member	Narcotics (P2P)	12/87 - Acquitted 12/87 - Acquitted 12/87 - Acquitted 12/87 - Acquitted 12/87 - Acquitted became fugitive - arrested 01/88; 05/89 - 12 years
07/87 (PA)	Nicodemo D. Scarfo Francis Iannarella Jr. Frank J. Narducci Philip A. Narducci Joseph A. Ligambi Salvatore J. Merlino Lawrence Merlino Nicholas J. Milano Eugene C. Milano	Boss Capo Member Member Member Member Member Member Member	Murder (F. D'Alfonso)	04/89 - life 04/89 - life 04/89 - life 04/89 - life 04/89 - life 04/89 - life 04/89 - life 04/89 - life 03/89 - became a federal witness; pled guilty to 3rd degree murder
01/88 (Fed)	Nicodemo D. Scarfo Philip M. Leonetti Francis Iannarella Jr. Joseph Ciancaglini Salvatore J. Merlino Joseph A. Pungitore Philip A. Narducci Salvatore D. Scafidi Charles A. Iannece Nicholas V. Virgilio Joseph Grande Salvatore W. Grande Frank J. Narducci Ralph Staino, Jr. Anthony C. Pungitore Joseph A. Ligambi Eugene C. Milano Lawrence Merlino Nicholas J. Milano	Boss Underboss Capo Capo Member Member Member Member Member Member Member Member Member Member Member Member Member Member Member Member Member	RICO (included 10 murders & 5 attempted murders) Extortion Gambling Narcotics	05/89 - 55 years 05/89 - 45 years (could be reduced; in 06/89 became a federal witness) 05/89 - 45 years 05/89 - 45 years 05/89 - 45 years 05/89 - 40 years 05/89 - 40 years 05/89 - 40 years 05/89 - 40 years 05/89 - 40 years 05/89 - 40 years 05/89 - 40 years 05/89 - 38 years 05/89 - 35 years 05/89 - 33 years 05/89 - 30 years 09/88 - Pled guilty No trial 05/89 - 3 1/2 years 03/89 - became a federal witness - sentencing was deferred 05/89 - became a federal witness - sentencing was deferred became fugitive - arrested 12/88; 02/89 - 24 years
02/88 (Fed)	Albert Pontani - plus 4 others (NJ) - plus 2 others (NO) (2 separate indictments similar charges in both)	Member	RICO Gambling Loansharking Narcotics (P2P)	01/89 - 30 years (New Jersey indictment) 02/89 - 5 years + 5 years probation (New Orleans indictment)

Major Arrests / Prosecutions Involving the Philadelphia LCN Family: 1979-1990				
Date*	Defendant(s)	Rank*	Offense(s)	Disposition*
05/88 (NJ)	Pasquale Martirano ----- Anthony J. Attanasio Nicholas A. Cifelli James Santoriello George D. Fresolone	Capo ----- Member Assoc. Assoc. Assoc.	RICO Loansharking Gambling Conspiracy	became a fugitive - was never arrested 08/90 - died of natural causes ----- Pending trial - currently in pre-trial motions Became a gov't. informant & was inducted into the Family in 07/90
06/88 (Fed)	John Ciancaglini Stanley E. Branche	Assoc. Assoc.	Extortion Conspiracy	03/89 - 9 years 03/89 - 5 years
01/89 (Fed)	Santo Idone Mario Eufrazio Gary S. Iacona Francis Peticca	Capo Assoc. Assoc. Assoc.	RICO Extortion Gambling (video poker) Conspiracy	04/90 - 20 years 04/90 - 10 years + 5 years probation 04/90 - 6 years 04/90 - 2 years + 5 years probation
05/89 (NJ)	Salvatore Sparacio - plus 7 others	Member	Gambling Conspiracy	10/90 - Pled guilty 1 year work release
06/89 (PA)	Albert Pontani Roy Stocker - plus 9 others	Member Assoc.	Corrupt Organizations Racketeering Narcotics Burglary Extortion Conspiracy	Pending trial - currently in pre-trial motions
08/89 (Fed)	Santo Idone	Capo	Murder Conspiracy	combined with above 01/89 indictment in same trial
07/90 (NJ)	Raffaello Napoli Joseph A. Sodano Gerardo Fusella Joseph Bellina - plus 19 others	Member Member Member Member	"Operation Excalibur" Racketeering Gambling Narcotics Murder (Meglia) Unemployment insurance fraud Conspiracy	Pending trial - currently in pre-trial motions
08/90 (NJ)	Anthony F. Piccolo Joseph M. Licata Joseph A. Sodano Anthony J. Attanasio Nicholas A. Olivieri Vincent Centorino Nicholas A. Cifelli John Praino Nicky Scarfo, Jr. Dominick Pillari Anthony Dente Fred Stewart Eugene Wilson Thomas Ferriero Richard Martino Zeff Mustaffa - plus 25 others	Acting Boss Member Member Member Member Member Member Member Assoc. Assoc. Assoc. Assoc. Assoc. Assoc. Assoc. Assoc. Assoc.	"Operation Broadsword" Racketeering Extortion Gambling (video poker) Criminal usury Narcotics Conspiracy	Pending trial - currently in pre-trial motions

The Scarfo Family Defectors

During the past four years, six members of the Scarfo Family have broken *omerta*, the code of silence, and have provided information about La Cosa Nostra activities to federal and state law enforcement authorities. Some of these former members were key witnesses in trials that resulted in the successful prosecution of Scarfo and many other members of the Family. They are listed in order of their "defection."

● **Thomas DelGiorno, 50**, a long-time associate of the late Frank Sindone, ran highly successful numbers and sports bookmaking operations in the 1970s and 1980s. DelGiorno had been made a member of the Family by Nicky Scarfo in 1982. In the mid-1980s, DelGiorno and Francis Iannarella, Jr. were promoted to caporegime. DelGiorno fell out of favor with Scarfo and was demoted to soldier in 1986. In November 1986, DelGiorno became the first member of the Philadelphia crime Family to become a government informant. He made this decision shortly after listening to an intercepted taped conversation between Scarfo Family members discussing plans for his murder. DelGiorno's testimony during the 1988 RICO trial was instrumental in the conviction of Scarfo and 16 other members of the Family. His defection also encouraged other members of the Family to cooperate with law enforcement.

● **Nicholas "Nicky Crow" Caramandi, 55**, was an associate of the late Domenick DeVito in his gambling and

loansharking activities. After DeVito's murder in 1982, Caramandi worked for Family member Pasquale Spirito as a member of a crew who initiated Scarfo's systematic extortion, or "street tax," known as the "elbow." Caramandi became a member of the Scarfo Family in 1984, with DelGiorno as his caporegime. Caramandi represented Scarfo in the extortion attempt on developer Willard Rouse. This failed enterprise ultimately led to the arrests and convictions of Scarfo and Philadelphia City Councilman Leland Beloff. Fearing Scarfo's retribution, Caramandi began to cooperate with the federal government in November 1986. Caramandi's testimony during the 1988 RICO trial was instrumental in the conviction of Scarfo and 16 other members of the Family.

● **Eugene C. Milano, 31**, was one of the "young Turks" who surrounded Salvatore Testa in the early 1980s. In 1982, Milano was inducted into the Scarfo Family at the same time at which Testa was promoted to caporegime. After Testa's death in September 1984, Milano served under capo Francis Iannarella Jr. Although he was the youngest Family member to become a government witness, Milano had participated in a number of murders, including the killing of Frank D'Alfonso in July 1985. Convicted on RICO charges in November 1988 and facing trial for the murder of D'Alfonso, Milano became a government witness in March 1989 and testified against Scarfo and seven other Family members, including his brother, Nicholas Milano. Milano pled

guilty to third degree murder; Scarfo and the others were convicted of first degree murder and were sentenced to life in prison.

● **Lawrence "Yogi" Merlino, 44**, is the younger brother of former Scarfo Family underboss Salvatore Merlino. Lawrence Merlino was a close associate of Scarfo and, along with Scarfo and Philip Leonetti, was acquitted in 1980 of the 1979 murder of Vincent Falcone in Margate, NJ. In 1980, Merlino was inducted into the Family by Philip Testa and was promoted by Scarfo to caporegime in 1981. Merlino was active in the Atlantic City area building boom through his construction company, Nat Nat, Inc. In March, 1986, Scarfo demoted Lawrence and his brother, Salvatore, to soldiers because of their drinking problems and their run-ins with the law. Merlino received a life sentence in April 1989 for his participation in the murder of D'Alfonso. Merlino began cooperating with the government in May 1989.

● **Philip M. "Crazy Phil" Leonetti, 37**, a protege of his uncle, Nicodemo Scarfo, earned his moniker because of his reputation as a cold-blooded killer. After his induction into La Cosa Nostra by Testa in 1980, Leonetti rose quickly through the ranks, becoming a capo in 1981. Five years later at the age of 32, Leonetti was promoted to underboss. Leonetti was president of Scarf, Inc., a concrete company in Atlantic City which also served as Scarfo's headquarters. Leonetti participated in a number of

murders and received a life sentence in April 1989 for the murder of Frank D'Alfonso. Two months later, Leonetti became the highest ranking member of the Scarfo Family to defect. As underboss of the Family and close companion of Scarfo, Leonetti was privy not only to the affairs of the Scarfo Family but also, to some extent, to the activities of other LCN Families with whom the Scarfo Family interacted. Leonetti's subsequent testimony at the trials of Scarfo Family capo Santo Idone and Pittsburgh Family members Charles Porter and Louis Raucci was instrumental in bringing about their convictions. Leonetti also is expected to testify in the trials of other prominent LCN members.

- **George D. Fresolone, 37**, began cooperating with the government in 1988, before he became a member of the Scarfo Family in July 1990. A long-time associate of members of the North Jersey faction of the Scarfo Family, Fresolone was involved in, among other things, gambling, loan-sharking, and extortion, not only for the Scarfo Family, but also for members of the DeCavalcante, Genovese, Gambino, and Lucchese Families. His cooperation included the recording of his induction ceremony into La Cosa Nostra. Fresolone's recordings and information led to a successful investigation by the New Jersey State Police and Attorney General's Office, called "Operation Broadsword," which resulted in the filing of criminal complaints in August 1990 against 41 organized crime members and associates of six Cosa Nostra Families in New York, Pennsylvania, and New Jersey (see feature, "Operation Broadsword"). Fresolone's cooperation is expected to decimate the last stronghold of Scarfo loyalists within the Family.

Table 5.3

Inductions into the Philadelphia LCN Family		
Date	Inductor	Inductee (DOB)
06/80	Boss - *Philip C. Testa Underboss - *Peter F. Casella	*Salvatore A. Testa (04/06/56) *Robert J. Lumio (08/24/37) Anthony J. Pungitore (02/09/21) Salvatore W. Grande (09/30/53) Frank J. Narducci (07/28/53) +Lawrence Merlino (06/18/46) Salvatore J. Merlino (06/29/39) Anthony Casella (06/14/14) +Philip M. Leonetti (03/27/53)
04/81	Boss - Nicodemo D. Scarfo	Raymond Martorano (03/27/27) Salvatore F. Sparacio (01/01/22)
--/81	Boss - Nicodemo D. Scarfo	Fulvio A. Capozzi (02/02/35) Peter R. Caprio (08/29/29)
01/82	Boss - Nicodemo D. Scarfo	+Thomas A. Delgiorno (09/23/40) Francis Iannarella Jr (04/27/47) *Pasquale A. Spirito (05/26/39) Joseph A. Pungitore (07/27/56) Albert Pontani (03/09/27) Joseph A. Sodano (04/22/37) Felix Bocchino (10/06/18) +Eugene C. Milano (07/26/59) Michael Ricciardi Jr (02/24/35) Joseph A. Bellina (03/17/09) Gerardo Fusella (06/07/16)
05/82	Boss - Nicodemo D. Scarfo	Anthony V. Ferrante (10/08/20) Nicholas V. Virgilio (10/12/27)
11/84	Boss - Nicodemo D. Scarfo	+Nicholas F. Caramandi (05/20/35) Charles A. Iannece (04/12/35) Joseph Grande (03/19/60)
03/86	Boss - Nicodemo D. Scarfo	Philip A. Narducci (11/17/61) Nicholas J. Milano (10/02/60)
06/86	Boss - Nicodemo D. Scarfo	Joseph A. Ligambi (08/09/39) Ralph Staino, Jr. (05/25/32) Salvatore D. Scafidi (11/30/61) Anthony C. Pungitore (11/03/53) Anthony J. Attanasio (09/20/25) Joseph M. Licata (08/21/41)
07/90	Acting Boss - Anthony Piccolo Capo - *Pasquale A. Martirano	+George D. Fresolone (11/18/53) Nicholas A. Olivieri (02/07/47) Nicholas A. Cifelli (06/23/22) Vincent Centorino (07/25/30) John Praino (09/20/35)

* now deceased

+ now a federal protected witness

OPERATION BROADSWORD

In August, 1990, the New Jersey Attorney General announced the filing of criminal complaints against 41 organized crime members and associates as a result of an investigation named "Operation Broadsword," conducted by the New Jersey Organized Crime and Racketeering Task Force.

Members and associates of six La Cosa Nostra Families—Scarfo, DeCavalcante, Gambino, Lucchese, Genovese, and Colombo—were among the 41 individuals named. Among these were Nicodemo Scarfo, Jr., son of the Family's boss; Anthony Piccolo, acting boss of the Scarfo Family; Joseph Licata, acting capo of the Northern New Jersey faction of the Scarfo Family; and North Jersey soldiers Anthony Attanasio, Joseph Sodano, Nicholas Olivieri, Vincent Centorino, Nicholas Cifelli, and John Praino. Other La Cosa Nostra members included John Riggi, boss of the DeCavalcante Family, and one soldier each from the Gambino, Lucchese, Colombo, and Genovese Families.

The cooperation of George Fresolone, the sixth member of the Scarfo Family to surface as a government informant, was vital to the success of Operation Broadsword. Beginning in the summer of 1988, Fresolone, then an associate of the Family, began providing information about the Scarfo Family and subsequently recorded numerous conversations with LCN confederates. The tape recordings and information provided by Fresolone revealed that despite the decimation of the Scarfo Family, the North Jersey faction remained loyal to Scarfo while its members continued to reap profits from such illegal activities as gambling, loansharking, drug distribution, municipal corruption, union control, and violence. Information generated by Fresolone showed how monthly tribute

payments worked their way up through the Family's hierarchy to Scarfo and how Scarfo and other Family members fretted when one of the members stopped making tribute payments. Fresolone's tape recordings also demonstrated the extent of interaction of the North Jersey faction in various criminal endeavors with other Cosa Nostra Families.

The investigation disclosed that, although imprisoned, Scarfo sought to maintain both his control and the continuity of his Family by utilizing his son, Nicky, Jr., to relay his orders to members on the outside. Nicky Jr. maintained the status quo by continuing to collect monthly tribute payments—ranging from \$1,000 to \$4,000—from the North Jersey faction. To strengthen the Family, five new members—including Fresolone—were inducted into the Scarfo Family in July 1990. The other inductees, besides Fresolone, were Nicholas Olivieri, Nicholas "Turk" Cifelli, Vincent "Beepsie" Centorino and John Praino.

The loyalty of the North Jersey faction to Scarfo, Sr. was demonstrated subsequent to the attempted murder of Scarfo, Jr. on October 31, 1989, in Philadelphia. Fearful of another attempt on his life, Fresolone transported Scarfo, Jr. to a safe location in Northern New Jersey with Scarfo moving several times to maintain his security.

Fresolone recorded his induction into the LCN, which was conducted by acting boss Anthony Piccolo, in July 1990. Piccolo referred to the LCN Family and its activities as an "honorable thing." Fresolone's trigger finger was pricked and blood was drawn. Afterwards, while holding a piece of burning paper in his hands, Fresolone took his oath by repeating: "May I burn in hell if I betray my friends in the Family." A gun and knife were then produced and

Fresolone was told their significance was to symbolize the mafia code that he "live by the gun and die by the gun, live by the knife and die by the knife."

Among the illegal activities uncovered in Operation Broadsword was the Scarfo Family's involvement in electronic gambling devices. Grayhound Electronics Company, Route #37, Toms River, NJ, owned by Scarfo Family associate, Carmen Ricci, sold illegal slot and poker machines to various business establishments, including bars, restaurants, and convenience stores, in New Jersey, Pennsylvania, and New York. Ricci collected fees from the machine owners on the sale of the machines and for their illegal use of the machines. A percentage of these fees—usually amounting to \$1,500 biweekly—was paid as tribute to the Scarfo Family which provided Ricci with protection from competitors and other organized crime groups. Members and associates of the Scarfo Family also assisted Ricci in obtaining additional locations for his machines. Fresolone passed on the tribute payments to Nicky Scarfo, Jr., who discussed his negotiations with other organized crime Families to market these machines in Massachusetts, New York, and Nevada.

Bookmaking is a major revenue producer for members of the North Jersey faction. For years, acting capo Joseph Licata has controlled an extensive bookmaking operation conducted at the East Side Social Club in Newark, NJ. The day-to-day management of this operation is handled by Eugene Wilson and Anthony Dente, Scarfo Family associates. Fresolone observed an incident in June 1990 in which a bettor was beaten because he had failed to repay a gambling debt of approximately \$20,000. Licata confirmed the purpose of the beating in a conversation with Fresolone.

Members of the North Jersey faction also were heavily involved in loansharking. The faction sometimes functioned as a "bank" for shylocks who loansharked the money at higher rates. Fresolone described how members Joseph Licata and Anthony Attanasio provided money to Joseph Laurence, a shylock who loaned money at higher rates.

Family members also were involved in municipal corruption. In 1988, Scarfo Family member George Fresolone was employed at Giordano Waste Haulers of Newark, New Jersey, owned by Patrick Giordano and Daniel Fasano. In May 1988, Giordano and Fasano told Fresolone that they were having difficulty obtaining a use variance for their business from the Newark Zoning Board. Fresolone advised that he knew John Mavilla, a board member, whom he would approach on behalf of his employers. Mavilla informed Fresolone that he would guarantee passage of Giordano's use variance for a payoff. Giordano and Fasano agreed to pay Mavilla \$6,000 which they gave to Fresolone. Fresolone gave Mavilla \$2,000 and the remaining \$4,000 was given to Scarfo Family capo, the late Pasquale "Patty Specs" Martirano as the Scarfo Family's share. Neither Giordano or Fasano knew that a major portion of the payoff was going to the Scarfo Family.

Mavilla later approached Fresolone and advised that Giordano's use variance was good for only two years and was due to expire soon. Mavilla said that he could guarantee Giordano a five-year use variance for \$3,000 or a ten-year use variance for \$5,000. This deal was cut short with the arrests of Mavilla, Giordano, and Fasano at the conclusion of this investigation.

The proximity of the North Jersey faction of the Scarfo Family to the DeCavalcante and New York Families provided opportunities for cooperation and interaction among the various Cosa Nostra groups. For example, Fresolone, beginning in 1985, collected annual extortion payments from Michael Salimbene, owner of

Tectonic Construction Company in Newark. The payments were for DeCavalcante Cosa Nostra boss, John Riggi, in return for labor peace. In 1989, Salimbene balked at making the payment. Fresolone informed Scarfo Family member Licata who told Fresolone to tell Salimbene, "they're gonna knock [expletive deleted] your head off, you're gonna get a [expletive deleted] beating." Riggi told Fresolone to tell Salimbene that if he did not pay, he would have problems with the unions. Salimbene gave Fresolone \$10,000 after being informed of these threats. Fresolone gave the \$10,000 to Riggi who returned \$5,000 as the share for the Scarfo Family.

In another instance, Fresolone became an "agent" of a bookmaking operation owned by Michael Perna, a soldier in the Lucchese Cosa Nostra Family, and Family associates Ralph Perna (Michael's brother), Robert Spagnola and Steven Franks. Fresolone steered bettors to Perna's bookmaking operation and, in return, received a percentage of the losing bettors' wagers. During the 1989 football season, bettors supplied by Fresolone lost \$39,000 for which Perna gave Fresolone \$9,000.

During the Fall of 1989, Fresolone had discussions with members of the Gambino and Genovese crime Families which led to a partnership in an illegal card game called "monte," in October 1989, which netted the partnership a \$28,000 profit in two months. Additional monte games were established in the period from May through July 1990. Other partners with Fresolone during one or more of these operations were Scarfo Family member Anthony Attanasio, Gambino Family member Charles Luciano, Gambino Family associates Joseph Casiere and Anthony DeVino, Genovese Family member Joseph Zarra, and Genovese Family associates Philip DeNoia and Ronald Catrambone. These games ran for periods of two weeks or more and profits were divided among the partners.

Fresolone also was invited by a member of the Colombo Family,

James Randazzo, and others, including associates of the Genovese and Gambino Families, to become an investor and partner in an illegal baccarat game but this deal did not materialize.

ENDNOTES

1. U.S. Senate Permanent Subcommittee on Investigations, *Organized Crime: 25 Years after Valachi*. Washington, DC: U.S. Government Printing Office, 1988, p.27.
2. "Operation Tigershark" was initiated by the New Jersey State Police in 1985 and resulted in the defection of former capo Thomas DelGiorno, which started a string of subsequent defections that decimated the Scarfo Family. Its effect has been, and will be, felt by other LCN Families.
3. U.S. Senate, Committee on Governmental Affairs, Permanent Subcommittee on Investigations, *Federal Government Use of the RICO Statute and Other Efforts against Organized Crime*, 1990, Washington, DC: U.S. Government Printing Office, p. 10.

THE INCURSIONS OF "OUTSIDER" LCN FAMILIES INTO PENNSYLVANIA

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THE INCURSIONS OF "OUTSIDER" LCN FAMILIES INTO PENNSYLVANIA

La Cosa Nostra influence in Pennsylvania involves more than its three home-grown LCN Families, however. Members and trusted associates of the New York and New Jersey LCN Families have become an increasingly important feature in the organized crime landscape in the state, continuing a trend that first became evident in the 1970s. Various misfortunes of the Pennsylvania Families—the pending expiration of the Bufalino LCN, the partial collapse of the Philadelphia LCN, and recent law enforcement successes against the Pittsburgh LCN—have expanded illicit opportunities in the state for the New York and New Jersey Crime Families.

Perhaps the greatest threat from New York and New Jersey Crime Families comes from their recent incursion into the solid waste hauling and dumping industry in Pennsylvania. On November 16 and 17, 1989, the Pennsylvania Crime Commission held public hearings concerning racketeering in Pennsylvania's waste industry. The following summarizes the findings of those hearings. These summaries are followed by a sampling of other known Pennsylvania activities on the parts of the Gambino, Genovese, Lucchese, Bonanno, Colombo, and DeCavalcante Families, and the Sicilian Mafia.

The Influence of Organized Crime in the Waste Industry

"As landfills get smaller and smaller, you know, with landfills disappearing, they become of more value. What are you going to do with toxic waste? Wouldn't you rather pay \$100 and give it to a guy like Carmine Franco than maybe pay \$1,000 to legitimately put it away? You going to stay there 24 hours a day and watch the trucks? Nobody is. Carmine Franco found a gold mine here." (Harold Kaufman, federally-protected witness.)¹

The most threatening incursion of "outside" LCN groups in Pennsylvania involves the waste industry. Despite decades of organized crime involvement in the solid waste collection and disposal ("carting") industry in New York and New Jersey, LCN involvement in Pennsylvania waste hauling appears to be of recent origin. As recently as 1986, "transporters and treaters in (Pennsylvania) were seen by enforcers as operating fairly independently and within a highly competitive market."² A more recent investigation by the Pennsylvania Crime Commission shows that LCN intrusion into the Pennsylvania carting industry has grown rapidly over the past few years.

This LCN involvement is quite complex, including both out-of-state and Pennsylvania companies and involving at least two New York LCN Families and one Pennsylvania Crime Family. To understand organized crime involvement in waste hauling requires some knowledge of industry structure and the practical and legal considerations that provide incentives for both criminal and legitimate entrepreneurs.

Studies of organized crime encroachment into waste hauling have been sporadic, beginning as early as 1929,³ but a number of significant studies appeared during the 1980s.⁴ Two conclusions are common to all these studies. First, because of the economics of carting, the easiest way to ensure profits and avoid cut-throat competition is to establish illegal agreements that allocate territory and fix prices. Second, since illegal agreements cannot be enforced through legal remedies, this industry is amenable to the extra-legal dispute settlement mechanisms offered by organized crime.

Historically, waste hauling has been an area of enterprise affording relatively easy entry for would-be entrepreneurs; ostensibly, all that is required is the purchase of a truck and

the hiring of workers, typically at low wages. However, ease of entry generates fierce competition as new businesses seek to break in by offering lower prices. Carters, therefore, sought to divide their territories in such a way that each operator would have some reasonable guarantee of profits.

Such territorial agreements serve to stabilize the market and permit waste haulers to plan their operations with greater predictability and profit. An operator with an enforced territory could more easily plan for the service and garaging of trucks, the hiring of employees, and the maintenance of office space. However, any agreement to assign territories is contrary to the provisions of the Sherman Anti-Trust Act and, in addition, frustrates the competitive bidding laws of many local governments seeking to contract for waste disposal. When a territorial scheme is in place, government bids are rigged in such a way as to assure that the "owner" of the territory always is the "lowest bidder" for the job.

Because the carting industry sought to eliminate competition by creating a business arrangement that was not legal and, thus, unenforceable through ordinary legal channels, it was amenable to offers of extra-legal dispute settling mechanisms that would arbitrate and enforce an illicit system of territories known as "property rights." A "property rights" system enforced by racketeers has been endemic to the waste hauling industry for decades.

Organized crime can enforce "property rights" through threats, property damage, influence with corrupt political figures, economic coercion, or through violence including murder. For a fee, organized crime could offer haulers stability and profitability. Harold Kaufman, former New Jersey waste hauler, testified before the Crime Commission that LCN associate

Carmine Franco mediated disputes between haulers there:

"We called it the grievance committee. There was six people that sat like you gentlemen are sitting, (they were) the jury, the judge and (made) the final decision."

When racketeers were invited in to help organize the market, the result was a cartel that permitted territories to be bought and sold much in the manner in which the state charters public utilities with exclusive territorial rights.

Racketeering in the waste hauling industry entails large costs to government, to business, and to private citizens. Although precise estimates are almost impossible, an analysis of data from Long Island, NY, suggests that the average price paid for commercial trash services there may have been 50 percent higher than it would have been with competition.⁵

Recent regulation of the waste disposal industry has changed that industry dramatically and has caused the LCN Families of New York and New Jersey to attempt to expand the area of their influence to cities and states beyond those which they previously dominated (*e.g.*, Greater New York City/Northern New Jersey). During the 1980s, the federal government and a number of states, including New York and New Jersey, began enforcing a number of new environmental regulations covering the waste disposal industry. Those regulations closed a number of existing landfills and disposal facilities in New York and New Jersey and also restricted the opening of new waste disposal facilities. Laws in New Jersey also required cartage company principals to submit to a background investigation in an attempt to rid the industry of organized crime influence.

The costs of disposing of solid, industrial, medical, and hazardous waste have sky-rocketed because of the higher landfill costs and application fees. A new waste disposal industry, —*i.e.*, recycling, has been developed.

The closing of the New York and New Jersey waste disposal facilities has caused waste carters in those

states to seek out new areas, outside those states, in which to dispose of their waste. In the first quarter of 1989, for example, 700,000 tons of New York and New Jersey waste were disposed of in Pennsylvania landfills.

As befits criminal entrepreneurs, New York and New Jersey LCN Families have recognized that if they are able to influence landfills, waste transfer stations, and waste brokering outside New York and New Jersey, they can expand their influence into those states and corner the New York/New Jersey waste industry by forcing those cartage firms to go through them to dispose of their waste.

During its investigation, the Pennsylvania Crime Commission also received evidence that the LCN has begun to make inroads in the recycling industry.

LCN's Involvement in Pennsylvania's Waste Industry

In 1989, the Pennsylvania Crime Commission held public hearings to investigate the extent of organized crime influence and control of the Pennsylvania solid waste disposal industry, its economic impact, and its potential effect on the environment. The Crime Commission also investigated various business entities that transport solid waste from other states into Pennsylvania, and it heard testimony regarding legislative strategies employed in New Jersey to combat the problems of organized crime in the waste disposal industry.

This preliminary investigation only scratched the surface of the waste industry. Traditional investigative techniques into the industry are handicapped by the use of "fronts" and "straw partners" to hide ownership of companies by persons with ties to organized crime. Sophisticated financial investigations will be required to uncover the full extent of these

schemes.

Through cooperative efforts with New York and New Jersey authorities, the Crime Commission was able to document several illustrative examples. The below cases reveal the involvements in Pennsylvania waste hauling by both the Lucchese and Genovese Crime Families of New York, as well as the Bufalino Family of Northeastern Pennsylvania.

Tiger Express, Inc., t/a: Tiger Management

The Crime Commission uncovered evidence of La Cosa Nostra involvement in the solid waste industry in the Greater Pittsburgh area. The case of Tiger Express, Inc., trading as Tiger Management, was an example of how La Cosa Nostra acquires relationships in the solid waste industry. Tiger Express, Inc., of Pittsburgh, was incorporated in Pennsylvania on August 29, 1984. On March 10, 1988, Tiger Express, Inc. filed a statement with the Pennsylvania Department of State that it intended to operate under the name Tiger Management. Its activities included the trucking of solid wastes from other states, including New York and New Jersey.

Tiger Management acted as a waste broker (a person or company which obtains contracts for "air space" at landfills and then sells that air space, along with transportation services, to waste generators such as transfer stations and waste haulers). Tiger Management ultimately brokered waste from New York and New Jersey to landfills in Pennsylvania and Ohio.

The corporate officers of Tiger Management included Ronald Faherty, Richard Parker, Sr., and Douglas Campbell.

In 1988, Tiger Management sought a "sales force" in New Jersey and hired several organized crime members and associates as their sales force. That sales force included Peter Chiodo, 40, a caporegime in the Lucchese LCN Family who has been convicted of criminal possession of a weapon, larceny, and attempted

robbery; Michael DeSantis, 37, a soldier in the Lucchese LCN Family, who has been convicted of mail fraud; Lawrence Ricci, 45, who is an associate of the Genovese LCN Family; Sal DiDonato, 40, an associate of the Lucchese LCN Family; and Thomas Carew, an associate of the Lucchese LCN Family who has been convicted of reckless endangerment, conspiracy, and attempted robbery.

The relationship between Tiger Management and these members /associates of the Lucchese LCN Family was beneficial to both entities. Members of organized crime, well aware of their notoriety, frequently utilize "fronts" or surrogates to disguise their involvement in legitimate businesses. Fronts, ostensibly respectable businessmen, serve to deflect the attention of law enforcement and regulatory agencies, thus permitting criminal sponsors the opportunity to clandestinely pursue their criminal activities. Such was the case with Tiger Express in its role as a front for New York organized crime figures, including Peter Chiodo.

Likewise, Tiger Management needed an "organized crime" spokesman in order to generate business in New York and New Jersey. The past decade is replete with examples of organized crime's involvement in and control of segments of the solid waste industry in New York and New Jersey. To operate in such markets, one needs to "play the game" and abide by the rules dictated by the established organized crime members and their associates. To refuse is to court disaster.

One waste broker testified before the Crime Commission concerning the need for a "backer" in order to operate in New York and New Jersey.

PCC: Earlier... you indicated that... to have a connection such as Tiger Management's would be to your advantage in operating in New York and New Jersey, is that correct?

Witness: Yes.

PCC: Were you, in fact, told that if you wanted to operate in New York and New Jersey it would be to your benefit to also become so-called connected?

Witness: Yes.

PCC: Why would that be?

Witness: Well, I imagine if you are playing in someone's ball park you have to play by their rules.

PCC: The implication of that statement is that in New York and New Jersey organized crime controls the solid waste industry.

Witness: Well, I don't know if they control it, but they certainly seem to have a lot to do with it.

Chiodo, DeSantis, and their associates had New York connections to generate the waste business for Tiger Management as well. Those contacts included Salvatore "Sammy" Gravano, the Gambino Family consigliere who was recently indicted with John Gotti.

The Involvement of William D'Elia, Member of the Bufalino LCN Family, in Solid Waste

The Crime Commission also received testimony that William D'Elia, a significant member of the Bufalino LCN Family, also entered into the waste industry as a "waste broker." According to testimony received by the Crime Commission, D'Elia, along with Mahlon Lauer of Easton and Sal DeFrancesco of Pittston have offered waste generators and other waste brokers air space at four Pennsylvania landfills, including the Keystone Landfill in Dunmore.

The Commission determined that Bufalino LCN Family consigliere Edward Sciandra joined in D'Elia's efforts by placing D'Elia in contact with New York City waste haulers. D'Elia has also received assistance from LaRocca/Genovese LCN member Joseph Naples in attempting to locate "air space" at landfills.

Mahlon Lauer has previously been the subject of a Pennsylvania Crime Commission investigation. In the early 1980s, Lauer formed a company, Lauer Investment Company, Inc., which, in 1981, became the sole representative of a Korean company to purchase anthracite silt in the United States. The Crime Commission investigation uncovered evidence that Lauer later shipped the Korean company substandard coal silt and

falsified analysis reports to report that the silt was up to standards. As the result of that investigation, Lauer was charged with and convicted of conspiracy in the Northampton County courts.

Carmine Franco and His Role in Philadelphia Recycling and Transfer Station, Inc.

As stated earlier, one of the ways that organized crime has controlled the waste industry in New York and New Jersey is through trade associations which enforce property rights schemes. In the late 1970s, Carmine Franco, a close associate of Genovese LCN Family member Tino Fiumara, was the president of the Trade Waste Association in New Jersey which enforced property rights among Northern New Jersey waste haulers.

Testimony received by New Jersey authorities indicated that Fiumara controlled that association through Franco. In 1980, Franco, the Trade Waste Association, and a number of its members were indicted and convicted of conspiracy charges arising from anti-trust violations. In September of 1987, after lengthy litigation, the New Jersey Department of Public Utilities, which oversees solid waste haulers in New Jersey, issued an order prohibiting Carmine Franco from managing or owning or participating as a principal in any solid waste business organization within the state.

Soon after being barred from the New Jersey waste community, Franco began purchasing garbage routes in the Philadelphia area. Since then, he has acquired an interest in three waste firms which operate in the Philadelphia area: the Philadelphia Recycling and Transfer Station, Inc., which operates a solid waste transfer station that accepts waste from Pennsylvania and New Jersey haulers; AAA Waste Disposal Corporation, which has garbage routes in Pennsylvania and New Jersey; and Northeastern Recycling, which hauls recyclables from New Jersey and Pennsylvania companies.

Franco has not limited his Pennsylvania involvement to transfer stations

and garbage routes. Franco was also a member of the Waste Management Advisory Board for the Waste Management Division, Royal Bank of Pennsylvania, Narberth. This bank has issued a number of loans to New Jersey and New York waste firms, some of which had ties to New York LCN Families.

One of those loans, which totaled \$10.3 million, was made to Suburban Carting of Westchester County, NY, the president of which was Thomas Milo, 247 Pelhamdale Avenue, Pelham, NY. Milo, who is an associate of the Genovese LCN Family, was under indictment in New Jersey at the time that the loan was issued. The bank also issued almost \$3 million in loans to companies owned by Carmine Franco or members of his family.

HZL Corporation

The Crime Commission also received testimony concerning HZL Corporation of Clarks Summit, and Long Island, NY, which, during 1988, made application with the Pennsylvania Department of Environmental Resources to open and operate a landfill in Susquehanna County. The original owners and officers of HZL Corporation included Thomas Hroncich of Long Island, NY.

Hroncich, who was formerly the Commissioner of Environmental Control for the town of Islip, NY, was formerly a business partner in Waste Alternatives, a Long Island waste transfer station, with Salvatore Avellino, a member of the Lucchese LCN Family.⁶

During 1987, Hroncich, Avellino, Thomas Ronga, an Avellino associate; and several other individuals visited a site near Nanticoke. Hroncich was attempting to convince Avellino and Ronga to invest in the opening of a Pennsylvania landfill. Hroncich contends, however, that Avellino was not interested in becoming involved with a landfill, nor was Ronga. Sometime thereafter, HZL Corporation was formed and made application with the Pennsylvania Department of Environmental Resources to open the Susquehanna County landfill. HZL's

Department of Environmental Resources application was ultimately denied. HZL appealed that decision.

The Crime Commission investigation of the state's solid waste industry clearly documented that New York LCN Families had begun an incursion into Pennsylvania's waste industry. If history is an indicator of what the future holds, it is apparent that the techniques and strategies used by these organized crime elements to dominate that industry in New York and New Jersey will be used here in Pennsylvania. A number of the experts testifying before the Commission proposed the passage of "Operator Integrity Legislation" to combat the infiltration of the Pennsylvania solid waste industry by LCN figures.

Other New York and New Jersey Incursions into Pennsylvania

As the examples below make clear, the growing presence of "outside" LCN involvements in the Commonwealth will be one of the major challenges facing law enforcement in the 1990s. The list below is only a representation of some activity by out-of-state LCN figures within Pennsylvania.

John Gotti, Gambino Family boss, maintains a lavish estate in Milford. Gotti is often chauffeured to this estate by Bart Borriello of Kresgeville, who also serves as his bodyguard. This estate was purchased for \$300,000 in 1988 by Gotti's son-in-law and his son, John Gotti, Jr. The younger Gotti was recently inducted as a soldier in the Family. (Approximately 30 other organized crime members/associates are known to have homes in the Poconos.)

A number of large Pennsylvania sports bookmakers, including Frank Unis, Jr., of Aliquippa, use the layoff services of the Gambino LCN Family. In 1989, Unis was arrested by the Pennsylvania State Police for gam-

bling, an operation that grossed \$600,000 between November 11 and 28, 1988. Unis would lay off to Joseph Costa, who was part of Gotti's empire in New York.

Theodore J. Fanucci, Peckville, and John "Moose" Marrone, an associate of the Genovese LCN Family, were involved together in a bookmaking operation in Pennsylvania. Both have been heavily involved in loansharking and gambling. Fanucci was recently released from federal prison for his involvement in the receiving of stolen federal surplus food stuffs. Fanucci is also a close associate of William D'Elia, a member of the Bufalino LCN.

Vincent J. Lore, Lake Ariel, is an associate of the Genovese Family but also maintains relationships with the Lucchese and Gambino LCN Families. Lore was arrested and convicted for his involvement in a heroin importation scheme linked to the Sicilian Mafia.

The underboss of the Lucchese LCN, Anthony Casso of Brooklyn, NY, has been involved in two transactions in Pennsylvania. One involved Philip Forgione of Scranton, an associate of the Bufalino LCN, in the fencing of stolen watches obtained from a Casso-led burglary team, and the other involved Philip DiRosa of Johnstown, in the laundering of monies through his pizza shops.

Philip Cimmino, an associate of the Bonanno Family, operated in Pennsylvania in the mid-1980s and is currently in federal prison for trafficking in counterfeit goods. Cimmino, with a long history of involvement in drug trafficking, had business and banking relationships in the Lehigh Valley.

Several members of the Colombo LCN, now headed by Carmine Persico, have business interests in Pennsylvania. For example, Thomas Petrizzo, a soldier in the Family, was the sole owner of A.J.R. Coating Divisions, Inc., of Bath. Salvatore J. Profaci of Holmdel, NJ, a caporegime in the Colombo Family, owns a 40 percent interest in Sun Re Cheese, Inc., of Sunbury.

The Pennsylvania presence of the DeCavalcante Family (the only New Jersey LCN Family) involves SMS

Manufacturing of Lakewood, NJ, which uses RMV Sales, Imperial, to distribute its video poker machines.

In Pennsylvania, Sicilian Mafia members have been involved primarily in the importation of heroin and money laundering (see Chapter 3):

- Simone Zito, of Eagleville, was convicted of supervising an international heroin and cocaine network on behalf of the Sicilian Mafia. An accomplice, Ignazio A. Mannino, also of Eagleville, was convicted of heroin importation in September 1989.

- Mario DiPasquale, Altoona, was involved in laundering drug money for the Sicilian Mafia. He, his brother, Sergio, and wife, Epifania, were convicted in absentia in Italy for their involvement in a ring that imported 40,000 kilos of heroin.

- Albert Ficalora, Ambler, convicted of heroin trafficking on May 7, 1984.

- Salvatore Salamone, Bloomsburg, convicted of money laundering on March 2, 1987, and firearms violations on October 7, 1987.

- Filippo Salamone, Freeland, brother of Salvatore, convicted of laundering drug money for the Sicilian Mafia on March 2, 1987.

- Vito Buzzetta, of Wind Gap, and Enrico Termini of Easton were convicted of distribution of heroin for the Sicilian Mafia on November 19, 1982.

(Washington, D.C., 1981) [Hereinafter: "Subcommittee Report"]; New Jersey Commission of Investigation, *Solid Waste Regulation* (1989) [Hereinafter: "NJSCI Report"]; Reuter, *op. cit.*

5. Reuter, at p. 9.

6. Salvatore Avellino was identified as a member of the Lucchese LCN Family by Ronald Goldstock, Director of the New York State Organized Crime Task Force during 1985 hearings of the President's Commission on Organized Crime. He described Avellino as "...the family member with direct managerial responsibility for the carting industry," and also as the driver for Tony "Ducks" Corallo, boss of the Lucchese Family.

ENDNOTES

1. Public Hearing before the Pennsylvania Crime Commission, November 16, 1989.

2. New Jersey Division of Criminal Justice, Northeast Hazardous Waste Project, *Understanding Hazardous Waste Crime*, 35 (1986).

3. Peter Reuter, *Racketeering in Legitimate Industries: A Study in the Economics of Intimidation*, (National Institute of Justice, U.S. Department of Justice (1987) [Hereinafter: "Reuter"], at pp. 1-2, citing John Landesco, Illinois Crime Survey Part III, (1929), reprinted in *Organized Crime in Chicago*. (1968) [Hereinafter "Landesco"].

4. See, for example, New York State Assembly Environmental Conservation Committee; Chairman Maurice D. Hinchey, *Organized Crime's Involvement in the Waste Hauling Industry*, (1986); *Organized Crime Links to the Waste Disposal Industry*, Hearing Before the Subcommittee on Oversight and Investigations of the Committee on Energy and Commerce, U.S. House of Representatives

THE CHANGING FACE OF TRADITIONAL ORGANIZED CRIME

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THE CHANGING FACE OF TRADITIONAL ORGANIZED CRIME

Law enforcement and organized-crime observers have different views about the future of La Cosa Nostra Families in the United States. Some believe it "is the twilight of the Mob. It's not dark yet, but the sun is going down." Others disagree, pointing out that LCN activities are as extensive today as a decade ago and that mobster recruitment and replacement continues unabated.

Pending Demise of LCN Theory

In April 1988, FBI Director William Sessions summed up the successes of federal and state law enforcement against La Cosa Nostra since 1981 in testimony before the U.S. Senate Subcommittee on Investigations. He noted that more than 1,000 members or associates had been convicted and sentenced to prison. He pointed out that the hierarchies of many LCN Families had been crippled. Sessions further added that by building on the recent successes, expanding intelligence and implementing a comprehensive national strategy, LCN could be eliminated as a criminal threat: "It is possible to remove La Cosa Nostra as a significant threat to American society."¹

Jim Moody, chief of the FBI's section on organized crime, was quoted on December 31, 1990 as saying "If we can maintain our investigative, prosecutive effort against them (the LCN), we can destroy them in 10 years."

A combination of law enforcement pressure and demographic changes are responsible for LCN's decline, according to those in agreement with that view.

• Adoption in the early 1980s by the Justice Department and the FBI of a long-term strategy using the RICO

statute to develop cases against the LCN Families as criminal enterprises.

• The movement of white populations from urban neighborhoods. This diminished LCN's political influence, which was strongest in white/ethnic sections of big cities, and the protection that organized-crime bosses often got from the local police and politicians.

• The assimilation of Italian-Americans into mainstream American culture and, with it, the slow Americanizing of the LCN that has lessened the strong attachment to kinship and honor (the "slipping of family ties"). The old-timers who exhibit the strongest values of LCN are aging and slowly dying. They are being replaced by younger mafiosi who do not possess the same values.²

• Increasing difficulty for LCN to recruit "able" rank-and-file members and nonmember associates.

— recent law enforcement successes and members-turned-informants have made LCN less attractive to prospective recruits, relative to alternatives, than it once was.

— newer members are apt to be younger with new values. The "new breed" may put their own interests before those of LCN, which leads to breaking the code of silence, etc.

• According to some, the new generation of LCN leaders who took control after the convictions or deaths of previous bosses and capos, were less competent than their predecessors.

• The growing number of dissident members who question the leaders' total authority.

• The emergence of crime groups composed of Asians, Colombians, Blacks and the Sicilian Mafia, a powerful unit that operates independently of America's La Cosa Nostra.

— these groups control inner-city drug distribution and are thus wealthy and influential.

— some say LCN lacks the nerve and

ability to compete violently with the new underworld rivals. "The new drug gangs are wild groups, and the old-timers don't want any confrontations with them," says Ralph Salerno, a former New York City supervisor of detectives and consultant to Congressional committees on organized-crime matters.

LCN Remains Viable Theory

The optimistic prediction of LCN's demise, however, is contradicted by summaries of FBI field reports. For example:³

The field office from Chicago: "These [prosecutions] had a tremendous impact on the hierarchy of the Chicago LCN but had little effect on LCN-related activity... other LCN members were simply promoted to replace those who have been incarcerated."

Detroit: "Criminal prosecutions of the LCN in Detroit during the past 10 years have had little impact on their overall activity."

Kansas City: "...the activities of the LCN in Kansas City [have] remained relatively unchanged ... [despite] convictions of... LCN bosses and members."

Los Angeles: "These prosecutions have caused a decrease in the overall criminal activity of the Los Angeles LCN [F]amily. However, these prosecutions had no impact on the LCN members from other LCN families who have relocated to the Los Angeles area.

Miami: "During the past 10 years, the activity of the LCN in Miami does not appear to have diminished in spite of the criminal prosecutions that have taken place."

Newark, New Jersey. "The Genoese LCN [F]amily has a huge oper-

ation in New Jersey, and its structure has essentially remained intact despite the removal through prosecution of many significant members and associates. Also during the same time period, criminal prosecutions of organized crime have impacted on the DeCavalcante LCN [Family to such a minimal degree that their overall activity has remained unchanged and may even have increased.]

Within Pennsylvania, the three LCN Families have been targeted with repeated prosecutions, many of them successful, of their leadership. In Northeast Pennsylvania, the Bufalino Family appears to be going out of existence as a unit. In Pittsburgh, the mob reorganized under a new boss and appears to be doing well. Some aspects of the Philadelphia LCN have declined in recent years (*e.g.*, extortion, labor racketeering), but other aspects persist (*e.g.*, gambling). There also appears to be greater involvement by the New York LCN Families in Pennsylvania than at the start of the decade. The LCN, as its history shows, is flexible, practical, and adaptive.

Influences on the LCN's Future

Besides the level of law enforcement pressure, the critical factors determining the LCN's future are its ability to recruit and the presence of an ongoing clientele for its illegal goods and services.

There is ample evidence that fertile recruiting grounds continue to exist within Italian-Sicilian neighborhoods in urban areas—where Mafia-based organized crime has always been a part of the landscape. The values and traditions that formed this landscape continue to remain in force.

The traditional bounds of neighborhood and family, and defense of one's own kind, prevail. Family loyalty is central, and there remains an Old World outlook in which one's morality is limited to family members; one should not trust strangers, and may

advance one's interest at the cost of strangers.⁴

An example of that is found in Philadelphia, according to organized-crime writer Stephen Rivele:⁵

"South Philadelphia ... is a self-contained culture.... Ringed by neighborhoods of Irish and Blacks, Italian South Philadelphia is a world which turns upon itself. It is insular, sometimes suspicious, often intolerant of outsiders."

There also is an abundance of young "toughs" who covet the fear and respect that mafiosi still engender in many Italian-American neighborhoods. These "mob-wannabes" frequently are high school dropouts (Italian-Americans have the highest dropout rate of white ethnic groups in the New York City area)⁶; many have kin or older male associates with ties to the "mafia."

A one-time associate of the Philadelphia LCN has observed:

"South Philly hasn't changed that much—it's close-knit. [The] Mob is still respected. [There are] lots of macho-guys who wanna become big time."

An associate of the Pittsburgh LCN has noted:

"Some [Italian] neighborhoods have changed but many haven't. There are plenty of guys who want ties to the Family—not so much to be a member but some association. If crime is your thing, it's [The Family] the main show in town. The feds may knock them down for awhile but they'll come back. The Italians will always control the gambling. It's their birthright."

Joseph Pistone, a former FBI agent who spent six years working undercover as "Donnie Brasco" and infiltrated the Colombo and Bonanno LCN Families, has concluded that it is the subculture of Italian neighborhoods (*i.e.*, those with roots in Southern Italy) which has supported LCN that causes it to still exist. Breaking up the LCN requires breaking down this subculture. He states that, "...there is a large pool of potential members and leaders just waiting to take over from those we convict."⁷

He also notes that Sicilians who still

maintain the older values and traditions are starting to fill some vacancies. And, there is always the potential for importing recruits from Sicily and Southern Italy.

In the area of a continuing clientele, the general public in Pennsylvania or across the United States does not appear to be ready to stop using criminal goods and services. The messages sent about the dangers of drugs appear somewhat effective, but drugs are only part of the LCN empire, unlike other crime groups such as the Colombians who specialize in narcotics.

Organized crime has been noted for finding emerging markets and organizing them, for using new technology to provide the illegal goods and services. LCN is entrenched not only in illegal business, but in legitimate business.

Assessment

While La Cosa Nostra may be battered and ailing, it is premature to write LCN's obituary. Overall, the decade of the 1990s may see a Cosa Nostra that is restructured to exclude high-profile "Godfather" crime leaders who are easily targeted and prosecuted. It may see a Cosa Nostra that is more decentralized and more entrepreneurial than ever, taking lessons from the RICO prosecutions of the 1980s and from the successes of the drug entrepreneur groups. It may see an even more secret core organization, engaging in wider use of non-Italian associates, and guiding the provision of illegal services and legitimate goods. It may see the LCN evolving into an even more diversified multi-national conglomerate than it presently is.

The remnants of the Philadelphia LCN are likely to continue the Family's dominant influence in gambling and loansharking activities in the Greater Philadelphia area. But it will be sometime, if ever, that this Crime Family will exercise its high-profile influence in the political and business infrastructure of Philadelphia and

Atlantic City.

The Pittsburgh Family, which for so long has quietly thrived, was jolted at the onset of the nineteen-nineties decade by significant prosecutions. This Family, however, is so entrenched in Western Pennsylvania, that, without an extraordinary law enforcement effort, its criminal activities are unlikely to be curtailed (very much) in the decade ahead.

Finally, Pennsylvania may experience the expanding involvement within its borders not only of the New York LCN Families but of the Sicilian Mafia as well.

ENDNOTES

1. United States Senate. 1988. *Organized Crime: 25 Years after Valachi*. Testimony of William S. Sessions, Director, Federal Bureau of Investigations, Committee on Governmental Affairs. Washington, DC: U.S. Government Printing Office.
2. See, for example, testimony of Joseph D. Pistone, former Special Agent, Federal Bureau of Investigation. United States Senate. 1988. *Organized Crime: 25 Years after Valachi*. *op. cit.*, pp. 201-217.
3. See *Organized Crime: 25 Years after Valachi*, *op. cit.*, pp. 29-30.
4. See Nathan Glazer & Daniel P. Moynihan. 1970. *Beyond the Melting Pot*. Cambridge, MA: MIT Press; Jonathan Rieder. 1985. *Canarsie*. Cambridge, MA: Harvard University Press.
5. Joseph Salerno and Stephen J. Rivele. 1990. *The Plumber*. New York: Knightsbridge, p. 2.
6. "20 Percent Dropout Rate Found for Italian-Americans." *The New York Times*. May 1, 1990. p. B4.
7. Testimony of Joseph D. Pistone, former Special Agent, Federal Bureau of Investigation. *Organized Crime: 25 Years after Valachi*, *op. cit.*, p. 207.

CHAPTER

6

OUTLAW MOTORCYCLE GANGS

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SYNOPSIS

- **Outlaw motorcycle gangs, numbering more than 200 nationwide, have been in existence since the 1940s. The term "outlaw" describes bikers who belong to groups which are outside the mainstream of motorcycle enthusiasts represented by the American Motorcycle Association.**
- **Outlaw motorcycle gangs in Pennsylvania during the decade included the Pagans, the Warlocks, the Wheels of Soul, the Breed, the Iron Coffins, and the Phoenix.**
- **There is a subculture of motorcycle gang activity including wearing "colors" (club identification), performing outrageous acts, maintaining a macho image, and heavy use of alcohol and drugs.**
- **The structure of outlaw motorcycle gangs includes "mother clubs" (ruling bodies), chapters, chapter officers, written bylaws and a membership process.**
- **Outlaw biker clubs today are entrenched narcotics traffickers, especially methamphetamine and cocaine; other criminal activities include burglary, sale of stolen property, violence, and vice-related criminal services such as prostitution. The structure of club is well-suited for drug trafficking**
- **Outlaw clubs involve a large number of associates who do much of the "street" work (e.g., selling drugs) for the membership and who help to insulate the leadership.**
- **Women are treated as property; they are frequently used in accomplice roles such as selling drugs.**
- **There are some similarities between Outlaw biker gangs and LCN (e.g., both are self-perpetuating crime organizations) but major differences as well.**
- **Large numbers of outlaw bikers and associates were prosecuted and imprisoned during the decade, mainly for narcotics trafficking. Several major RICO prosecutions decimated the Pagan Motorcycle Club, especially its hierarchy.**
- **Although not as sophisticated as some other organized crime groups in the state, the major biker groups such as the Pagans and Warlocks remain a serious organized crime threat in the state. Most members are hard-core criminals; the biker network of contacts provides a distribution chain for narcotics and stolen property; and biker gangs have developed linkages with other organized crime groups.**

OUTLAW MOTORCYCLE GANGS

Outlaw motorcycle gangs represent a continuing organized crime threat to society. Although they are best known for showy displays of motorcycle power and machismo, in reality they are entrenched narcotics distributors and purveyors of vice-related criminal services. The exact number of outlaw motorcycle gangs in the United States is unknown. Estimates range from 200 to 400 nationwide, although many are small, local, and relatively unorganized. At the other extreme there are a handful of large and highly structured criminal organizations whose membership and activities span states and even countries.

In Pennsylvania, there are two primary outlaw biker groups—the Pagans and the Warlocks—and several smaller groups. Their members have been engaged in narcotics distribution, prostitution, kidnapping, burglary, sale of stolen property, and murder. Both the Pagans and the Warlocks were heavily involved in methamphetamine trafficking in the early 1980s and in recent years, their drug activities have been expanded to include cocaine trafficking. Other groups active in the state have included the Wheels of Soul, the Breed, the Iron Coffins, the Phoenix, and other smaller groups.

Law enforcement vigilance and some successful prosecutions have thinned the ranks of outlaw biker groups in the state, but their influence and strength in the Commonwealth have not diminished appreciably since the decade began. However, some biker groups have become more circumspect in their activities because of successful RICO prosecutions.

History

Outlaw motorcycle gangs first appeared in Western United States (particularly in California) following World War II when some combat

veterans found it difficult to adjust to peacetime conditions. Motorcycle-riding veterans gravitated toward one another and formed loosely-knit clubs, which became a source of continued quasi-military camaraderie for the members. The motorcycle emerged as a symbol of freedom and the bikers increasingly rankled the public with their fast riding, hard drinking, and toughness.¹

The increased notoriety of some clubs caused motorcycle gangs to be perceived as a nuisance, if not as a threat, to local communities. National attention first focused on the gangs in 1947 when some biker groups raided Hollister, a small town south of Oakland, CA. This incident made headlines across the country and established the motorcycle gangs image as "outlaws"—the term first used by the sheriff of Riverside to distinguish these aggressive southern California bikers from mainstream motorcycle enthusiasts. The Hollister incident gave rise to an important outlaw biker tradition—the annual July Fourth run. The incident also inspired the 1954 film *The Wild Ones*, starring Marlon Brando and Lee Marvin, a movie which glorified the outlaw style and aided immensely in gang recruitment.

The term "outlaw" is used to describe bikers who belong to any one of dozens of motorcycle clubs throughout the United States that are outside of the organized mainstream of the American Motorcycle Association. Another descriptive term is "one percenter," which refers to a statement made by an official several years ago that 99 percent of the people who ride motorcycles are law-abiding citizens. Outlaw bikers view themselves as outside of that 99 percent. They view themselves as a fraternity of men whose lifestyle is the antithesis of conventional society. The sense of ganghood is reflected in macho images, tattoos, the denigration of women, special attire

(e.g., "colors"), and official titles.

Adopting a name favored by World War II fighter pilots, the Hells Angels were formed in 1948. Eventually the Hells Angels were to become the predominant outlaw biker club, and its organizational structure was copied by other clubs. The Hells Angels eventually became national and then international, with as many as 64 chapters in 13 countries. Until the late sixties, however, the Hells Angels were virtually unknown outside of California. But massive publicity and the Vietnam War changed this relative obscurity.

Ironically, law enforcement played the role of catalyst in revitalizing the Hells Angels when, in 1965, the California attorney general publicized their violent activities in his annual report. The report, in turn, generated an article in the *New York Times*, followed by features on the Hells Angels in *Time*, *Newsweek*, and other major magazines and by radio and television publicity. All of this media attention fueled interest in the Hells Angels and other outlaw motorcycle clubs.

Two years later, in 1967, the outlaw motorcycle mystique was further enhanced by the film *Hells Angels on Wheels* starring Jack Nicholson and Ralph Barger, the president of the Hells Angels. Additionally, as was the case after World War II, disgruntled veterans returning from the Vietnam War during the late 1960s and early 1970s swelled the membership in outlaw motorcycle clubs. Not only did established clubs such as the Hells Angels issue many new charters and become national in scope, but many new outlaw clubs came into existence.

Moreover, during the 1960s, outlaw bikers cashed in on the hippie drug market and formed an uneasy kind of symbiosis with hippie drug consumers. By the early 1970s, a number of outlaw motorcycle clubs had emerged as highly-structured and

somewhat disciplined organizations whose major source of income was from criminal activity, in particular, drug trafficking. Even though many of the rank-and-file remained dedicated largely to hell-raising and partying, the hierarchy of outlaw biker clubs had become increasingly entrepreneurial and adept at exploiting the gang's resources and reputation (*e.g.*, ability to intimidate) for criminal pursuits.

Major Outlaw Biker Clubs

Although most of the estimated 200 to 400 outlaw biker clubs are local groups with only 15 or 20 members, by the early 1970s four groups were recognized by law enforcement officials as sophisticated criminal organizations. Those four continue to be the best known and most prosecuted: (1) Hells Angels, located in California and on the East Coast; (2) Outlaws, centered mostly in the Midwest and Florida; (3) Bandidos, located in the South and the far Northwest; (4) Pagans, located in Pennsylvania and other eastern states.

The Pagans are the only one of the "Big Four" without international chapters, although they do have ties to outlaw biker groups in Canada. Other large biker groups include the Avengers—located mainly in Michigan, Ohio, and West Virginia; the Gypsy Jokers in the Pacific Northwest; the Hessians in Las Vegas, Nevada; the Dirty Dozen in Arizona; the Vargos in California; and the Warlocks—located mainly in Southeastern Pennsylvania and New Jersey.

In recent years the trend has been for small, independent gangs to breakup or disband, with the gang's active members then switching to the larger gangs. In Pennsylvania, for example, the Iron Coffin gang of Erie disbanded in the early 1980s, and several of its members then joined the Pagans. The Pagans recently associated with the Phoenix motorcycle

club (approximately 40 members) which had been centered in Philadelphia. Some of the larger groups may also use the smaller, independent gangs as "enforcers" or as a "proving ground" for prospective members.

Structure

The Hells Angels and the outlaw clubs that have copied them exhibit a highly formal, hierarchial structure, consistent with their members' backgrounds as military veterans. Club structure involves an elaborate hierarchy, specialized units, and extensive written rules and regulations. Clubs have surprisingly sophisticated constitutions and bylaws. Members pay weekly dues, and chapters contribute a portion of those dues to the national headquarters.

Each of the major outlaw groups has what the Pagans refer to as a "mother club" that serves as the national headquarters and is composed of 13 to 20 members, each having authority over chapters in specific regions. Depicted below is a typical national biker club hierarchy:

Mother Club - functions as the ultimate ruling body and policy-making body. Composed of 13 to 20 members, each controlling a specific geographical region.

President of Mother Club - controls club with authority over all members. In some clubs he is the supreme commander.

Vice President of Mother Club - takes over (usually) in case the president cannot serve.

Enforcer - Answers directly to the national president or to the mother club; heads the national enforcement unit and handles all special situations involving violations of club rules.

Secretary-Treasurer - Maintains records and is responsible for the club's finances, including the collection of membership dues.

The leadership hierarchy of an outlaw biker chapter (a group of five or more members who control a

specific region) generally consists of a president, vice president, secretary-treasurer, and sergeant-at-arms, usually elected for specific terms. Informal "leaders" typically emerge, however, and often exercise as much or more power than the elected officers. The chain of command frequently breaks down. In recent years, these informal leaders are usually bikers with special skills or contacts who are exceptional money-makers for the chapter and/or who provide members with drugs.

The structure of drug distribution networks involving outlaw bikers typically involves this same chain of command, and it is highly organized and coordinated. An outside supplier will provide the narcotics to a member of the mother club, who in turn provides the drugs to the chapter presidents in his general region. In the case of methamphetamine, a "cooker" or chemist may also be recruited, either to supply or manufacture the drug. Club presidents then divide the drug among the chapter members who market it through their associates. A kind of "tribute" system typically exists for club-sponsored activities such as drug trafficking, with mother club members receiving a percentage (usually about 10 percent) of the profits.

The formal structure of the outlaw club, nonetheless, is not necessarily the same as its economic structure, which tends to be fairly decentralized. Income-gathering activities frequently involve small, operationally independent units—small work groups or partnerships among members which may also include non-member associates.

Each member of the "Big Four" has about four to ten associates, who, in turn, may have their own networks of associates. It is through the biker associates that club members insulate themselves from direct criminal involvement. They use hangers-on and other "flunkies" to conduct thefts or administer beatings; they use barmaids and waitresses to deal drugs; and they use their girlfriends to buy real estate and purchase or rent vehicles. Thus, each member

is more or less the hub of a crime network that, although tied to every other member through the structure of the club, operates independently or in partnership arrangements.

Although as organized "on paper" as La Cosa Nostra, in practice, the outlaw biker clubs tend to be a rather disorganized collection of individuals who are bent as much on hell-raising as on criminal activity. In some respects outlaw bikers—especially the rank-and-file membership—resemble overgrown delinquent gangs inclined toward machismo, fellowship, and flagrant disorderliness rather than profit-making. However, the leaders of outlaw biker clubs tend to be strongly focused on money or profit gained from illegal means, and they have become increasingly proficient at exploiting the rank-and-file for such ends.

Membership

Outlaw clubs limit membership. The typical member is white, male, in his 20s or 30s, frequently a veteran, and generally from a blue collar background. Many outlaw bikers were streetwise, hard-drinking, barroom-brawling roughnecks prior to becoming gang members. In the United States there are no known cases of Black males holding membership in the Big Four (Hells Angels, Outlaws, Bandidos, or Pagans). However, there are predominantly Black clubs with white members. In the Mid-Atlantic States, four gangs have been identified as multi-racial or all Black. The Thunderguards and Ghetto Riders are all Black. The Rare Blood and the Wheels of Soul are racially-mixed gangs with both Black and white members.

Prospective members—called "prospects" or "wannabes"—must be introduced to the group by an existing member. Initiation into a club differs somewhat with each club and chapter. A multi-part initiation takes place over a period of time and usually centers around sex, liquor, and

a variety of criminal acts. It has been said that a person can't be squeamish about anything and be a "righteous" outlaw biker. Such requirements contribute to group solidarity and also inhibit law enforcement from infiltrating the outlaw clubs.

Smaller clubs are used as recruiting stations for the major motorcycle gangs. Sometimes, for example, entire small clubs are allowed to "prospect" the Pagans. If the Pagans do not like the smaller club, they take all the smaller club's possessions and then kick the "prospects" out.

A popular form of recruitment by Pagans and Warlocks is to set up a drug contact (or other criminal interest) with a member of a lesser motorcycle gang. Through this contact, the Pagan or Warlock can supply quantities of narcotics to the lesser club's member who will distribute the drug to his colleagues for street resale. This method provides the Warlocks or Pagans with insulation from street dealing and with a source of new members, and it perpetuates their drug enterprise.

Upon admission to full membership, a new member is permitted to don the club's colors, a privilege that parallels becoming a "made-guy" in traditional organized crime. The term "colors" refers both to a club's official emblem and to the sleeveless leather or denim jacket emblazoned on the back with the club logo. A member's first set of colors are referred to as "originals." They are treated with the sort of reverence other citizens reserve for the nation's flag: they must never touch the ground and may never be washed; and insults to the colors are not tolerated. Because a biker's colors are his most prized possession, "pulling of patches" is a much feared method of disciplining club members (a procedure akin to military ceremonies of "being drummed out of the corps"), and this act is also used to humiliate members of rival clubs.

Bikers and Other Crime Groups

Motorcycle gangs differ from traditional organized crime Families in several important ways. They are not ethnically homogeneous, nor are the groups based on blood ties or family loyalties. They adhere less to territorial boundaries. Furthermore, they are relatively recent in origin, dating from the years just after World War II. Also, outlaw biker groups openly display their membership and seldom engage in systemic forms of corruption.

However, there are some important similarities between the LCN and outlaw motorcycle clubs. Both have an elaborate hierarchical structure or chain of command, as well as formal rites to induct members; and both are self-perpetuating organizations whose criminal activities are diversified and dispersed geographically.

Frequent criminal alliances have existed, and continue to exist, between outlaw biker groups and members or associates of La Cosa Nostra. In Philadelphia, for example, a relationship between these two groups existed during much of the 1980s because of LCN involvement in the distribution of P2P, a necessary chemical for the manufacture of methamphetamine. In Pittsburgh, among other instances, several high-ranking members of the Pagans have been identified (and prosecuted) for participating in a cocaine distribution ring headed by Eugene Gesuale, an associate of the LaRocca/Genovese Family in Western Pennsylvania. The bikers included Daniel Zwibel, past national vice president of the Pagans; and Robert Fitz, past president of the Ohio Chapter. Also, Kenneth Overly, former president of the Greensburg Pagans, was receiving kilograms of cocaine from John Budesky, who was part of the Gesuale drug network (See LaRocca/Genovese Family).

Some friendly interaction between rival biker groups does exist. In prison, bikers are reported to stay together regardless of club affiliation.

In one Pennsylvania prison, by-laws of a motorcycle gang protection association—the International Prison Brotherhood—were found. During Daytona Bike Week 1990 (March 4-10), 30 Pagan members and four Warlocks met at Peggy's Bar in Flagler Beach, FL. Also observed meeting on March 7 were John "Oddball" McPhillips, president of the Warlocks Chester chapter; Dennis Midiri, president of the Warlocks Philadelphia chapter; and John Christopher "Mongoose" Turnbull, Pagan Mother Club member. At an October 1990 "swap" meet in Glenolden, Delaware County, then Warlock Delaware County chapter vice-president Louis Rivera and Pagan Barry Thomas were seen meeting privately. Several Warlocks attended the swap meet.

Other interactions between the groups are less friendly, but do demonstrate that a mediation procedure has been established. In the spring of 1990, the Pagans were recruiting new members in Collingdale, Delaware County. Warlock member Ray Conaway attempted to intimidate the Pagans into leaving the Collingdale area. In response, the Pagans sent Philadelphia chapter member Patrick "Ranger" Furlong, who sometimes acts as a "liaison" to the Warlocks, to meet with Conaway. The meeting was not successful and shortly afterward, Warlock and Pagan leaders met. The agreement reached was that if Conaway could not be "backed off" by the Warlocks, then the Pagans would handle him personally. Conaway backed off.

Other criminal associations of the motorcycle gangs are based upon supplying illegal goods. Paul Eiler, Warlock Motorcycle Gang member convicted with three others on narcotics and tax charges, has worked with a Colombian organization to receive cocaine. A court-ordered search of Eiler's home uncovered photographs of Eiler in Florida with Alvaro Meija, a principal contact in the United States for the Meija cocaine organization headquartered in Bogota, Colombia.

The Outlaw Biker Subculture

Outlaw biker clubs comprise a subculture with distinctive symbols, norms, and lifestyles. The very term "outlaw" is welcomed by members, who understand it to refer to one who demonstrates his distinctiveness by engaging in outrageous and even illegal behavior. A "righteous outlaw" is faithful to values such as male dominance, macho toughness, violence, force, and in-group superiority to the point of racism. Bikers are expected to engage in heavy drinking and drug use, to take part in impulsive and "outrageous" acts, and to treat women with contempt. Outlaw bikers adopt certain symbols that include beards, dirty jeans, engineer's boots, and cut-off jackets with club emblems, called 'colors,' sewn on the back. Weapons, including buck knives, guns of any sort, and chains are also favorite symbols. Such symbols serve as reference points for outlaw bikers in this country and even in Europe.

Numerous other patches, buttons, pins, medals, and decorations may also be worn. The greater the shock value, the more the outlaw biker likes it. For example, patches with wings signify various sexual acts performed before other members, with different colors to indicate the type of activity and the race of the woman. Members will also have a variety of tattoos, including a tattoo of the club's name anywhere on their body.

An outlaw biker's most prized possession, next to his colors, is his motorcycle. Its destruction by or loss to a rival gang not only means much loss of face but can also cause the member's expulsion from the club. The motorcycle is a requirement for club membership and is, in itself, a status symbol. It is a means of transportation and a mechanical object in which the bikers share a common interest. As a result, all gang members are expected to be experts in the repair, stripping, and customizing of motorcycles.

Members whose bikes are disabled and who can't participate in mandatory runs, for example, are humiliated by being forced to ride in a truck with women. Finally, the motorcycle, along with the dress of club members, helps to advance the image of the club as a disciplined, paramilitary organization. It has a certain shock value for the biker in his dealings with other gang members, law enforcement officers, and citizens.

Biker lifestyles express contempt over work, cleanliness, and orderliness. Most drift from one job to another or have no job at all. Despite their contempt for women, most are supported in part by their mates.

Women associated with the outlaw biker groups are treated as property—objects to be used, traded, or sold; or they may be used in "cover" or accomplice roles, such as carrying the gang's weapons or drug trafficking (see below). "Honies" or "sheep" are younger women, generally regarded as sexually available to any member desiring their services. "Old Ladies" are regarded as the sexual property of individual members, and they may wear patches indicating the member to whom they belong. Members may not share club secrets with their old ladies, who are often expected to support their men, and who are sometimes placed in jobs where they can infiltrate law enforcement operations.

Substance abuse is rampant among outlaw bikers, who will take or drink almost anything, frequently in large volume and in almost any combination. There is a rule against injecting addictive drugs, since addiction may make them unreliable, but the rule is selectively enforced in the interests of club elites, as are nearly all outlaw biker rules. Beer is consumed regularly and in large quantities. One source noted: "Where there are outlaw bikers one will usually find drugs, but one will always find beer."

One element shared by all members of outlaw motorcycle clubs is a penchant for violence, and violence pervades their world. Over the years

the motorcycle gangs have become more sophisticated in weaponry. Police raids have turned up plastic explosives, anti-tank and anti-armor weapons, remote control detonators for explosives, and bulletproof vests. These gangs have also developed the ability to detect electronic surveillance devices, and they use scanners to monitor police frequencies in the area in which the gang operates.

During the decade, Pagans and members of other outlaw groups have been involved in, or linked to, many acts of violence including assault, rape, extortion, kidnapping, torture, and murder. For example, after being stopped for a traffic violation, ranking Pagan member Glen Turner shot a New Jersey trooper in the face, an offense which brought him a 25-year sentence for attempted murder. Warlock Robert Nauss was convicted of first-degree murder in the hanging of his girl-friend; he subsequently escaped from Graterford prison and was recently recaptured.

Although some violence appears to be wanton or impulsive, much of it is instrumental, aimed at protecting drug territories; at intimidating potential competitors, or witnesses or juries in court cases; or at producing income by providing "muscle" to underworld figures or by carrying out contract murders. Although all outlaw groups share a sense of brotherhood which separates them from "citizens" or non-members, intergang fights occur frequently and are often vicious and deadly.

Nonetheless, various biker groups may occasionally interact both for criminal as well as social purposes (*e.g.*, runs or parties). In recent years interclub conflict has lessened as some biker clubs have united in order to market drugs and to split turf. One catalyst for these cooperative efforts has been prisons where members of rival biker groups may band together for running prison scams or for protection against other prison groups. The major form of cooperation among outlaw biker groups in criminal activity involves drug distribution. To a lesser extent, they may work together in trafficking

stolen firearms and motorcycle parts. For example, one of the RICO cases against the Pagans revealed that, despite the deep, racial hatred between them, the Pagans and the Delaware Thunderguards (made up mostly of Black males) were working cocaine deals together. The Pagans and Warlocks, long-time bitter rivals, now frequently cooperate in drug distribution.

There are several reasons why someone who likes to ride a motorcycle joins an outlaw club:

(1) Their creed: "An Act Against One Is An Act Against All." Their strength is in sticking together and, with the club behind him, a former "nobody" can invoke fear in others that would have been impossible before he became a member. Club involvement provides power, camaraderie, and a chance to be "somebody."

(See "Profile of a Pagan")

(2) Lifestyle: Gang members frequently adopt the commune lifestyle and seemingly live carefree lives. Plentiful free sex is available from a variety of club women and thrill-seeking minor girls. Drugs and alcohol are used freely, and no one in the club is put down for it.

(3) Income/livelihood: Unlike conventional society, steady employment is not necessary for acceptance. Members are free to support their needs anyway they wish. Some are employed at legitimate jobs, but most earn income from some illegal source. The majority of outlaw bikers are full-time criminals and have had lengthy criminal careers.

Members of outlaw motorcycle clubs are required to participate in several mandatory "runs" every year, with motorcycle and full colors. These runs are arranged by a road captain, who maps routes and who establishes "strong points" along the route to protect the main body from police harassment or rival motorcycle clubs. The only legitimate excuse for absence is incapacitation, either from hospitalization or imprisonment. Outlaw motorcycle gangs flaunt most rules of conventional society, yet maintain very strict rules within their

own society. Club officers are elected at annual meetings, and fines are assessed for misconduct and for missing meetings without a valid reason. A majority vote is required for the acceptance of new members into the club and on other major issues.

Although individualism and the desire for independence are often used to justify biker lifestyles to outsiders, in fact the clubs restrict individual freedom through rules which may be surprisingly complex and which may be enforced with violence or expulsion by self-appointed committees or by formally-designated enforcers. Most club decisions are made in a democratic way; but once a decision is made, members must conform (except club elites who frequently break the rules). Ironically, members' rejections of society's norms and their flaunting of its laws frequently leads to arrest, imprisonment, and the loss of freedom.

Pennsylvania Motorcycle Gangs

There are four major outlaw motorcycle gangs operating in Pennsylvania: Warlocks, Pagans, Wheels of Soul and Breed. The Outlaws were operating here during the 1980s, but their activities appear to have diminished. The Warlocks and the Pagans, both fashioned after the Hells Angels, have been the most active biker clubs in Pennsylvania throughout the 1980s. The Pagans, with about 300 members, are the larger of the two, are better organized, and are part of a national organization believed to have chapters as far west as Texas, as far north as New York and Connecticut, and as far south as Florida. The Warlocks have about 150 members, and the Breed is said to have about 100 members. The Wheels of Soul have about 50 members and an offshoot—Ghetto Riders—has

approximately 30 members.

Warlocks

The Warlocks are a large regional club centered in Southeastern Pennsylvania and Southern New Jersey. Chapters are located in Delaware County, in the Lehigh Valley-Norristown area, in Philadelphia, and in southern New Jersey. As the Pagans are governed by a Mother Club with the presidents of each chapter reporting to a Mother Club member, the Warlocks are governed by the presidents of the various chapters, who in turn report to the national officers. The Warlocks are not as large, nor as well-organized as the Pagans, which has several more chapters and the "mother club" structure. However, there is some indication that the Warlocks may be moving toward that more formalized type of structure.

The Warlocks are heavily involved in the manufacture and distribution of a wide assortment of illegal drugs, particularly methamphetamine and cocaine. As have other biker gangs, members of the Warlocks have relocated to rural areas of Pennsylvania to set up laboratories for manufacturing methamphetamine. One example involves Christopher "Chopper" Rigler, a former officer and "retired" member of the Philadelphia chapter. In 1987, Rigler relocated to rural areas in Pike and Monroe Counties where he started a construction business and opened up a store, Enterprise Radiator and Tackle Shop. Rigler has been heavily involved both in cocaine distribution and in the manufacture and distribution of methamphetamine. Many of Rigler's customers have been members of the Warlocks Motorcycle Gang.

In January 1990, Rigler moved to rural Rush Township, Susquehanna County, where he purchased a 20-acre farm. Rigler had telephonic contact with John "Jackson" Mohler, owner of the American Cycle Shop in Lancaster County and vice president of the Lancaster chapter of the Pagan Motorcycle Gang.

Other Warlocks who have been heavily involved in cocaine and methamphetamine trafficking include Paul "Joseph T. South" Eiler, former owner of a garage and dune buggy manufacturing business called Paulsway, Inc. in New Philadelphia, and a high-ranking member of the Warlock gang in Schuylkill County. He was indicted in 1987 and was charged with the distribution of cocaine and methamphetamine and the failure to pay income taxes.

According to the government memorandum in the case, Eiler is believed to have been involved in four murders and is known to have kidnapped and tortured at least three people whom he suspected had stolen drugs from him. It is believed that Eiler was supplied cocaine by members of the Meija family in Bogota, Colombia. Eiler pled guilty to five counts of conspiracy to distribute cocaine, conducting financial transactions to hide drug proceeds, income tax evasion, aiding and abetting, and possession with intent to distribute cocaine. He was sentenced to 20 years in prison and was fined \$300,000. Also convicted with Eiler were Terrence "Tiny" Cass, Pottsville; Linda Pratt a/k/a Linda Eiler, common law wife of Paul Eiler, Girardville; and Michael T. Dolan, Port Carbon. Cass received a 12-year sentence, Dolan a 14-year sentence, and Pratt received a three-year sentence.

The Warlocks are notorious for violence, some of which is directed against other motorcycle clubs. In December 1988, unidentified Warlock members kidnapped Breed Motorcycle Gang chapter president Craig B. "Coyote" Gudknecht. The kidnapping was a reprisal for the beating of Steven Beer and other Warlock members in a Bensalem Township, Bucks County bar.

Gudknecht was taken to the home of Warlock member Kevin "Turtle" Coll, where he was bound, beaten, and pistol-whipped. He escaped and reported the incident to the police. Shortly afterwards, the Delaware County District Attorney's Office executed a search warrant on Coll's

residence and discovered controlled substances and other incriminating evidence. Coll is currently a fugitive from justice.

Membership

Leonard Shub, 52, of Narberth, is currently national president of the Warlocks. He was elected the day he was released from the supervision of the U. S. Probation Office in connection with a five-year sentence imposed in 1985 for methamphetamine possession. Following is a listing of some of the other known leaders of the Warlocks Motorcycle Club:

National President - Leonard Shub
Philadelphia Chapter - 15 active members
President - Dennis Midiri
Delaware County Chapter - 10 active members (City of Chester)
President - Louis Rivera
Lehigh Valley/Norristown Chapter - eight to 10 active members
President - Lawrence Skocik
South Jersey Chapter - 17 active members
President - Robert Knarr
Vice-president - Wayne Dove
Secretary/Treasurer - John Owens

During the 1980s, Warlock membership in South Jersey grew significantly. There were 17 members there in early 1990, five or six of whom had joined recently. Warlocks reportedly are heavily involved in providing go-go dancers in the inland areas while the Pagans still control the coastal areas.

Pagans

Currently, there are between 250 to 300 Pagan members throughout Pennsylvania and nearby states, with the majority residing in Pennsylvania. They are the predominant outlaw biker club in Pennsylvania. The Commonwealth has had as many as 14 chapters during the last two decades, and at least nine Mother Club members reside within the state. Counties in Pennsylvania where chapters have been formed include Allegheny, Berks, Chester, Delaware, Erie, Lancaster, Lehigh, McKean,

Montgomery, Philadelphia, Union, Westmoreland, and York. However, individual bikers can be found in many other counties. The Pagans are particularly strong in the Delaware Valley region of the state.

The Pagan Motorcycle Club was formed in 1959 in Prince George's County, MD and the club eventually expanded its base by merging with other motorcycle clubs—mainly by taking over and incorporating smaller, independent gangs. Some years ago, for example, the Sons of Satan, a motorcycle gang based in Lancaster County, formed an alliance with the much larger Pagan organization which then absorbed many Satan club members. The president of the Sons of Satan, John Vernon "Satan" Marron, went on to become the Pagans' national president, an office he held until the late 1970s, when he was jailed in Virginia for maiming and homicide. As membership increased, a form of governing structure was devised. The founding 13 members became known as the Mother Club. The Mother Club convenes to set policies for the Pagan Motorcycle Club and to plan its business dealings. Mother Club members can disband, restructure, or form new chapters within their respective regions without approval of the Mother Club. The members of the Mother Club have special status and wear the number "13" on the back of their colors.

Under John Marron's leadership, the Pagans moved their national headquarters to Marcus Hook, Delaware County in 1975. Later, the national headquarters was moved to other locations, depending on who held the title of national president. When Paul "Ooch" Ferry was club president in the early 1980s, the club headquarters was located in Long Island, NY. Kerby "Bear" Keller, who lived on a farm in Conestoga Township, Lancaster County, later became national president and moved the club's headquarters to Lancaster County.

Keller was convicted in March 1990 for the murder of his wife, Barbara, who had been an informant for more

than five years. In 1988, Merle "Jackpot" King wore the club's presidential colors and moved its headquarters to Westmoreland County where the Pagans maintained a clubhouse near Herminie. The clubhouse was actually located on a 15-acre farm situated in the townships of South Huntingdon and Sewickley. King was convicted in 1988 on RICO and narcotics trafficking charges and was sentenced to 27 years in prison.

Every year the Pagan Nation, as the club is referred to by members and law enforcement, held a "mandatory run" to the farm. Literally, hundreds of Pagans and their associates descended on the farm for a weekend of partying, drug dealing, and club business. Security at the farm was very tight, with guard dogs and armed Pagans patrolling the perimeter on a rotating shift basis.

In 1990, the U.S. Government filed a civil forfeiture action against the farm, which is titled to Samuel Joseph Avampato, a member and officer of the Pagans. In September 1990, the farm was forfeited to the U.S. Government on grounds that members of the Pagan Motorcycle Club used the property to transact, distribute, and consume illegal narcotics, including marijuana, LSD, cocaine, and methamphetamine.

Pagans are heavily involved in the distribution of methamphetamine, phencyclidine (PCP, angel dust), cocaine, and steroids. Throughout much of the decade, the major money-making activity of the Pagans was the manufacture and distribution of methamphetamine. In recent years, however, they have become heavily involved in cocaine trafficking, and now appear to be more involved with cocaine than the traditional drugs of methamphetamine and PCP. Just as gang members have established a reliable pipeline to move such illegal items as stolen motorcycle parts, they also have a reliable network for moving illegal drugs from person to person, chapter to chapter, and often, to other biker clubs.

At the same time, gang members continue to be involved in vehicle

theft, chop shop activities, firearms violations, and extortion. Pagans also are involved in prostituting women who link up with the club. Some club members have invested in legitimate businesses, including auto body shops, motorcycle shops, trucking companies, security businesses, antique shops, and garages. For example, Alfred "Big Al" Cimerol, 56, a member of the Lehigh Valley chapter of the Pagans, has varied business interests:

- Cimerol owns a trucking firm (Cimerol's Trucking) located at 211 North 7th Street, Allentown. He also owns one tractor-trailer that is contracted out to haul loads over long distances. Thomas "TS" Smith, also a member of the Lehigh Valley chapter of the Pagans, is Cimerol's main driver.

- Crossroads Arms Company, at the same address, is owned by Cimerol, who has been federally licensed since 1980 as a firearms and ammunition dealer. According to federal regulations, his membership in the Pagan Motorcycle Club is not, in and of itself, grounds to disqualify him from a firearms dealership.

- Diamondhead Associates, Inc. is located at 1051 Hamilton Street, Allentown. This business is identified as a gift shop in Allentown business registration indexes; but in reality, the business is an adult bookstore selling pornographic materials.

- At one time, Cimerol owned Banner Cycle Parts, located at 614 Washington Street, Allentown. This was a motorcycle parts business that was run by David "Sergeant Murphy" Martucci, a member of the Lehigh Valley chapter of the Pagans, who committed suicide after shooting his girlfriend in 1987. Banner Cycle Parts closed its operation in 1987.

A number of other bikers have businesses in related fields. For example, Reading chapter Pagan president Dennis R. Burkhart owns Cycledelic Choppers, 1407 Lancaster Avenue, Reading.

Prospective members of the Pagans go through a trial period under the sponsorship of an active Pagan. Subsequently, the chapter takes a

vote which must be unanimous to admit the prospect. In the past, at least, there was a large number of aspiring candidates, so the Pagans could be selective. An alternative strategy for recruiting members has been to take over smaller outlaw biker gangs, a policy which also eliminates rival groups:

- The Iron Coffins, with a history and reputation for extreme violence, were absorbed by the Pagans in the early 1980s. The Iron Coffins had chapters in Oil City and Erie, along with a Mother Chapter in Toledo, OH.

- In the mid-1980s, the Lehigh Valley chapter of the Pagans absorbed a smaller club known as the Cycle Gypsies. The latter owned five acres of land in Treichlers (Whitehall Township, Lehigh County), along the banks of the Lehigh River. A cinder-block building on the property is used for Pagan parties and club meetings.

- In the late 1980s the Philadelphia chapter of the Pagans became closely aligned with a smaller Philadelphia-area club known as the Phoenix, with an estimated 30 to 40 members.

Prior to the use of RICO (See "Major Prosecutions"), members of the Pagan hierarchy avoided jail by insulating themselves from actual crimes. With nonmember Pagan associates and lower-ranking members committing the actual crimes, it was hard to make cases against the hierarchy. It is estimated that for every member of the Pagans, there are a half-dozen or so associates and hangers-on. An associate might be a prostitute, a drug dealer, a thief, or other person whose illegal activities are directed by the Pagans.

Promotion within the club is usually the result of some expertise in income generation, physical enforcement, or political corruption—for example, owning a business that fronts for the club, operating a drug laboratory and controlling its chemists, or being able to influence criminal-justice personnel. Demotions usually occur when a member becomes involved with the law and draws significant attention to the club, fails to obey an order from superiors, or becomes involved in injecting narcotics.

Certain members within the Pagan organization serve as enforcers. These members accept contracts on other individuals. They maintain internal security and discipline and instill fear in other Pagans, victims, witnesses, and informants. These enforcers are usually trusted and devoutly loyal members who perform their violent acts upon command.

Membership

Following the conviction of Merle "Jackpot" King in 1988, no known national president has been identified. Some law enforcement officials fear, however, that John "Satan" Marron may attempt to claim the Pagan leadership—following his release from prison. Below is a partial listing of known leaders of the Pagan Motorcycle Club:

National President

Unknown (formerly Merle King; incarcerated)

Pagan Mother Club Members

Claude B. Nye - Philadelphia

Thomas Cusak - Delaware Valley (incarcerated)

Charles J. Campbell - Wilmington, DE

John C. Turnbull - Virginia

John Wayne Mohler - Lancaster/Reading

Stephen P. Bodnar, Jr. - Lehigh Valley

Philadelphia Chapter - 10 active members

President - David Cianci

North Jersey Chapter - 18 active members (Middlesex County)

President - Carlos Rodriguez

Vice-president - Daniel Scoldeny

South Jersey Chapter - 4 active members (Atlantic County)

President - John B. Dunlap

Lehigh Valley Chapter - 14 active members

President - Walter R. Smith

Treasurer - Thomas A. Smith

Sergeant-at-Arms - Ronald B. Shaw

York Chapter - 5 active members

President - Joseph W. Brown

Reading Chapter - 7 active members

President - Dennis R. Burkhart

Vice-president - James L. Werner

Sergeant - Dennis G. Rohrbach

Bucks County Chapter

President - Donald R. Macfarlan

Delaware Valley Chapter

President - Michael J. Casey

Greensburg Chapter

President - Mark V. Uhring

Lancaster Chapter - 9 active members

President - Robert J. Rutherford

Vice-president - Daniel M. Fury

Chester County/Oxford Chapter - 5 active members

President - Thomas E. Ray

Richmond, VA, Chapter

President - Bartholomew Joseph Flynn

New Castle, DE, Chapter

President - Joseph J. Javorsky

Wheels of Soul

The Wheels of Soul biker club is an exception to the general racist nature of outlaw motorcycle gangs. Wheels of Soul is a small club of about 50 members made up largely of Blacks, but it also has whites and Hispanics as members. The club is headquartered at 6107 Market Street, Philadelphia; other chapters are located elsewhere in Pennsylvania and New Jersey. The South Jersey clubhouse is in Cardiff, Atlantic County (president is William Blann, vice-president is Warren Campbell). The ruling body of the Wheels of Soul is the Mother Chapter, whose members also are the officers of the main chapter located in Philadelphia.

An off-shoot of the Wheels of Soul is the Ghetto Riders, formed in the late 1970s. It is reported to have 30 members and operates in the Camden County area, with a clubhouse on Princess Avenue in Camden, NJ. Both the Wheels of Soul and the Ghetto Riders are involved in drug trafficking.

The Breed

According to New Jersey law enforcement officials, there has been a recent build-up of the Breed in their state. The Breed has a membership of about 100, with five chapters in Pennsylvania and New Jersey. The "Mother" chapter operates out of Middlesex County, NJ. The South Jersey chapter operates out of Riverside in Burlington County. The Nomad chapter operates in the

Trenton area. In Pennsylvania, there is the Western Pennsylvania chapter and the Bucks County chapter.

The Breed are reported to have considerable influence in the local drug market in the Trenton-Bucks area. It also was involved in intergang rivalry with the Pagans in 1987 and 1989. In one incident, a Breed member wore his "colors" to Philadelphia, considered Pagan territory. Pagan members assaulted him and confiscated his colors. A "sit down" was held to settle the matter, but two Breed members were arrested on weapons violations at the meeting.

Following is a listing of some of the known leaders of the Breed Motorcycle Club.

National President - Salvatore Deilulo
Nomad Chapter - has no officers.
Four to five active members, characterized as Deilulo's enforcers, answer directly to Deilulo.

Trenton/Bucks Chapter - 10 to 15
active members (Bucks County)

President - Thomas Connor

Vice-president - Craig Older

Sergeant-at-Arms - Kalani Lopa

Western Pennsylvania Chapter

President - Michael Fullerton

South Jersey Chapter - 10 to 15

active members (Burlington County)

President - Michael Schwab

Vice-president - Frederick Dare

Sergeant-at-Arms - David Cross

Secretary/Treasurer - Victor

Woodington

North Jersey Chapter - 10 to 15

active members (Middlesex County)

President - Bruce Davidson

Vice-president - Glen Wieler

Sergeant-at-Arms - Daniel Saddler

Secretary/Treasurer - Mark Kemps

The Outlaws

The Outlaws Motorcycle Gang is an international organization with chapters in the United States, Canada, and Australia. Outlaws members are found from Florida to New York and as far west as Oklahoma. During the 1980s, a Western Pennsylvania chapter was headquartered on a 56-acre farm in Manor Township, Armstrong County. In 1984, one of its members, Ronald

"Huey" Scherrer, was arrested on charges of selling LSD, cocaine, and marijuana. He pled guilty.

In February 1985, seven members of the Outlaws' Oklahoma City, OK, chapter were arrested on federal charges relating to kidnapping, arson, and selling cocaine, LSD, methamphetamine, and quaaludes in Oklahoma, Arkansas, Illinois, and Florida. Among the seven arrested and later convicted were Ronald Dale Krout of York, PA (the Oklahoma City chapter's secretary-treasurer), and Steven A. "Posie" Pfaff of East Berlin, PA, the chapter's enforcer.

The Outlaws formed two chapters in Pennsylvania when they swallowed up three smaller motorcycle clubs in Western Pennsylvania—the Los Barbados in the Kittanning-Ford City area of Armstrong County, the Mountmen from the Johnstown area, and the Players from Pittsburgh. A clubhouse maintained by members of the Outlaws in the Kittanning area was used mostly as a safehouse for outlaw bikers who were on the run from the police. Outlaw bikers used the clubhouse as a hideout, regardless of the club affiliation of the biker seeking safe haven. As already noted, outlaw biker gangs—although they remain enemies—are able to work together and cooperate in areas of mutual interest.

Criminal Activities

The outlaw clubs are involved in a wide range of criminal activities such as property crimes (burglary, thefts, receiving stolen property), drug violations, assaults; witness intimidation, extortion, and murder. They are heavily involved in the distribution of automatic weapons and explosives, stolen motorcycles and motorcycle parts; in providing exotic dancers and prostitutes for various sexually-oriented establishments; and in the manufacture and distribution of methamphetamine and phencyclidine, and in the distribution of cocaine and marijuana.

Members have also been known to

accept murder contracts for traditional organized crime Families and, in some cases, have acted as enforcers for them. (See Chapter 5.) Motorcycle members frequently are used as "errand boys" for low-level jobs, such as running drugs or serving as doormen in bars and clubs known to be owned and operated by organized crime figures. The bikers are recruited because of their "tough-guy" image and because they are close-mouthed and will not talk when apprehended by police.

Crimes committed by outlaw bikers are of two types. One type involves criminal activities initiated, organized, or sanctioned by the club. Most frequently, these activities would include narcotics trafficking, the supplying of women for massage parlors or bars as prostitutes and topless dancers, and chop shop activities. The second category involves a wide range of "individual" crimes—such as assault, rape, welfare or unemployment fraud—which are committed by bikers acting autonomously or with little direction or connection to the club and which reflect their general lawlessness.

Law enforcement officials increasingly conclude that outlaw motorcycle gangs today are primarily narcotic networks, designed as continual crime-for-profit enterprises which gain their power through the use of fear and violence and through their network of biker contacts. Their major money-making centers around the manufacture and distribution of methamphetamine and phencyclidine and the distribution of cocaine, marijuana, and other illicit drugs. Methamphetamine was their most lucrative source of income in the early part of the decade. Their cocaine trade has become more lucrative in recent years (although their methamphetamine trade is still substantial). Cocaine has a high profit margin. It is easier to supply to members and associates and does not involve the risks of the dangerous methamphetamine manufacturing process.

Outlaw bikers' reputations for violence and their strong organization

make them ideal middlemen to buy from wholesalers and distribute to street-level operators. They have monopolized aspects of the drug trade (especially methamphetamine) in some areas. Their networks of clubs and members provide reliable pipelines for the flow of illicit drugs and safe havens for highly mobile couriers.

A recent development in biker drug involvement is the sale of steroids. For example, some bikers are body builders and they supply steroids to others in gyms. Some biker groups in Pennsylvania purchase the steroids in Mexico for about \$1 a bottle and then sell it in the United States for \$6 to \$8 dollars a bottle. The sale of steroids also boosts the sale of cocaine. Frequent use of steroids affects the male reproductive system.

Clubs have invested illegal profits in a variety of legitimate businesses, both for profit and as fronts for illegal activities. However, there is little evidence to show that outlaw clubs have large legitimate holdings. In line with their emphasis on short-sighted hedonism, monies generated have usually been spent on living expenses and entertainment. A few members purchase or operate small, legitimate businesses, particularly motorcycle repair shops. (See earlier section.)

Major Prosecutions

A large number of motorcycle club members and associates were prosecuted, convicted, and imprisoned during the 1980s. These prosecutions were, in large part, the result of Federal RICO or CCE charges centering around narcotics violations as the predicate offense and were the result of a comprehensive task force approach involving local, state, and federal law enforcement agencies. Several methods of collecting intelligence were used in these cases including surveillance of clubhouses and meeting locations, wiretaps, controlled buys of narcotics, and the information of members or associates who had turned state's evidence.

Five cases have been brought against the Pagans in federal courts in Pennsylvania and West Virginia. More than 70 Pagan club members and associates were successfully prosecuted and imprisoned in these cases, including many of the hierarchy of the outlaw biker club. James "Jimmy D" DeGregorio, a former Pagan club member and a government witness in all five of the RICO trials, has noted the importance of the RICO statute in these prosecutions:

"The word RICO really makes them (Pagans) faint. They couldn't understand it. They got convicted of things they never thought they could get convicted of—just for being in the club, almost. And being a member of a criminal enterprise, they really didn't understand that the entire club was considered a criminal enterprise."

Three federal indictments were filed in 1984, and the other two in 1987 and 1989, respectively. The indictments also included federal charges for operating a continuing criminal enterprise. The 1984 indictments centered mainly on Pagan involvement in the manufacture and distribution of methamphetamine (commonly called "meth" or "speed") and phencyclidine (commonly called "PCP"). The 1987 and 1989 indictments revolved around the distribution of both methamphetamine and cocaine (and to a lesser extent marijuana). These cases provide considerable insight into the inner workings of the Pagans, and the extensive criminal histories and portfolios of club members.

South Philly Network (February 1984)

In a 24-count federal indictment in February 1984, Pagan and LCN associates from Southeast Pennsylvania and Southern New Jersey were charged with activities centering around the manufacture and distribution of methamphetamine from labs in several rural locations across Pennsylvania. Individuals charged were Dennis Virelli, Kenneth "Pup" DeRosa, John "John Doe" Oliveri, Richard "Dick Evan" Failla, Adrian Mastrangelo, Michael "Mel" DiFlorio, Joseph "Benson" DiNardis, John

"Whitehead" Santelli, John Giordano, George "Georgie Blue Eyes" Dicuirco, Dominic Virelli, Alfred Ricci, Alan Moccia, and Rocco Kovatto.

James "Jimmy D" DeGregorio, the Pagan who was later to make a name for himself as a government witness against the clubs, was named as an unindicted co-conspirator in the case. This case was the forerunner of the four others later developed by federal authorities. DeGregorio has commented on this case:

"Most of these guys weren't Pagan members, now, but mob [LCN] wannabes from South Philly. They played both sides of the street—did business with the Pagans and the mob. This RICO case started the ball rolling [against the Pagans]."

Michael Grayson and Paul Ferry Cases (July 1984)

In July 1984, 22 members of the Pagans were indicted in Philadelphia on federal charges of "trafficking in hundreds of pounds of methamphetamine and hundreds of pounds of killer weed—parsley laced with PCP." The two indictments—one involving Ferry's drug network and the other Grayson's network—stated that the entire structure of the Pagans was used in drug trafficking and that the Pagans used force and violence to maintain their drug trafficking activities. The indictment was significant because it named 11 "Mother Club" members, including the top four national officers of the Pagans.

At the time the cases were filed, the Drug Enforcement Administration estimated that the Pagans were responsible for 25 to 30 percent of the total methamphetamine produced and sold, and about 60 percent of the PCP produced and sold in the three states of Pennsylvania, New Jersey, and Delaware. One lab discovered operating in central Ohio, with a distribution network involving chapters in Pennsylvania and other states as far away as California, was capable of producing \$14 million in illegal drugs per month.

The indictments in the Pagan drug

conspiracy specifically mentioned the club's use of violence to achieve market domination, "...including beatings and assaults to 1) protect sources of supply of controlled substances..., 2) to control or eliminate competition in the manufacture and distribution of controlled substances, and 3) to enforce discipline among members...and to generally create a climate of fear..."

National Pagan leaders indicted were:

- Paul "Ooch" Ferry, 51, then national president of the Pagans and the Mother Club advisor to the Suffolk County and Nassau County, NY, chapters and the Atlantic County, NJ, chapter.
- Donald "Gypsy" Trott, 55, then national Pagan vice president and the Mother Club advisor to the Delaware and Oxford chapters.
- Donald "Dino" Robinson, 43, Mother Club member, national treasurer, and advisor to Philadelphia, Delaware County, and Delaware Valley chapters.
- Richard "Cheyenne" Richter, 46, Mother Club member, national sergeant-at-arms, and advisor to chapters in Allentown, PA, and Washington, DC.

Pennsylvania Mother Club members indicted were Robinson, Richter, Anthony "Mangy" Menginie, 39, a one-time Philadelphia chapter president and later a Mother Club advisor to the Philadelphia club; and Charles "McNut" McKnight, 49, Mother Club member, former president of the Philadelphia chapter and then president of the Delaware County chapter.

Others indicted included:

- Ronald "Angel" Cimorose, 46, a Mother Club member and advisor to the Maryland chapters of the club.
- Joseph "Limey" Zappulla, 44, a Mother Club member and advisor to the Northern New Jersey Pagans chapters.
- Joseph "Abraxus" Ventura, 46, once a Delaware chapter president and later a Mother Club member and advisor to the Southern Delaware and Washington, DC area chapters of the Pagans.

- Robert "Barracuda" Baruti, 45, a Mother Club member and advisor to the Atlantic County, NJ, chapter.

- Walter "Buckets" Jozwiak, 42, former president of the Atlantic County, NJ, chapter.

- John "Egyptian" Kachbalian, 28, former president of the Philadelphia chapter.

- Francis "Cheese" Copes, 43, the sergeant-at-arms and member of the Philadelphia chapter.

- Michael "White Bear" Grayson, 46, Mother Club member and advisor to chapters in Pennsylvania, Virginia, North Carolina, South Carolina, and Georgia.

McKnight was convicted of CCE in 1984. His sentence runs until November 1993, and will be followed by parole for 18 months. Convicted with McKnight were Grayson, Richter, Kenneth "Shadow" Weaver and John "Waker John" Gavis, all of whom are still incarcerated. Also convicted were Donald Robinson, Michael "Caveman" Lawless, Michael "Bugsy" Giordano, Charles "Uncle Charlie" Moore, and Thomas McKnight, all of whom have been released from prison. All but Giordano and Thomas McKnight are on parole; one parole requirement is that they do not associate with other bikers.

Thomas "Bankshot" Carr Case (June 30, 1987)

This federal indictment charged four men from the Oxford chapter of the Pagan club in Chester County with conspiracy to distribute methamphetamine. The four were subsequently convicted, including the chapter president, Thomas "Bankshot" Carr, 38, and members: Edmund "Fast Eddie" Lincoln, 40; Ralph "Brother Ugly" Marker, 37; and his brother George "Hambone" Marker, 39. The indictment further charged that the Pagan members tried to control the sale of methamphetamine in Chester County through an organized policy of beatings, assaults, and death threats.

Merle "Jackpot" King Case (arrested March 31, 1988; convicted, July

1988).

In Western Pennsylvania, five Pagans and one member's wife were charged with racketeering, narcotics distribution, and firearms violations in Pittsburgh federal court. All the defendants, two of whom held national office in the Pagans, were convicted in July of 1988. The charges revolved around using the Pagans organization to manufacture and distribute methamphetamine, PCP, LSD, cocaine and marijuana. One defendant in the case, Kenneth Murray, was charged with having "command(ed)...a person known to the grand jury to murder Delbert Sapko..." Another defendant, Merle King was charged with threatening a person with a knife to the throat for purposes of intimidation.

Again, "Jimmy D" DeGregorio was a principal government witness, testifying that he had manufactured and sold methamphetamine to King and other gang members. Michael John "Attitude" Cichowicz, a Pagan club member from Reading, was another principal witness. He testified that he had purchased cocaine and other drugs from Murray and other members of the gang. He testified that at one point, Murray suggested that he murder a drug-dealing competitor by giving him a lethal cyanide tablet which Murray provided to Cichowicz and which Cichowicz later turned over to the FBI.

A third Pagan turned informer who testified was Bryan Paul "Shotgun" Davis, formerly of Kane. Davis is now serving a 25-year sentence after pleading guilty to 22 counts of narcotics trafficking charges. Davis testified that his gross proceeds from drug sales averaged about \$140,000 per month. The drug he bought from King for resale was "Killer Weed."

Davis was arrested in March 1985 with 38 other members and associates of the Pagans and the Iron Coffins Motorcycle Gang in the northwestern Pennsylvania and Jamestown, NY, areas. Davis was past president of the Pagan's Kane chapter. Pagan members and associates convicted with Davis

included Charles Hess, Robert Farnsworth, Jr., Paul Trubic, Michael Delvecchio, John Paul Letto, and Donovan R. "Nomad" Berry. Members and associates of the Iron Coffins convicted included William "Tiny" Wyant and Melvin "Meatball" Overturf.

Individuals charged and convicted in the King case were:

- Merle "Jackpot" King, 35, then Pagan national president and a Mother Club advisor to the Greensburg, PA, chapter. He was convicted of seven counts and was sentenced to 27 years in federal prison.

- Gary "Biggy" Keith, 38, Pagan national secretary and the Mother Club advisor to chapters in Kane, PA and Youngstown, OH; he was convicted of 13 counts and was sentenced to 27 years in prison.

- Kenneth David "Iceman" Murray, 47, a Mother Club member and advisor to Pittsburgh and Fayette City chapters; convicted on five counts and sentenced to 27 years in federal prison.

- Ronald "Dago" Maring, 41, former president of the Youngstown, OH, chapter, was sentenced to 7 years prison.

- Roger "Haze" Hayes, 31, a member of the Kane chapter, was sentenced to time served.

All the above were also sentenced to 10 years of supervised release upon completion of their prison terms.

- Cheryl Keith, 30, wife of Gary Keith, was convicted of a single charge of conspiracy for assisting her husband in the handling, packaging, and distribution of cocaine. She was sentenced to two years in prison.

This case has added significance because it documents the criminal ties that frequently exist between Pagan club members and LCN associates. According to the charges, King was receiving kilogram quantities of cocaine from John Budesky, which he then distributed to members of the Pagans. At the time Budesky was a major supplier of cocaine to the Pagans in Western Pennsylvania and was part of the Eugene Gesuale drug network. Gesuale has been identified as a close associate of Michael

Genovese, boss of the LaRocca/Genovese LCN Family.

Daniel Delp Case (January 1989)

Shortly after the July 1988 trial in Pittsburgh, Daniel "Dirty Dan" Delp of Kensington, OH, became the national president of the Pagans, moving up from his former position as national sergeant-at-arms. Delp has an extensive criminal arrest record in Ohio that includes breaking and entering, burglary, assault, and possession and distribution of cocaine and hallucinogens. Elected as the Pagans' national vice president was Kenneth "Bad Hand" McMillion, of Charleston, WV, an unemployed pipe fitter.

The new officers had a short tenure in office, however. In January 1989 a federal grand jury in Charleston, WV, indicted 29 Pagan members and associates on RICO and CCE charges revolving around the use of the Pagans organization to manufacture and/or distribute methamphetamine, PCP, LSD, cocaine, and marijuana. In addition, the charges included firearms violations: "Carrying firearms during drug trafficking crime," "Unlawful dealing in firearms," "Conspiracy to possess and transfer unregistered firearms," and "Possession and transfer of unregistered firearms." After months of plea negotiations, 28 of the 29 defendants pleaded guilty to charges. The only Pagan member to opt for trial was Garland "Shagg" Arnoldt, a former president of a Kentucky chapter. During his trial, three Pagan members, including Kenneth McMillion, testified for the government that the club fostered and relied on its "reputation for violence and fear" in pursuing drug trafficking activities. Arnoldt was convicted.

Besides Delp and McMillion, others charged in the case who pled guilty include Carl "Snake" Oyer; Francis "Wild Man" Clay; David "Shifter" Eastwood; Franklin "Indian Joe" Holmes; Roy "Hogan" Crawford; Roger "Zuba" Haynes; Kerry "Dog" Koons; Ted "Yosemite Sam" Santrock; Stephen "Slap" Bodnar,

Mother Club member from the Lehigh Valley; and Thomas "T. C." Cusak, Mother Club member from Folcroft, Delaware County.

Assessment

By the end of the decade, some law enforcement personnel had written off the outlaw biker clubs as an important organized crime threat, for several reasons:

- Outlaw biker clubs lack the sophistication and are too oriented toward short-sighted hedonism to be highly-successful criminal organizations.

- They lack the connections with law enforcement and/or the political power base to be major players in organized crime.

- They have been severely weakened by the successful prosecutions of the 1980s, and they will continue to be paralyzed by the threat of RICO.

- The organized crime threat posed by outlaw biker clubs is less than that of some of the recently-emergent organized crime groups who better merit the attention of scarce law enforcement resources.

Other law enforcement professionals are less sanguine, however. They offer several reasons for treating outlaw biker clubs, particularly the Pagans and Warlocks, as a serious organized crime threat in the 1990s.

- Most members of outlaw biker gangs are hard-core criminals who can never be rehabilitated. In fact, some of the more powerful and influential members are in their forties and fifties.

- The hierarchy of outlaw biker clubs tend to be fairly sophisticated and calculating, even though many of the rank-and-file are "losers" bent on hell-raising and partying. Inter-gang conflict has lessened (but still exists) and various biker clubs now cooperate in joint criminal enterprise, particularly in drug trafficking.

- The pending release from prison of former Pagan Mother Club leader John Vernon "Satan" Marron may provide an organizational boost to the

Pagans. Marron's ambition has always been to make the Pagans the most powerful biker club on the east coast. Other former key leaders will also be released within the next several years.

- The biker network of contacts provides a ready-made distribution chain for narcotics and stolen property; the biker threat in drug trafficking remains high in methamphetamine and in cocaine, and in recent years in illegal steroids.

- Outlaw biker clubs have developed ties to other organized elements of the criminal underworld. In particular, bikers have been involved in drug distribution and other crime activities with La Cosa Nostra Families.

- The major biker clubs, such as the Pagans and Warlocks, have demonstrated a strong capacity to survive; in fact, their numbers today are about the same as they were in 1980. Membership in both groups has grown in recent years.

Within the next two to three years, many of the Pagans convicted in the RICO cases of the early 1980s will be released from prison. The ranks of this group may again be led by the former hierarchy which brought the Pagans to power; but this new era of leadership will be more seasoned and educated in the ways and means used by law enforcement to combat their organization.

It is expected, therefore, that outlaw biker activity will continue to be a threat in the Commonwealth, especially in the area of drug trafficking. Nonetheless, other groups such as LCN and Hispanic drug-groups are likely to pose a more serious organized crime threat within the state during the 1990s and may warrant more in the way of law enforcement attention than do outlaw motorcycle clubs.

Profile of a Pagan

The following is based on Crime Commission interviews with a former member of an outlaw motorcycle club.

... on becoming a Pagan

"When I was 19, I was a 'hang-around', and when I actually got in, I was 21...During the summer, about 1970-71, I was down at the shore and I was working at a gas station for a summer job. All the bikers came into this gas station and I got to know them. They started to invite me to come to the bar with them, get a drink, 'hang out with us, you're a good kid'...

"[The Pagans] were real ridiculous in them days...Back then, they didn't care about anything. Go to a bar and beat up everybody, just a lot of violence. They were also selling angel dust and speed, and this is how I got in. I never did that before then. 'Try this kid, try this.' I liked it. It was great. 'Your friends, maybe your friends will like it, too. See if you can sell this to them. It's on us.' Then all of a sudden, I'm dealing for them...

"You go to a bar and the prestige is unbelievable. You walk into a big night club and you can hear a pin drop. Everybody knows us, like [Moses] separating the Red Sea. Everybody moves back, 'ooh, that's them!'...

"Then, you go through this 'hangaround' stage...everybody got to know you and then you had to find someone to sponsor you...and you went through a prospect period which was a minimum of, like, eight weeks, which was this really intense checking you out.

"...You're working for them. You also had to commit a crime of some kind...

"I was far straighter than anyone else...These [other] guys were basically out on their own. They either quit school, got thrown out of school, or whatever. They didn't have tight-knit families...Most of them joined just to be a part of something,

and most of them had pretty rough histories prior to getting into the Pagans...The type of guy that joins basically has nothing else. It's like the last rung on the ladder..."

... on biker values

"The idea of '1%' is the basis of the whole club...What it is, is that 99% of the people in this world live by society's rules and they fit in and they are normal, whatever you want to call them. The other 1% live outside the law...FTW is another thing, you know, 'F--- the World.' The basis of being a Pagan is being an outlaw.

"Philosophy of the group is live for today, f--- tomorrow. Most of them, especially the leaders, the older guys, are full-time criminals.

"Actually, this 'we're all free together, we're brothers'...that's why you join. You like the hell-raising and the good times, but you know in the back of your head there's a very large criminal activity going on.

"There are plenty of rules, but they only enforce them when it's advantageous.... You got to understand, the Pagan is a real dog. They're a bunch of cutthroat individuals. So it's hard to fit them into a list of rules.

"The big penalty is getting kicked out...This one guy, called 'Rotten,' got kicked out recently. They blew off both his knee caps, cut every tattoo off that he had, gave him a real beating..."

... on women

"Women just come around. They're not recruited. Mostly, they come from bad home situations ... are looking for a place to hang out or to party. It's always a revolving door. They come and go.

"They're broken down into old ladies and honies. Old ladies are somebody's property—just like my motorcycle, you're my property. They're the highest ranking women. Honies, party girls, are the next

status. Either you're doing everybody, or you're somebody's property.

"Some guys live off their women completely. Some guys will get a girl stripper or hooker and live off her. Those guys are the real bottom of the barrel. They don't even want to deal drugs. It's hard to respect that guy..."

... on drugs

"The club is built perfectly to deal drugs.... Meth and angel dust were always the two strongest. Now, from what I know, coke is the biggest.

"Drug dealing and the Pagans was very easy. Nobody ever did not pay a Pagan. As it breaks down from Mother Club to presidents to regular members to citizens [non-Pagans]. We always got paid because of fear... [Citizens are thinking] if we don't pay, 100 Pagans will kick our ass, knock our doors down, take our furniture. The Pagans are like the mob that way ... have a loud bark."

... on the Pagans and LCN

"The club is based on the same stuff that the mob is based on. Respect, tribute, or whatever you want to call it. If you want to deal in this guy's area you got to knock down to whatever he says.... Mother Club members always get a piece of the drug action.

"A lot's been written about the 'conflict' involving the mob and the Pagans in the early eighties. One writer even had me picking up Harry Riccobene [Philadelphia LCN member], shaking and threatening him, calling him an assbag. This is bullshit. What you had were some flukey misunderstandings. The mob never extorted the Pagans, never intended to. It was 14, 15 South Philly guys—mob wannabes really—who were being extorted. These guys were big drug dealers, and they say, 'Hey, we're doing business with some other guys, you want a piece of their action, too?'

Then they called me, 'the mob wants a percentage of your [the Pagans] action.' They dragged the Pagans into it.

"Myself and some Pagans have a meeting with [Raymond] Martorano, [Salvatore] Merlino, and other mob guys.. We were all juiced up—taking every drug imaginable.

"Things get ironed out. Martorano was truly dumbfounded—said, 'I don't want your f--- action. Who told you that?' Merlino says, 'You [Pagans] do your thing, we'll do our thing. We don't want anything to do with you.'

"But later Merlino, who is all boozed up, runs his car over the Egyptian [a Pagan] on his bike. I knew the Pagans had to answer, to save face, or we're on the low end of the totem pole. I couldn't get any Pagans to go with me—'Hey, we don't wanna mess with the mob.'

"So, I get three citizens and we drive by Merlino's house and fire shots at the door. The next day the Pagans are sticking their chests out, 'look what we did to the mob.' Shit, when we did the shooting, they were nowhere to be found.

"My view was, 'We got those guys [the mob] on the run, they're shaking in their shoes.' Guns don't work any better for them than for us.

"In the end, the Pagans won a battle, but the mob won the war. After I was out of the picture [due to pending trial and conviction], Martorano smooth-talked McKnight [chapter president], finessed him. The Club actually turned against me. The whole thing was blamed on me—that I was a 'whacko,' that I fired the shots. After that, the Pagans were marketing the meth for Martorano. He owned McKnight.²

"In Scarfo's heyday, Pagan associates [who sell the drugs for Club members] were paying street tax in South Philly. This ended a year or two ago. Now, they're in heaven—finally, what they make is theirs. But the Pagan Club itself—No. The mob never shook them down.

"Mostly, the mob is involved with the Pagans in drug trafficking. But the mob wants to keep their distance. They see the Pagans as scum, as trouble, as a bunch of crazies.

"You hear about the Pagans being 'enforcers' for the mob. That is very seldom. They [the mob] always believed in taking care of their own business. The mob doesn't need the bikers for that... there are plenty of mob wannabees in South Philly who would do anything for the mob. They worship it.

"Most bikers are dumb ... really do have sawdust upstairs. Don't have the mental equipment to deal with the mob in South Philly. And don't hide it either... don't want anything upstairs. You're talking about guys who don't take a bath for months at a time."

... on the Warlocks

"As low class, low life as the Pagans are, the Warlocks are worse. A lower breed type of person. The Pagans wouldn't allow somebody to take a name like 'Dogshit'—who would respect that. The Warlocks would allow that.

"I wanted nothing to do with the Warlocks. They were enemies. But other Pagans always had dealings with the Warlocks, as long as they could make money. Today, the two clubs are frequently involved together in drug deals.

"Basically, the heart of the Pagans is the 22-year-old, wild, drug abusing guy...I had power in the Club because I had the drug connection and was making money ... I outgrew it by the time I was 29...

"I'm glad I got out when I did...We got away with stuff years ago, because they didn't know we existed or ignored us, one or the other. RICO hit the Pagans hard but they are building up again. Other clubs—like the Breed and the Warlocks—were much smaller 8, 10 years ago. With the Pagans getting hit, they have

been building up."

... on becoming a government witness

"I ended up at Holmesburg [after my conviction]. I'm there a short while. Black inmate—a main guy in the Black Mafia up there—comes up and joshes me about the mob has a contract on me. Here I am—in a prison that is better than 90 percent Black. I gotta protect my back in a place like this. I'm thinking. The Club [Pagans] ain't backing me, has sold me down the tube. What happened to that crap about 'we're all brothers ... one for all and all for one.' I called the Feds, 'What do you wanna know.'"

... on future threat of Pagans

"The main threat of the Pagans [and other outlaw clubs] is drugs and violence. I can't see them evolving into anything very sophisticated. Mostly, they'll be shithead drug dealers."

ENDNOTES

1. For an overview treatment of the history of outlaw motorcycle gangs, see Howard Abadinsky, *Organized Crime*, Second Edition, Nelson-Hall, Chicago, IL, 1987; Paul Spear, "Reference Manual for Intelligence Gathering on Outlaw Motorcycle Gangs," unpublished manuscript, Marywood College, 1984.

2. Thomas DelGiorno (LCN government informant) has indicated that the Bruno/Scarfo LCN called a meeting with Pagan leader Charles McKnight at a mob location where the Family planned to kill the Pagan responsible for shooting at Merlino's house. However, that person, James "Jimmy D" DeGregorio, did not attend the meeting.

CHAPTER

7

BLACK ORGANIZED CRIME

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SYNOPSIS

- **Drug trafficking and numbers bookmaking are the dominant activities among Black organized crime groups in the Commonwealth.**
- **Two organizational types are found:**
 - ▶ **Domestic kin networks, generally headed by a dominant male and including other close relatives. This type predominates among Black numbers bankers in Philadelphia.**
 - ▶ **Associational networks, based on friendships developed in street gangs, prison, or growing up in the same neighborhood. This type found especially among drug operations.**
- **Black groups are generally active in Black neighborhoods of urban areas and have a predominantly Black clientele.**
- **Black numbers rackets declined over the decade; white-run numbers operations increasingly garnered a larger share of numbers betting in Black neighborhoods..**
- **Black networks are the dominant distributors of heroin in Black neighborhoods of the state, and Black groups have become increasingly involved in the distribution of crack.**
- **The principal competition for control of crack distribution in Black neighborhoods comes from Jamaican groups, with some competition from Dominican and Cuban groups.**
- **During the second half of the decade, numerous homicides were linked to the Junior Black Mafia and other groups struggling for control over cocaine and crack distribution within Black neighborhoods of Philadelphia.**
- **Efforts (e.g., the Junior Black Mafia) to form an overarching drug syndicate have been unsuccessful.**
- **Some societal trends suggest that Black organized crime will become a more serious threat in the 1990s, while other trends suggest that the threat will not become greater but may even lessen.**

BLACK ORGANIZED CRIME

Historically, Black¹ involvement in organized crime has been greatest in the traditional vices of gambling (mainly numbers), drugs, and prostitution, and to a lesser extent, in loan-sharking and theft/fencing. Black involvement has been limited in other organized crime activities such as extortion, labor racketeering, and the illicit control of legitimate businesses. There continues to be a lively debate about the extent to which Black crime organizations are independently run, and the extent of their threat as an organized crime concern in the years ahead.²

There currently exist two distinct approaches used by researchers and public officials in relation to Black organized crime: to shy away from it as a topic that is too politically sensitive, or to exaggerate its seriousness as an organized crime threat.

The final report of the President's Commission on Organized Crime examined areas of organized crime previously ignored (e.g., Colombian networks and Chinese organized crime), but omitted any treatment of Black organized crime, in spite of lengthy testimony from Leroy "Nicky" Barnes, the former powerful leader of a large Black-run heroin organization in New York. The final report referred to the Black Guerilla Family, a political extremist group, but ignored any mention of an organized crime entity. Partly because of this omission, ten of the nineteen Commissioners ultimately rejected the report; they wrote, "The Commission ... failed to address the roles of American Black and Jewish organizations in organized crime."³

Scholars and public officials sometimes shy away from researching behavior perceived as unflattering or stigmatizing to a particular racial minority. However, such omission may in itself be insensitive. William Julius Wilson, a Black sociologist and author of the award-winning book *The Truly Disadvantaged*, writes about how the current climate impedes a

free and open discussion which would contribute to an understanding of inner-city life and its social dislocations (including Black crime) which have, in fact, intensified during the past two decades. "(We) have been reluctant," Wilson writes, "to discuss openly, or in some instances, even to acknowledge the sharp increase in social pathologies in ghetto communities."⁴

The opposite tendency is to exaggerate both the role of Blacks in organized crime activities and the power and influence wielded by Black crime organizations. This reaction is both a response to the apparent denial of Black organized crime (described above), and to law enforcement's longstanding preoccupation with La Cosa Nostra. Not only are there major Black crime organizations, it is argued, but they have held a primary position in the rackets, even rivaling La Cosa Nostra. As Blacks gain increasing political power in major United States cities, some commentators have come to believe that Black organized crime represents the major organized crime threat of the 1990s.

Information gathered by the Crime Commission sheds new light on a number of important issues surrounding Black crime organizations. These insights include the source of cohesion or "glue" that holds a group together; their organizational structure; their influence and power; and their threat as an organized crime potential in the 1990s.

Today, a variety of Black criminal groups exists in the Commonwealth. Important Black criminal organizations are in the drug business (mainly heroin and cocaine) and in gambling (mainly numbers). Black racketeers sometimes act as loansharks, and they often invest in legitimate business as an essential part of their (illicit) portfolio. Important centers of Black organized crime activities in the state are found in parts of South-eastern Pennsylvania, particularly

Philadelphia, with smaller centers located in Pittsburgh and in other metropolitan areas that have sizeable Black populations.

Background

Black organized crime groups prey almost exclusively on Blacks, and the preponderance of Black organized crime occurs in segregated Black neighborhoods, particularly within the inner cities. To understand Black organized crime in the Commonwealth, therefore, it is necessary to understand the social disorganization of the inner city. Although some Blacks have moved successfully into the American mainstream in recent decades, the inner city poor are worse off than at any time since the Great Depression. Recent scholarly works attribute the deteriorating circumstances of the Black urban underclass to underlying changes in the American economy, urban structure, and availability of social services.⁵

The number of good jobs available to urban Black males (particularly to those lacking a high school diploma) has declined precipitously. Many jobs were lost by the movement of businesses out of cities, and even out of the country, while the shift to a service economy increased the number of jobs that pay sub-poverty level wages. Also, the number of industrial low and semi-skilled jobs with good wages has decreased sharply.

As jobs left the cities, affluent whites and Blacks were also fleeing, leaving behind a population that was increasingly poor and increasingly Black. The exodus of the middle classes brought a declining tax base that made it difficult for cities to meet the needs of their citizens. Then came the policy changes and cut-backs in social programs of the 1980s which resulted in a further widening in the income gap between the poor and the wealthy.

These changes in social structure

accelerated the deterioration in Black family structure. Wilson observes that the upward trends in Black out-of-wedlock births and female-headed families have moved in counterpoint to the downward trend in the number of employed Black males per 100 females of the same age. In short, not enough men hold jobs that pay enough to support a family.

The effects on children have been devastating. By the mid-1980s about half of all Black children lived in female-headed households, and a similar proportion lived in poverty. Furthermore, as the urban poor have become increasingly isolated from families with steady work and higher incomes, children in poverty areas have had fewer role models, even outside the family, to help them visualize what it is like to become productive adults with stable jobs and families.

These trends coincided with cut-backs in public social programs and with a decline in the mutual aid networks of Black communities. Ironically, this decline stems in part from the "mainstream" of middle class Blacks, who have been able to move out of the segregated inner cities. The traditional economic integration within Black neighborhoods at one time promoted family-to-family support systems, in which more affluent families aided their less fortunate neighbors. Black churches, a traditional source of support and strength to the Black community, have also declined substantially.

The situation is particularly bleak for young Black men in low-income neighborhoods of cities like Philadelphia, where older teens and young adults provided numerous recruits for drug gangs during the 1980s. Black men of college age are more likely to be under correctional supervision than in college (nearly one out of four are in prison or on parole); and homicide is the leading cause of death.⁶ Black scholars and community leaders find themselves both frustrated and overwhelmed by the twin plagues of drug addiction/drug dealing and Black-on-Black crime that have ravaged so many inner-city neighborhoods in recent years.

Geographically, the distribution of Black organized crime around the state is strongly related to the concentration of Black population in urban areas. About three-quarters of the Black population live in Philadelphia or Pittsburgh, and the remainder live in urbanized areas just outside those two cities. Blacks exceed ten percent of the total population in only three counties in Pennsylvania: Philadelphia, Allegheny (Pittsburgh), and Dauphin (Harrisburg). Nevertheless, there are also significant concentrations of Black population in a number of smaller cities in the Commonwealth. In Chester, just outside Philadelphia, Blacks constitute more than 60 percent of the population; and in the city of Erie they comprise about 10 percent. Other small cities with Black populations which approach or exceed 10 percent of the population include Aliquippa, Coatesville, Duquesne, Easton, Lancaster, McKeesport, Norristown, Pottstown, Reading, Uniontown, Washington, West Chester, Wilkesburg, Yeadon, and York.

The situation of inner-city and low-income Blacks deteriorated steadily during the 1980s. With respect to the de-stabilizing influence of economic problems on Black families, Robert Taylor and his colleagues recently noted that "to deny the existence of these problems or to underestimate their impact would be both naive and irresponsible."⁷ That line of reasoning applies, as well, to the problems of crime within Black communities.

Modes of Organization

Two principal modes of organized crime networks have been identified, based on the type of bonds that hold a group together: domestic kin networks and associational networks. Both types of network are found among Black crime groups in the Commonwealth. The nucleus of networks involved in numbers operations tend to be based on kin, while

both domestic kin and associational networks are common in Black drug operations.

Domestic kin networks based upon family relationships, and associational networks based on acquaintances formed through shared experiences (growing up in the same neighborhood or town, serving sentences in the same prison), may be thought of as prototypes or as the two ends of a continuum. In practice, most groups fall somewhere along this continuum and exhibit aspects of both network modes. Groups centered around kinship relationships often include close friends as well, and some kin may be found in groups founded basically on friendships developed in street gangs or in prison.

In principle, either mode of network may provide the basis for formation of an overarching organization that seeks to combine numerous separate groups into one overall network. However, overarching organizations are likely to be short-lived unless they are based on both kinship and shared cultural traditions compatible with criminal organization and the subordination of self to the group (*Cf.* LCN Chapter). Among Black organized crime groups in Pennsylvania, only associational networks have merged to form overarching syndicates such as the Black Mafia and the Junior Black Mafia. The former had a brief existence in the early seventies; the latter is a phenomenon of the late eighties that appears to be on the brink of dissipating.

Domestic Kin Crime Networks

Domestic kin networks vary in size and in style of leadership and structure. The most common pattern involves fairly small networks whose crime activities are centered around a loosely-structured household including husbands and wives (or lovers), siblings (usually brothers), other close kin and kin acquired through common-law relationships. These smaller operations are unlikely to involve more than two generations (*e.g.*, father/son). Some focus exclusively on criminal activities while others may

move between legal and illegal business activities. For example, proprietors of a small business may use that business as a base for writing numbers or dealing drugs.

Larger operations may involve an extended family network of kin and close friends diffused over several households and several generations, thus allowing for greater scale and scope of criminal activity. To some extent the issue of size is determined by the extent of family "resources" in terms of available kin. Small nuclear families, who have lost touch with elder generations, uncles, aunts, and cousins, will simply not have the range of kin resources to draw upon if they wish to expand. For this reason, such extended family crime networks typically have their roots in the South, where Black kinship ties are strong.

Emerging out of the common experiences of hardship and slavery and a religion which met the circumstances of marginal living, many southern Black communities fostered kin networks based on reciprocal obligations, especially when it came to feeding, clothing, and sheltering families. It is not surprising that the leaders of many Black-run crime organizations in Northern cities like New York and Philadelphia were born and raised in the South. In some cases, moreover, Black crime bosses have returned to their native southern communities to recruit kin as well as "hometown" youth for rank-and-file involvement in crime operations.

The structure and leadership style of domestic kin networks depend to some extent upon the identity and style of the persons who initiate the network. Networks that are founded by a single charismatic individual (always male) tend to have an authoritarian structure in which important decisions and the lion's share of the profits are reserved for the man at the top. In networks founded by brothers or other combination of kin, the structure is likely to be less sharply defined; and there may be greater sharing of decision-making and profits. However, even in organizations headed by brothers, one brother is likely

to be the "real" leader. These networks somewhat resemble "Mom and Pop" operations in which the major participants, the group's nucleus, are close kin and/or members of a loosely-structured household (including common-law relationships).

Below the leadership level, roles tend to be structured according to the nature of the dominant activity (*e.g.*, numbers or drug operations), as described in the relevant sections below. At the lowest levels of the domestic networks, "outsiders" (that is, individuals outside the close family circle) may be hired as numbers runners or street dealers. These lower-level organization members typically have "associational" ties to the network.

The multi-million dollar numbers operation of Frank Miller of Chester, first reported by the Crime Commission in 1978, is a primary example of a Black network organized and based on an extended familial relationship. Miller had for many years been recognized by law enforcement authorities as a major racketeer and gambling figure. Numerous members of Miller's immediate and extended family played key roles in his organization as operatives or as "fronts," including his sons, Joseph Miller and Howard Miller; various in-laws; his nephews, Robert and Van Harmon; his sister-in-law, Juanita Carroll; his ex-girlfriend's brother; his wife's uncle, brother, sister, and cousins; and other relatives and close family friends. Miller established numerous corporations in the names of relatives and close associates; and he acquired bars, other small businesses and properties to serve as fronts and locations for his numbers operation.

Comparison to Other Ethnic Crime Groups

Familial ties have long been recognized as a primary basis for crime networks among ethnic groups, including Italians, Chinese, and various Hispanics. The Crime Commission has found that familial ties are a dominant source of cohesion for many Black crime groups as well, although

this pattern was not recognized in prior writings on the topic. Nevertheless, differences in degree do exist when Black crime groups based on kin networks are compared to kin-based networks of ethnic groups such as the Italians, Chinese, and Hispanics.

Black crime networks are based more on strictly domestic or household ties, including common-law relationships. Black kin networks are generally not as extensive or as "deep" as those of some other groups. The familial bonds tend to be limited to the first or second generation, and there is no evidence of the sort of fictional kinship (*e.g.*, godparent) that is found in some ethnic groups.

Consequently, Black kinship crime networks are less likely to display a progression in which one familial link gives rise to several others which in turn lead to several more. In other ethnic groups, such a progression may lead to overlapping crime networks based on extensive kin ties—a pattern which is seldom, if ever, found among Blacks.

Moreover, kinship as an organizing basis for Black crime networks appears to be diminishing. The social dislocations of the inner city have weakened the strong kinship links of the southern Black families as they have settled in northern urban areas. The trend toward a nuclear family structure among middle class Blacks and a disintegrated family structure among the Black underclass has lessened the viability of crime networks based on familial ties. This trend is reflected in the increasing prominence of associational ties as the organizing basis for Black crime networks.

Associational Networks

"The most widely used system [on the part of Black organized crime groups] is ... the partnership. Two individuals, three individuals, four individuals who have been tight and close and 'watched each other's back' ever since they were kids or ever since they were in prison together."⁸

The associational mode of organization is based on trust and entrepreneurship developed through close personal relationships, typically involving prior criminal ties. The bonds holding together the nucleus or the key members of an associational crime network are nurtured in the course of growing up in the same neighborhood, being members of the same street gang, and/or serving time in the same prison. Members are aware of each other's criminal assets, in terms of special skills or realms of expertise that can be brought to the criminal enterprise.

The character of an associational crime network may be likened to that of a partnership since both depend on mutual trust, responsibility, and compatibility of the individuals, as well as on the entrepreneurial feature of the relationship. Although the entrepreneurial aspect is present in domestic kin networks (if they are to be successful), the business nature of the relationship is basic to the associational mode; and membership is based more strictly on the individual's worth to the crime organization. Nonetheless, associational networks will frequently include individuals who come from the same family (e.g., brothers or cousins), but this kinship is less central to their membership than their criminal ties and skills. Some groups are more entrepreneurial than others; and under certain circumstances it is feasible that purely entrepreneurial associations might develop, in which the members have had only a limited acquaintanceship prior to coming together in a particular criminal enterprise.

The nucleus of an associational network typically consists of a leader (generally an authoritarian male) and a chief lieutenant or two (who might be a close friend or a brother). Alternatively, the leadership of some groups may consist of a "council" or shifting coalition of loosely-ranked lieutenants. The remainder of the network consists of employees or associates. The membership tends to be more restricted in terms of age (generally young) and sex (male) than is the case with domestic kin net-

works.

The origins of such groups are varied. They may evolve out of street gangs, may split off from other groups, or may develop from plans laid while in prison. Many groups are small-scale and short-lived, although some may develop into more stable large-scale enterprises. In general, associational networks are more loosely knit than domestic kin networks. There is continuous flux as new nuclei coalesce and re-coalesce.

Overarching syndicates may develop as compatible groups form loose alliances or federations to promote common interests or to protect against common threats. These allies may then seek to add more groups to the fold, either through coercion or through various incentives. In Pennsylvania there have been two known attempts to form overarching syndicates of Black drug-dealing groups in Philadelphia: the Black Mafia in the 1970s and the Junior Black Mafia in the 1980s.

The Black Mafia (of the early 1970s) was a loose-knit organization that evolved from the street gangs prevalent at the time. Black Mafia members engaged in extortion, narcotics, theft, physical assault, and other violent crimes—including the gangland-style slayings of several rivals and former members of the Black Mafia. The structure of the Black Mafia included several leaders at the top, followed by a bevy of lieutenants and associates. The associates were younger and did much of the "dirty work" for the older, higher-ranking members. A decade later some of these younger associates were "advisors" to the Junior Black Mafia. (Both the Black Mafia and the Junior Black Mafia are discussed later.)

The Crime Commission found, in practice, that the patterns of organization existing among Black criminal entrepreneurs are somewhat indistinct. Many of the crime networks have a kind of hybrid structure, held together in varying degrees by kinship or street associations, as well as by the incentive of mutual gain.

Numbers Lotteries

"... from the earliest days of their life in America's big cities, Blacks played policy. Why? Obviously because lotteries, the playing of long shots, provide both entertainment and the hope of escape from grinding poverty."⁹

Numbers operations constitute one of the two most important areas of criminal activity for Black organized crime groups. Invented and popularized by Caribbean Black immigrants in the early 1920s, numbers gambling quickly became an entrenched part of the urban Black cultural scene. Many Blacks (particularly religious leaders) viewed numbers gambling as a vice that sapped the income, the energy, and the moral fiber of Black ghetto residents. By the mid-1930s numbers gambling, as well as the earlier and similar game of "policy," could be found in cities such as Chicago, Cleveland, Detroit, New York, Philadelphia, and Pittsburgh.

During the Great Depression of the 1930s, numbers operations constituted one of the largest sources of employment for urban Black youths. Numbers betting was widespread in Black neighborhoods, and both sides of the operation (betting and writing) were seen as ways out of poverty. A veteran numbers banker testified before the Pennsylvania Crime Commission that he became involved in numbers writing in Philadelphia during the Depression as a way of working in an economy that had no jobs. He stated, "In the '30s I was determined I wasn't going on the welfare. I was never on welfare in my life. I feel proud about that. I haven't done anything I'm ashamed of. I made an honest living."

The traditional Black numbers operators, although often controlled by whites outside the Black neighborhoods, felt strong bonds to their communities. They generally avoided more predatory activities such as dealing in narcotics. Some of the veteran numbers writers are known to have helped people with food, rent, and burial expenses. Some of the

old-time operators perceived themselves as providing a popular service and as contributing to their communities.

This view of illegal Black numbers operations is supported by State Representative Clarence Davis of Baltimore, Maryland: "If somebody died in the block, the numbers writer became the social worker;" and when families were victims of fire or had other emergency needs, the numbers people "would always take care of business." By contrast, according to Davis, more than two-thirds of the revenue for the legal state lottery—which is driving Black numbers operations out of business—comes from two predominantly Black legislative districts, which receive little from the state in return.

The Greater Philadelphia Area

To date, there have been no systematic attempts, either by researchers or by law enforcement officials, to document the scale and importance of Black organized crime in a single geographic area. Such assessments are plentiful with regard to traditional organized crime (LCN). Because of this knowledge gap, a high priority of the Crime Commission was to assess the scope and significance of Black gambling operations in the Greater Philadelphia area.

Unlike Pittsburgh, where there have been no known Black numbers bankers, Philadelphia for decades has had numerous well-established numbers operations run by Blacks. However, this situation began to change during the 1980s; and by the end of the decade a larger proportion of the illegal lotteries were under white influence. Several of the larger operations are now headed by white operators with Black writers and sometimes Black office workers. Roughly, white-run operations now control upwards of one-half of the numbers action in Black areas of Philadelphia, after a decade of steady increase in their involvement.

The major Black numbers organiza-

tions in the city have been quite stable and operationally successful over long periods. However, the picture has been changing during the last decade. Most of the central or controlling figures are now fifty years old or older, and few young people are entering the business. For a number of reasons, many of the operations that existed at the beginning of the decade have reduced their scale of operations or have folded altogether. Legal alternatives in the form of the legal state lottery and the proximity of casino gambling in Atlantic City have been a major source of pressure. Illegal lotteries strive to remain competitive by offering variety, higher odds, no minimum, and credit.

Most Black numbers operators in Philadelphia take "action" (bets) on several daily numbers. For example, one "day" number and two "night" numbers are determined by results of horse races at various racetracks. They also take bets on the Pennsylvania Daily Lottery and pay higher odds than the state. A straight bet on the three-digit daily number typically pays odds of 600 to 1, as compared to 500 to 1 with the official state lottery. Besides offering better odds than the state system, illegal numbers operations have no minimum wager and, in many instances, extend short-term credit to the bettors. Convenience, tax consequences, and custom also play a role in the continued existence of illegal numbers.

The financiers of illegal lotteries are called "numbers bankers". They are the bookmakers or the bosses of gambling organizations. Their employees are called "numbers writers" (See Chapter 4). Although some Black numbers writers accept bets on the street, major operations in Philadelphia use fixed locations called "lead houses," often in grocery stores, variety stores, taverns, or restaurants in locations convenient for their customers. Writers at these locations accept bets placed by customers. Numbers bankers often own a number of the businesses which serve as lead houses. Bankers also offer a variety of incentives, or "perks," to attract

other property owners to permit their locations to be used for lead houses. For example, a numbers banker may offer to cover certain utility costs or may buy provisions on a regular basis.

Both now and in the past, many of these operations have also been involved in other illegal activities such as loansharking and the fencing of stolen merchandise. In recent years a number of the Black operations have expanded into drug trafficking, including financing drug purchases for wholesale distribution and providing bail funds to jailed drug dealers.

The Freddy Investigation (hereafter "Operation Freddy.")

Considerable information on illegal lotteries in Philadelphia was obtained through "Operation Freddy," an undercover operation of the Philadelphia Police Department's Ethics and Accountability Division carried out between October 1984 and March 1986. The department utilized an undercover police officer to play the role of "Freddy," a presumably corrupt officer seeking payoffs from illegal gambling networks in the city. As Operation Freddy progressed, some operators complained about other officers who took bribe money. As a result, "Freddy" was able to obtain information not only concerning illegal gambling operations, but also concerning police corruption.

The undercover work identified nine officers who had been accepting payments from gambling operations between 1981 and 1986. Payoffs averaged \$100 to \$200 per month, but in a few cases went as high as \$1,000 to \$3,000 per month. In return, officers provided services which included keeping addicts away from drug locations to protecting operations, warning of impending raids, and setting up bogus "arrests" to convey the impression of active gambling "enforcement."

The many numbers operatives identified by Operation Freddy included six major numbers bankers: four Black (William "Chicken Bill" Edwards, Clifford Ballard, James Hampton, and Jarvis Stancil); and two white (Joseph

D'Amato and Ernest Ritacco). Coming on top of problems caused by competition from the legal state lottery and the declining interest in "playing the numbers" in Black neighborhoods, the arrests and raids stemming from Operation Freddy and other investigations have contributed to the growing financial instability of many Black numbers operations.

Decline in Black Numbers Operations

The 1980s has brought a decline in numbers activities in Philadelphia. Few young people are becoming involved in the business, and most of the remaining operators are in their 50s or older. Younger criminals are lured by the greater profits to be obtained from drugs. Financial reverses on the part of some Black numbers bankers have made it difficult for them to insure prompt payment for winning numbers. This failure has contributed to attrition in the clientele as bettors abandon numbers betting or switch to the state-run lottery—a switch which in turn has further aggravated the financial difficulties of the bankers.

Over the decade, some Black operators went out of business, others cut back their operations, and some affiliated with larger white-run operations. An increasing number of Black gambling operators have turned to drug trafficking to increase their profits. Entering the decade of the 1990s, numbers rackets continue to play an important (though diminished) role in Black organized crime; and white-run banks are becoming increasingly influential.

Black Numbers Operations

The section that follows describes numbers operations serving the Black community in the Philadelphia metropolitan area. Operations run by Blacks are discussed first, starting with those of James Nichols, the Blackwells, Richard Spraggins, John Ripley, and Clifford Ballard—all fairly large operations that have been stable for many decades. Also described are a number of Black operations which

existed at the beginning of the decade, but which have suffered financial problems during the 1980s. These difficulties have forced them to cut back substantially, to fold altogether, or to merge with white-run operations. Finally, treatment is also provided for a number of white-run organizations that have major operations in predominantly Black areas of the city.

• **James Walton Nichols**, 68, 5714 Nassau Street, Philadelphia. Nichols has been involved in illegal gambling since at least the 1950s. Today, Nichols is the largest Black numbers operative in the city of Philadelphia, with a territory covering West Philadelphia and parts of Southwest Philadelphia. At its peak in the mid-1980s, Nichols' operation grossed between \$8 and \$10 million annually and employed over 40 numbers writers. His writers accept bets at numerous locations, and several of his lead houses are located at properties owned by Nichols. The size of Nichols' operation has enabled him to absorb the action of several Black numbers operators whose businesses went under during the 1980s.

Nichols' operation has declined somewhat in recent years as a result of a 1985 raid, an indictment, and a subsequent arrest. In the most recent case, Nichols and eight members of his organization were arrested on charges of bribery and criminal conspiracy for making payoffs to a Philadelphia police officer, posing as a corrupt officer while he gathered evidence. In January 1990, Nichols was convicted of three counts of bribing public officials and one count of criminal conspiracy; he was acquitted of more serious charges filed under the RICO (corrupt organizations) statute. Nichols was sentenced to four months probation for each count of bribery and to four years of reporting probation for the count of conspiracy. He also was fined \$4,000 and required to pay \$15,000 to a Victim's Compensation Fund and \$10,000 to the Domestic Abuse Fund.

In spite of these setbacks, Nichols' operation still dwarfs those of other

Black operators. The size and durability of the Nichols operation can be attributed to a number of factors. Most important, Nichols is well established in Black neighborhoods that are convenient for most of his customers; and he has a good reputation for paying on winning hits.

For at least two years, Nichols laid off to the Philadelphia LCN. Thomas DelGiorno, an informant-member of the Scarfo Family, reported that Nichols laid off approximately \$125,000 annually during the late 1970s. Since roughly the mid-1980s, however, Nichols apparently restricts bets to action that he can cover with his own bankroll; and he no longer edges off any of this betting action.

Nichols has also been involved in fencing, loansharking, and narcotics. Nichols uses proceeds from his illegal gambling operation to finance these other illegal activities. Additionally, he has permitted individuals to pay off their gambling debts with stolen property.

Nichols has acquired substantial business and real estate properties, which are supervised by one of three corporations: JAS Corporation, 5601 Corporation, and All-Rite Discount Corporation. Nichols uses a number of his properties as lead houses, including several bars, a barber shop, and a check cashing agency.

Nichols employs a number of Black females in his operation, primarily as office workers. His lieutenants are Black males. The key staff, as revealed in the 1986 raid and investigation, are included in Figure 7.1 (p. 234), which also illustrates the structure of his operation—fairly typical of such operations, although the figure does not satisfactorily depict the true size of Nichols' venture.

• **The Blackwells.** The Blackwell operation goes back to at least the 1970s and is headed by Junious Blackwell, Sr., 58. This family-based operation also involves his sons Junious, Jr., and Charles, and his stepson, Norris L. Jiggetts. In recent years, Junious' sons appear to be exercising greater control. Although the Blackwell operation, like most others, has declined somewhat over

the decade, it is considered the second largest Black-run gambling operation in Philadelphia, superseded only by the much larger Nichols operation.

The Blackwell operation is based in Northwest Philadelphia and both clientele and employees are mainly Black. The Blackwells own a number of properties in the Philadelphia area, including the Ritz Bar, at 6201 Ogontz Avenue, Philadelphia, and they are currently using four lead houses in their numbers operation. The Blackwells have conducted their operation from the Ritz Bar and from a property at 6200 Ogontz Avenue.

The Blackwells were arrested in March 1986, by the Philadelphia Police Department on charges of operating an illegal lottery and conspiracy. Confiscated during this raid were three handguns and approximately \$19,000 in cash (*Cf. 1986 Report*). Also confiscated were papers containing over 2,000 illegal numbers bets and tally sheets amounting to nearly \$2,800. The charges were subsequently dropped for "lack of evidence."

• **Richard Spraggins**, 65, 112 West Johnson Street, Philadelphia. Spraggins, a longtime numbers operative with lottery arrests dating to the late 1940s, heads a gambling operation which includes numbers and the sponsorship of poker and dice games. Located in North Philadelphia and Northwest Philadelphia, he operates his illegal businesses from a number of his properties in the Philadelphia area. Key office personnel include his wife, Piccola Spraggins and his daughter, Cecilia Spraggins Pollard.

Spraggins' numbers operation has remained fairly stable, declining only slightly over the last decade, with an estimated gross of about \$2 million annually. Compared to other Black-run numbers operations in Philadelphia, Spraggins is among the largest.

Spraggins is involved in a number of other illegal activities, including loan-sharking and cocaine and heroin trafficking. Spraggins used profits generated by his illegal numbers business and poker and dice games

to finance his drug deals. Among Spraggins' criminal contacts for his drug business are several of the major narcotics traffickers in Philadelphia, including Leroy "Skip" Jackson and Willie Rispers. Recently, a link has been identified between Spraggins and JBM leader Aaron Jones (the JBM is discussed later in the chapter). To cover Jones' bail, Spraggins posted a certified check for \$50,000. In recent years, Spraggins' numbers business has been stagnating as he pays increasing attention to his narcotics and loansharking businesses. Spraggins is also heavily involved in gambling at Atlantic City casinos. Since the opening of the casinos in Atlantic City in the late 1970s, Spraggins has gambled in excess of \$1 million at the casinos.

When Spraggins' operation was raided in February 1988, authorities confiscated illegal lottery bets and \$2,500 in United States currency. Piccola Spraggins was arrested during the raid and charged with running illegal lotteries and destruction of evidence; her case was withdrawn for lack of evidence.

• **John Ripley, Jr.**, 53, 1135 Rittenhouse Street, Philadelphia. Ripley began his career in the numbers business at the age of 12, as a runner in his father's business. At this time (late 1940s to early 1950s) the operation was quite small, paid 500 to 1, and was mainly staffed by family members (*e.g.*, Ripley's aunt and uncle). Sometime during his 20s or 30s, the younger Ripley began to take a more active role in the business. Today, the operation is considered to be an average size Black numbers operation in Philadelphia.

Ripley's operation in North Philadelphia consists of four lead houses, two offices, and approximately 25 employees. Ripley's Northern Philadelphia territory is not exclusive; it is open to other numbers operatives. Ripley has testified that Black numbers operatives are not organized to the point where they control certain areas of the city. According to Ripley, "whoever came and ... made the best offer. That's who did the business."

Ripley was one of the operators implicated in Operation Freddy. In March 1986, Ripley paid \$1,000 to an individual who he believed to be a corrupt police officer. This \$1,000 was to purchase photocopies of illegal lottery work that had been seized from Ripley's numbers operation in February 1986. At the time Ripley turned over the money, he also agreed to pay the "alleged" corrupt police officer \$600 a month to protect two lead houses located at 1937 and 2000 West Columbia Avenue. Ripley was convicted of paying the police officer and was fined and sentenced to two years probation.

• **Clifford "Lamont" Ballard**, 49, 5 Wissahickon Lane, Philadelphia. Ballard's gambling operation is considered a mid-sized Black operation. Ballard is well established in the North-central and Western sections of Philadelphia. Ballard owns a number of properties in the Philadelphia area, including 2301 West Turner Street, a variety store, which serves as his base of operation. His illegal operation, which comprises approximately ten lead houses, has stagnated or declined throughout the 1980s.

In 1986, Ballard's operation was identified by Operation Freddy as one of six illegal gambling operations in Philadelphia paying protection money to corrupt police officers. The department's investigation revealed that Ballard was paying approximately \$400 per month to a Philadelphia police officer.

Ballard has been identified as having ties to Joseph "Jake" D'Amato, an associate of the Philadelphia LCN, and as using D'Amato as a lay-off. Ballard was arrested in August 1988, after pen registers (non-audio telephone intercepts which record phone numbers called) indicated that D'Amato was controlling an illegal lottery operation in Philadelphia. Confiscated during the raids of Ballard's and other residences were 8,500 lottery wagers valued at \$11,000, and over \$4,500 in cash.

Ballard's sister, Barbara Harris, who is presently incarcerated for murder, was also involved in illegal lotteries in Philadelphia; her third degree murder

conviction stems from a territorial dispute with another numbers operator.

Harris had tried to extend her operation into the territory of Michael Rhoads. Rhoads retaliated with acts of violence against the Harris operation, including the murder of a brother of one of Harris' employees. This killing prompted Harris to order four of her employees (Victor Scott, her son, Richard Harris, Alex Sherman, and Marcel Harper) to murder Rhoads. Rhoads was killed in Philadelphia on January 23, 1981. Harris was ultimately sentenced to 10 to 20 years for third degree murder.

• **Carl Robinson**, 65, 6131 Cobbs Street Parkway, Philadelphia. Robinson, who at one time had an operation nearly as large as that of Nichols, now operates a small numbers business in West and South Philadelphia. Robinson entered the numbers business in the early 1950s, as the result of working in a South Philadelphia tailor shop which kept a numbers book. Initially he turned his action in to Mike Switz (a white numbers operative, now deceased) but subsequently established his own bank, running his business from a variety store. Robinson's headquarters has been located at 947-949 South 58th Street, Philadelphia.

In 1970, federal authorities arrested Robinson, along with 30 of his writers and office staff, for illegal gambling. His operation peaked in the late 1970s and early 1980s. Robinson had been tried and convicted in 1970 by a federal judge. He served three months of a six-month sentence in Allenwood Federal Prison. His absence hurt the business; and by the later 1980s, the operation had begun to decline rapidly.

Today, Robinson's operation is very small, and he is considered to be nearly out of the numbers business. Robinson is currently employed as the manager of CPR's Check Cashing Agency, 5561 Baltimore Avenue, Philadelphia. This business is owned by Robinson's daughter and two of his sisters-in-law.

• **The Harmon Operation.** For many years, the Harmon brothers, Frederick,

Thermon, Frank, and James (all but Frank are now in their 60s), ran one of the largest numbers operation in West Philadelphia, even rivaling that of James Nichols. Centered at the Sweet Tooth Variety Store located at 5343 Market Street, Philadelphia, the small amount of merchandise actually available for sale indicated that the store was used primarily as a front for their illegal numbers business.

In addition to the brothers, the illegal numbers operation employed numerous other family members, including the sons of the founders. On November 30, 1984, six family members (Frederick and James, and four of their sons and nephews) were arrested and charged with operating illegal lotteries, conspiracy, and the destruction of evidence. Police confiscated more than 10,000 bets totaling more than \$5,000, \$89,000 in cash, and 30 rolls of raffle tickets. In December 1985, charges against Frederick and James were dismissed. The other four members were found guilty and were fined \$3,750 plus costs.

The Harmon operation began to decline after these arrests, and today the family is reportedly out of the numbers business. The downfall of the Harmon operation has been attributed to the family's drift into drug trafficking, as well as to the drug dependency of two family members. James Nichols has taken over the remnants of the Harmons' numbers operation.

In the mid-1980s, the Harmon family owned approximately 40 properties in the Philadelphia area. Most of these properties were listed in the names of Frank Harmon and his wife, Frances, or in the name of Bertha Harmon (the mother of Frederick, Thermon, Frank, and James). The properties purchased in their mother's name were later sold to Metropolitan Acceptance Corporation, which is owned by the Harmon brothers. Through this corporation the Harmons loaned money to businesses, usually taverns or restaurants. If the business defaulted on the loan, the Harmons would simply assume the business under the Metropolitan Accep-

ance Corporation.

The Harmons, in the past, have also been involved in the vending and video poker businesses. In 1974, four family members were arrested and were charged with possession and sale of untaxed cigarettes and counterfeiting. The cigarettes were obtained from North Carolina and were shipped to Philadelphia where counterfeit tax stamps were affixed.

• **Caesar Nelson**, 83, 1620 North 26th Street, Philadelphia. Nelson, like Robinson and the Harmons, at one time operated a sizeable numbers operation in North and Central Philadelphia. Nelson arrived in Philadelphia in 1923 from South Carolina, where he had finished schooling through the fifth grade. After losing his job during the Depression, Nelson began his numbers career in the early 1930s. In this early stage of his career, Nelson served as a writer and netted between \$12 and \$20 per week. He accepted bets of one cent and up and catered to an all-Black clientele. Nelson turned his action into a runner, who then turned the money into a white banker. In the 1940s, Nelson switched to a Jewish banker; and on this banker's advice, Nelson began to hold his own action. In the late 1940s, Nelson entered into a partnership with Cleo Coleman, a larger numbers banker. Coleman and Nelson were indicted in the early 1950s on gambling-related charges. Nelson was convicted and was sentenced to three months incarceration, the only jail sentence of his numbers career.

At the height of his operation, Nelson employed approximately 15 persons. He paid his writers either a salary or approximately 25 percent of what they wrote. Nelson edged off betting action to layoff banks controlled by the Philadelphia LCN. Nelson's numbers business is small today, and its remnants are run by an associate.

• **Isaiah "Ike" Ford**, 56, 1 Wissahickon Lane, Philadelphia. In the early 1980s, Ford operated a medium-sized numbers operation in Northwest and parts of North Philadelphia, headquartered in his bar, Ike's Corner Bar,

at 1385 Narragansett Street, Philadelphia. A location above this bar has been identified as one of Ford's lead houses. Ford accepted credit from established customers, had no cut numbers, and paid 700 to 1 odds on bets ranging from five cents to five dollars. Like other numbers operatives, Ford often obtained lead houses by entering into agreements with owners of grocery or variety stores. He supplied the owner with money to cover utilities or to buy provisions for the store in return for permission to use the store as a lead house.

Ford's numbers operation has declined since 1980, partly because of gambling raids on his operation in the mid-1980s. The first police raid hit four of Ford's lead houses and five other locations in the Philadelphia area. The searches of these nine locations resulted in the confiscation of 110,000 lottery plays, nearly \$1,200 in cash, and an undetermined amount of tally work. Then, in October 1986, Jeannette Williams, a known member in Ford's operation, was arrested at 215 W. Walnut Lane, Apartment B-302, Philadelphia. Police confiscated cassettes and slips of paper containing in excess of 80,000 lottery bets and an unknown amount of tally work.

These raids resulted in considerable financial hardship to Ford's operation. Lacking sufficient operating capital to cover major hits, Ford sought affiliation with a larger, white-run bank. Ford now turns in his betting action to Harry Nocentino, the head of a sizeable numbers operation in Northeast and East Philadelphia. (See below.) Nocentino covers Ford's expenses for lead houses and insures that Ford will not be bankrupted by large "hits." In return, Ford has been able to retain all his writers, and he receives one-half of the profits. Since Ford entered into this arrangement (around early 1987), his operation has somewhat rebounded.

● **James Hampton, 53, 3201 W. Dauphin Street, Philadelphia.** During its prime, Hampton's operation was very large. He was a partner in John "Slim" Creagh's numbers operation. In 1985, when Hampton temporarily

moved to Georgia, portions of his numbers business were absorbed by Nichols, the Harmons, Nelson, Ballard, Ripley, the Blackwells, and Spraggins. Hampton later returned to the Philadelphia area and has been attempting to re-establish a numbers business in the area where he formerly operated.

Hampton now runs a small numbers operation in the Strawberry Mansion section of North Philadelphia. Basically a family operation, he is assisted by his son Derrick, who serves as his principal lieutenant, and by a number of other family members.

● **Jarvis Stancil, 54, 5932 Springfield Street, Philadelphia.** Stancil runs a small numbers operation in North and Southwest Philadelphia. In 1986, Stancil's operation consisted of four lead houses and two offices. Stancil at one time operated in partnership with William Edwards, but started his own operation during the Freddy Investigation.

● **William "Chicken Bill" Edwards, 60, 910 Johnson Street, Blackwood, NJ.** At one time Edwards was an independent numbers banker in partnership with Jarvis Stancil. Edwards operates several lead houses located in the western section of the city and has his writers scattered throughout the Black populated areas of the city. During the Freddy investigation, Jarvis Stancil split off and started his own numbers operation. Edwards and many of his employees were arrested in Operation Freddy. Edwards had been associated with the gambling operation of LCN associate Joseph D'Amato.

● **James "Sonny" Bryant, 54, P.O. Box 359, Wagontown.** Bryant's operation is among those which have suffered financial reverses during the past decade. Still he remains the major Black numbers operator in the Coatesville area and has been in business for at least 20 years. Bryant owns a number of properties in the Coatesville area, including the Malibu Club, a bar located at 592 South 1st Avenue, Coatesville.

Bryant originally entered the lottery business with Robert Connelly (a major gambling figure). Bryant "edged off" to Connelly's operation.

In recent years Bryant has turned over a portion of his numbers action to a numbers business run jointly by Louis Trammel and Wesley Forte. Trammel is Bryant's brother-in-law and has served as a controller for Bryant's numbers business. Forte at one time served as a banker in Bryant's operation.

Like many other gambling operators, Bryant recently branched out into financing and distributing cocaine and marijuana. In March 1990, he was arrested by Chester County Detectives and was charged with drug violations. Approximately one pound of marijuana and four ounces of cocaine were confiscated from Bryant's home. Bryant was found guilty in December 1990, and his attorney has filed a motion for a new trial.

Major White-Run Operations in Black Neighborhoods

A number of white-run numbers operations have strong ties to the Black community in Philadelphia. These include lead houses in Black neighborhoods, close business associations with Black numbers operators, employment of Black numbers writers and other personnel, and acceptance of layoff from Black bankers. These ties strengthened during the 1980s as exclusively Black operations declined because of lower profit margins, reduced interest among Blacks in playing the numbers, and the law enforcement actions of Operation Freddy and other investigations.

The most important of these white-run operations are those of John Creagh, Thomas Wilson, Harry and Joseph Nocentino, Joseph "Jake" D'Amato, Martin Hymowitz, Ernest Ritacco, and Robert F. Connelly. Many of these have direct or indirect LCN ties as associates, through payment of "tribute" or through laying-off betting action.

● **John "Slim" Creagh, 70, The Executive House, 6100 City Line Avenue, Philadelphia.** Creagh operates one the largest white-run numbers operations in Philadelphia,

and one of the two largest operations within Black areas of the city (with Nichols' operation the only other one comparable in size). While extending throughout the city of Philadelphia, with over 60 lead houses, Creagh's operation is based predominantly in Black sections of the city.

Creagh, who began his career in numbers in the 1950s, runs a family-based operation, with his sons, Frank, Gary, John, and Gregory, serving as his chief lieutenants. Creagh himself is now semi-retired, letting his son Frank run most of the operation. However, in the eastern section of Philadelphia, a portion of Creagh's operation is run by two business associates: Charles Reaves (62, Black male) and Juan Rodriguez (48, Puerto Rican male). Like Creagh, Reaves and Rodriguez both have extensive records of arrests for gambling activities. Creagh has also hired Blacks as numbers writers and as managers for lead houses.

Creagh has had close associations with several Black numbers operatives. He accepted layoff from Isaiah Ford until Ford severed the relationship, apparently because of a dispute over money. At one time Creagh also had a "partnership" arrangement with Black numbers operative James Hampton. Part of Creagh's success arises from his style of competition. For example, Creagh moved into Clifford Ballard's area of operation and began to compete for Ballard's customers. When questioned about competition, Ballard replied, "there's plenty and it's coming from Slim Creagh's people . . . he must know somebody because no one's doing anything about him."

Because of the size of his operation, Creagh is able to give customers better deals and to absorb more losses than smaller operatives. In this way, Creagh is able to attract customers and to expand his operation. Other factors contributing to Creagh's success include his willingness to hire Blacks and his reliability in paying on winning hits.

Creagh paid "street tax" to the Philadelphia LCN during part of the 1980s. Nicholas Caramandi, an LCN

informant, has stated that Creagh operated a sports and numbers book, was involved in loansharking and narcotics, and paid street tax. Creagh initially paid the Family \$10,000. After this initial payment, he paid \$300 per week for three years. He then made a \$5,000 payment and paid \$600 per week thereafter until sometime in 1986. At this time, because he feared that Creagh was cooperating with federal authorities, Caramandi stopped collecting from Creagh.

During the 1980s, raids by the Citywide Vice Enforcement Unit on 11 different locations resulted in the confiscation of over 141,000 numbers plays, tally work in excess of \$49,000, and nearly \$33,000 in cash. Creagh was arrested twice in the 1980s on gambling related charges. A 1981 arrest in Bensalem resulted in a one-year probation sentence; 1984 charges in Philadelphia for lotteries and criminal conspiracy were withdrawn.

● **Thomas Wilson**, 53, 13041 Sewell Road, Philadelphia. Wilson operates a large numbers and loansharking operation in the Eastern section of Philadelphia in partnership with John "Ikey" Williams. Wilson, along with John MacGregor, owns Avenue Check Cashing Agency, located at 1201 East Susquehanna Avenue, Philadelphia. His numbers operation, like Creagh's, has connections to the Black community. About a third of Wilson's nearly three dozen workers are Black.

In November 1986, Citywide Vice Enforcement Unit raids on 16 locations resulted in confiscation of over 17,100 numbers plays and tally work totaling \$11,100. Sixty sports bets, tally work in excess of \$300,000, and over \$10,000 in cash were also confiscated. A subsequent raid on August 21, 1987, netted over 250,000 lottery plays, tally work totaling more than \$180,000, and nearly \$4,400 in cash.

● **Joseph Nocentino**, 55, 3261 Creek Road, Huntingdon Valley and **Harry Nocentino, Jr.**, 52, 2424 Walton Road, Huntingdon Valley. Joseph and Harry Nocentino, associated with the

Philadelphia LCN, operate a large numbers business in Northeast and East Philadelphia. In the numbers business for 25 to 30 years, they have approximately 30 lead houses in the eastern section of Philadelphia. Their operation also accepts horse bets and extends to Reading, where numbers bets are accepted from the Hispanic community. The Nocentinos lay-off their activity to Martin Hymowitz, an LCN associate who operates a numbers operation in South, North, and Northwest Philadelphia.

When Isaiah "Ike" Ford, a Black numbers operative in Northwest and parts of North Philadelphia, experienced business difficulties in the mid-1980s, he joined the Nocentino operation. Now a "middleman," Ford takes action from his writers but turns it in to Harry Nocentino rather than banking it himself.

● **Joseph "Jake" D'Amato**, 74, 1723 South Hicks Street, Philadelphia. D'Amato, a long-time associate of the Philadelphia LCN, operated a numbers business from several lead houses in North, South, and West Philadelphia for many years. D'Amato accepted layoff from numerous Black numbers operatives like Clifford Ballard. D'Amato also developed a "partnership" arrangement with "Chicken Bill" Edwards, a Black numbers operator whose own business was in financial trouble. D'Amato was arrested for his role in Operation Freddy and was sentenced to three years probation after entering a guilty plea.

D'Amato is now serving a life sentence in prison for ordering the murder of John Philson, a doorman at one of his gambling houses. D'Amato suspected Philson of setting up a robbery at the gambling house. D'Amato's operation is currently managed by Rosalie Johnson, a Black female and longtime girlfriend of D'Amato. Most of D'Amato's employees are also Black.

● **Martin Hymowitz**, 65, 610 Pine Street, Philadelphia. Hymowitz has operated a numbers business and sports book in South, North, and Northwest Philadelphia for at least 30 years. Hymowitz receives betting

action from Black writers; he also serves as a layoff for a number of Black, Hispanic, and other white operatives. For example, Mercedes Sanchez, a Puerto Rican male, and his brother, Gilberto, are estimated to lay off a substantial portion of their illegal numbers business to Hymowitz. The Nocentino operation also lays off excess activity to Hymowitz.

Hymowitz also has connections to the Philadelphia LCN. Hymowitz's agreement with the Family stipulates that Hymowitz keeps the first \$150,000 and then splits any additional profits fifty-fifty. Gaetano Scafidi, an associate of the Family, collected the payments from Hymowitz. Joseph Grande, a Bruno/Scarfo LCN member, also collected payments prior to his incarceration.

• **Ernest Ritacco**, 56, 600 Lee Road, Broomall. Ritacco and **Joseph Simms**, 56, a Black male of 5342 Addison Street, Philadelphia, operated a numbers business in North, West, and Southwest Philadelphia. After Frank Miller's incarceration in 1979, their operation was extended into Chester. Ritacco and Simms dealt with numerous Black numbers operatives, and most of their employees were Black.

Ritacco has testified that at one time he operated four illegal lottery operations, and that over a two-year period he paid a Philadelphia Police officer \$500 a month per location to protect his operation. The Ritacco/Simms operation also made protection payments to Philadelphia Police officers James Fultz, 44, and Maxie Logan, 44, who were subsequently convicted. Fultz was sentenced on charges of theft, making false reports, bribery and obstruction of the law. He was sentenced to three and a half to seven years imprisonment. Logan, found guilty on 18 counts of bribery, was sentenced to five to ten years imprisonment and ten years probation.

• **Robert F. Connelly**, 62, 357 A, R.D. # 2, Phoenixville. Connelly is the head of a major numbers and sports bookmaking operation in Delaware, Montgomery, and Chester Counties. His operation is active in

Norristown, Conshohocken, Pottstown, Coatesville, West Chester, Phoenixville, and Reading. Also involved in loansharking, Connelly's operation caters to both Black and white customers and employs a number of Blacks. The Black writers take in most of the action from Black bettors in the Coatesville area.

Black Middlemen in Pittsburgh

Although Black-run numbers operations or bankers have thrived for many years in the Greater Philadelphia area, this is an anomalous situation unique to the Philadelphia metropolitan area and is not found statewide. In Pittsburgh, the LaRocca/Genovese LCN Family maintains control of numbers gambling in Black neighborhoods. The major Black operatives in Pittsburgh serve essentially as sub-bankers who employ writers. Subsequently their action is turned over to white-owned banks. Family-connected numbers operations serve a large pool of Black bettors.

Until the mid-1980s, nearly all Black operatives turned in their numbers action to Anthony Grosso, who at that time ran the largest numbers bank in Pittsburgh. Grosso paid large operators 30 percent of the action turned in, plus 50 percent of the weekly profits on the numbers action. Since Grosso's conviction and incarceration in the mid-1980s, Black numbers operatives have turned in action either to Robert Iannelli or to the Williams operation, run by Adolph and Salvatore Williams. Both Iannelli and Williams are associates of the Pittsburgh LCN.

Most Black numbers middlemen operate in Pittsburgh's Hill District. There is no indication of specific territories that "belong" to particular operatives. Numbers writers can "pick and choose" to whom they turn in their action. To retain old customers and to attract new ones, Hill District operatives may pay odds as high as 700 to 1. Outside the Hill District, 600 to 1 odds are more common. Numbers writers receive a percentage of the action—*e.g.*, 30 percent for 600 to 1 odds or 20

percent when odds are 700 to 1.

Writers accept wagers ranging from five cents to \$50 on seven different three-digit games and on one four-digit game. Three of the three-digit games are based on daily lotteries in Pennsylvania, Ohio, and West Virginia; two on horse races; and two on stock numbers. The four-digit number is determined by the daily drawing of the four-digit number in the Pennsylvania lottery. Odds on the four-digit number are 5,000 to 1.

Numbers middlemen in Pittsburgh differ in their opinion concerning the current status of the numbers "business." Some state that the advent of the legal state lottery hurt business by attracting customers away from illegal operations and by forcing illegal operators to pay higher odds in order to retain their clientele. A few, however, feel that the lottery actually spurred interest in lotteries among the younger generation; and some have benefited from large wagers placed by young drug dealers, some of whom regularly place \$200 to \$300 per day on their favorite number. Older clients appreciate the fact that illegal writers accept bets in very small amounts, and many customers prefer the higher odds and more immediate payoff of the illegal lotteries.

• **Joseph Stotts**, 55, 7935 Dollman Road, Pittsburgh. Stotts manages a portion of the Williams' numbers operation in the Hill District. Stotts does not confine his activity to the Hill District and has writers in various parts of the city. These writers receive about 25 percent on the numbers they write. Many of his customers are older numbers players. Stotts and five employees were arrested on lottery charges in February 1990, during a raid on Sugar's Deli and Produce, 1501 Fifth Avenue, Pittsburgh, by the Allegheny County Police Department. The business was owned by Adolph Williams; and the building is owned by Antonio Ripepi, a member of the LaRocca/Genovese LCN Family. The police confiscated \$12,000 in numbers slips and over \$3,000 in cash.

● **William P. Robinson**, 59, 2141 Wylie Avenue; and **Elmer Blake**, 71, 22 Zug Avenue, Pittsburgh. Robinson and Blake are major numbers middlemen operating in the Hill District. Formerly the principal writers for Joseph Robinson, William's father, Robinson and Blake took over the business after the elder Robinson's death. They operate out of the Crawford Grill on Wylie Avenue.

● **Richard Wood**, 61, Pittsburgh. Wood is another of the Black sub-bankers operating in the Hill District. He has been active in numbers for 30 years and was formerly part of the Anthony Grosso organization.

● **James Giles**, 72, 5111 Rosecrest Drive, Pittsburgh. Giles ran one of the largest Black bookmaking operations in Pittsburgh during the early 1980s. Over a roughly 40-year career in numbers, Giles wrote between \$10,000 to \$15,000 per week, turning his action into Grosso's operation. Giles based his operation at his pool hall, the Duke and Duchess, 6542 Frankstown Avenue. Serving the East Liberty and Homewood sections, Giles received betting action from about 50 writers, paying them about 15 percent on the numbers they wrote. Although he retired from bookmaking about the time that Grosso's operation was broken, Giles permits occasional card games at his pool hall. After his retirement, most of his business was assumed by one of his principal writers James "Shoebox" Jackson, 56, of Brushton Avenue.

Other Localities

In Black communities in other Pennsylvania localities—Allentown-Bethlehem, Erie, Harrisburg, Reading, and Williamsport—Blacks function strictly as mid-level operatives or as writers in white-run gambling operations. The following individuals fit this pattern.

● **Grady Walker**, 42, handles sports betting and numbers for the Tony Leta gambling operation in the Black community of Williamsport. (See Chapter 4.)

● **Walter "Hawk" Grannison**, 54, handles sports betting for John Troutman in the Black community in the Harrisburg/Steelton area. Grannison, who operates from The Lucky 7 Tavern, 524 McClay Street, Harrisburg, also owns this building. He accepts primarily sports wagers and receives a 10 percent commission on betting action turned in to Troutman. Grannison was arrested along with 13 others in August 1990 on gambling charges as part of a state police gambling investigation in Central Pennsylvania. (See Chapter 4.)

● **Gerald Houser**, 41 of 847 Jackson Street, Allentown, handles numbers and sports betting in the Allentown area. He banks either to George Sam or Richard Baker, both of whom are major racketeers in the Lehigh Valley area. The majority of Houser's customers are Blacks from South Allentown and parts of Bethlehem, but his customers also include some low-income whites. Houser has also served as a strong arrn collector for Sam's bookmaking operation. Gerald Houser is the son of Charles Houser, who for many years had handled numbers and sports betting in the Black community of Allentown-Bethlehem for John Parente, a long-time gambling czar in the area until his death in 1978. (See Chapter 4.)

Summary

A number of important characteristics can be discerned in examining Black numbers gambling in the Commonwealth.

● **Longevity/Success.** Most Black numbers bankers have long-established careers, as do white-run bankers operating in Black neighborhoods. Illegal numbers betting in Black neighborhoods is an industry to which there have been few new entrants over the past several decades. Some Black numbers bankers have acquired sizable legitimate assets (*e.g.*, Nichols).

● **Interdependence.** Black numbers operations in Philadelphia are separate and distinct, but they are economically interdependent because of the need to lay off or to reciprocate in the

exchange of excessive wagers. "Friendly" competition exists among Black numbers operatives who get along with one another, but who also compete with each other to attract more bettors or writers. A number of the Black-run operations are also known to be laying off to white organizations (*e.g.*, to D'Amato, Creagh, Hymowitz).

● **Influence/Power.** White-run operations control numbers betting in Black neighborhoods in localities across the Commonwealth, with the exception of the Greater Philadelphia area. Even in Philadelphia, white-run operations have gained greater control of numbers betting in Black neighborhoods; and white-run operations now handle upwards of one-half of the betting action in Black areas. Four of the five largest numbers operations in Black neighborhoods are white-run (Creagh, Nocentino, Wilson, D'Amato). The largest Black-run operation is headed by Nichols, roughly equal in size to the Creagh or Nocentino operations. Blacks do not control numbers betting in any white communities in the state.

● **LCN Relationship.** In the Philadelphia area, the larger Black-run operations have been affiliated historically with the Philadelphia LCN, mainly through lay off. Thomas DelGiorno, formerly a capo in the Scarfo LCN Family and currently a federally-protected witness, stated that Scarfo did not want the aggravation of dealing with the smaller Black numbers bankers. Scarfo felt that they didn't have the money to pay and that they might "shoot back." In Pittsburgh, the other large center for Black numbers betting, LCN-connected gambling operatives typically control numbers betting in Black neighborhoods.

● **Trends.** There have been three important developments in the 1980s:

1. Numbers activity in Black neighborhoods has been declining steadily in Philadelphia and in other areas of the Commonwealth, with the exception of Pittsburgh, where numbers betting remains strong in Black neighborhoods. There are several reasons for this decline. (a) The growing attraction of the government-sponsored lottery system in Pennsylvania has

reduced the number of illegal bettors, especially among younger people; the legal lottery is easily accessible, and it is reliable (*i.e.*, it always pays off on winning numbers). (b) Operation Freddy and associated law enforcement initiatives were disruptive and caused financial stress for a number of bankers. (c) The death, retirement, or retrenchment of established Black numbers operatives has reduced the pool of reliable bankers (*i.e.*, those who faithfully and promptly pay off on winning hits). (d) The drug trade is seen by some Black youth as a quicker and more lucrative source of illegal income than recruitment into a numbers operation. In testimony before the Crime Commission, a veteran numbers banker stated:

"I don't see no young kids [coming into the business]. The young people are too busy doing other stuff . . . fooling around with crack and stuff. I think they're [numbers] on the way out. I really do. I just don't see as many people being active as they used to be. [Numbers] began to go down when the state lottery came in."

2. The declining fortunes of Black-run numbers operations have been paralleled by the increasing incursions of white-run operations in Black neighborhoods. Several white-run organizations have expanded their numbers business steadily in the Black neighborhoods of Philadelphia. The success of these organizations is built on extensive contacts within the Black community, the hiring of established Black operatives, strong financial resources, and a reputation for paying off winning numbers. Thus, Black numbers operators face a precarious future with fewer Blacks who play the numbers and with competition for this declining pool of bettors. Some have already had to give up some of their independence and profits to seek financial backing from more secure white bankers.

3. Some Black numbers bankers have either expanded or shifted into drug trafficking, especially cocaine. Some of these operators have always had supplemental criminal involvements such as loansharking or fencing

stolen goods. But today an increasing proportion of the criminal portfolios of Black numbers operators centers around drug trafficking. The latter may damage the "traditional goodwill" historically fostered by Black numbers bankers within the Black community.

Drug Organizations

Important Black criminal organizations have been involved in drug trafficking since the 1960s, particularly in major United States cities such as Chicago, Detroit, New York, and Philadelphia. In Pennsylvania, Black drug groups multiplied during the 1980s along with the growth in demand for dangerous drugs, especially cocaine. Major Black-run drug distribution organizations have been identified in the Philadelphia, Harrisburg, and Pittsburgh areas.

For the most part, Black drug organizations in the Commonwealth are independents—*i.e.*, small, fluid groups or partnerships which continuously evolve and disband because of internal disputes or law enforcement intervention. However, Philadelphia has witnessed the emergence of two attempts to form genuine syndicates: the Black Mafia (active primarily in the early 1970s, although some former members have continued to be very active) and the Junior Black Mafia (active in the mid- and late 1980s).

Black criminal groups had made important strides in the heroin business in the late 1960s and early 1970s when the heroin market expanded in the inner-city and when the Mafia (LCN) scaled down its narcotics business because of toughened federal laws and state penalties for heroin selling. Carmine Galante, John Ormento, and Vito Genovese were all top LCN figures who were jailed during that period. Nonetheless, other LCN members ignored the prohibitions of the bosses and engaged in heroin trafficking.

This situation changed as a loose amalgam of multi-racial and multi-ethnic entrepreneurs—Black Americans, Puerto Ricans, Cubans, Argentinians, Brazilians and, later, Chinese

distributors—moved in on the wholesale and importation levels of the heroin trade. Black criminal groups made further advances in the heroin business after the Vietnam War had exposed many Black soldiers to the heroin markets of the Golden Triangle. Because of their overseas experience, Black dealers were now able to bypass La Cosa Nostra and to buy directly from suppliers in Thailand.¹⁰

Charles Lucas was among the first Black operators, in the New York metropolitan area, who established his own pipeline to suppliers in the Far East. An interesting characteristic of his organization is that it was made up primarily of relatives from North Carolina, who were part of Lucas' extended kin in the old Southern tradition. (In 1982, Lucas was released from a 40-year federal prison sentence as a result of his cooperation with law enforcement authorities.)

Several other notorious Black drug organizations also emerged at this time and have received journalistic attention and attained celebrity. In particular, there are the Frank Matthews and Nicky Barnes networks in New York. Although not nearly of the same magnitude or sophistication, the Black Mafia emerged in Philadelphia at about the same time.

During the same period, other developments encouraged the expansion of Black-run drug networks. In the political arena, the civil rights reforms of the 1960s enabled Blacks to gain greater control over their communities, which put them in a stronger position to wrest control of illegal activities from white syndicates. Moreover, as ghetto neighborhoods deteriorated during the 1970s and 1980s, the disorder and violence of the inner-city restrained LCN Families, who saw little to be gained by fighting to maintain strong control.

Organizational Characteristics

The Black-run numbers operations described earlier conform largely to the domestic kin organizational mode which had been traditional in Black organized crime. Among Black drug

trafficking groups, both domestic kin and associational networks can be found. The deterioration of the inner city and erosion of family stability, however, have meant that organizations based on extended kinship ties are rarer today. Even when "blood" ties anchor the nucleus of a Black drug operation, the network tends to revolve around a single household or family unit, which typically includes common-law relationships and perhaps a few close friends and their relatives. Increasingly common are associational networks—groups based on peer associations formed in street gangs, neighborhoods, and prison. The most notorious Pennsylvania-based examples of the latter have been the Black Mafia and the Junior Black Mafia.

Whether based on kinship or criminal association, Black drug organizations have a free-lance, individualistic character about them. They are usually organized around one male entrepreneur who surrounds himself with a network of trusted family or non-family associations. From this nucleus, a loose, situational contingent division of labor emerges. The drug trafficking operation of Roland Bartlett exemplifies this type of organization. The independent, individualistic type of Black criminal organization is by far the most prevalent; and large-scale groups (like the Black Mafia of the 1970s or the Junior Black Mafia of the 1980s) have been the exception rather than the rule.

Black drug trafficking organizations have a number of common factors which militate against permanence or long-term success in establishing control over drug trafficking within ghetto neighborhoods. First, drug operations tend to have structures determined by the exigencies of street dealing. Black drug trafficking groups have so far remained close to the streets or at most only a step or two removed. Thus, Black drug trafficking networks tend to "look alike" because of the situational demands created by street-level drug trafficking. Typically, the leader (or leaders) deals through lieutenants (or section chiefs) who distribute to street dealers.

"Enforcers" may maintain internal discipline and threaten rivals.

Second, (perhaps because of the proximity to street dealing) the leadership is poorly insulated. Despite some limited efforts at insulation, leaders of Black drug operations (in contrast to leaders of Colombian, Dominican, or LCN operations) are far more likely to handle drugs (*e.g.*, by serving as their own drug couriers) and to take an active role in violent confrontations. Lack of insulation, in turn, makes these leaders far more vulnerable both to law enforcement and to potential rivals. This vulnerability in turn makes it difficult to create stability for leadership succession.

Third, factionalism is pervasive within these drug groups. Fierce competition exists among rival drug groups, both established networks and those that are newly emergent. Because of the lack of trust and loyalty within these groups, threats of violence are the major means of ensuring conformity, managing internal discipline, and settling disputes between groups.

Fourth, violence is endemic. Street dealers operate in a volatile world. They move up in an organization by demonstrating loyalty (sometimes through the willingness to commit acts of violence) and the ability to market drugs and generate profits. If a street dealer "rips off" his boss, or even miscalculates profits, reprisal from enforcers comes in the form of violent threats or acts against him and his family. Beatings, "knee-capping," and murder are known modes of retaliation in the drug trafficking culture. An example of this type of enforcement is provided by the Pittsburgh drug organization headed by Darrell Nelson. Nelson often ordered enforcers such as Steven Brown to shoot street dealers in the knees or thighs to "keep them in line." Violence is also the chief mechanism for controlling rivals.

Fifth, most Black drug groups have a relatively brief life span, a marked contrast to the highly stable and long-lived Black numbers operations. Colombian and some other Hispanic drug groups also exhibit far greater

stability. Nevertheless, individual members who are involved in drug trafficking may remain active for long periods (including periods spent in prison) and frequently reappear in connection with different networks.

Finally, Black drug groups are largely confined to selling drugs in Black neighborhoods. Although Black drug dealers may purchase supplies from white distributors, it is rare for white dealers to obtain supplies from Black distributors. Also, Blacks serve as mid-level distributors to other Black operations, yet they rarely rise higher in the distribution networks. Thus, criminal opportunities for Blacks are limited by the same discrimination and segregation that constrict legitimate opportunities throughout society.

Examples of Independent Networks

The following sections examine examples of independent drug trafficking groups which have been active in Eastern and Western Pennsylvania, followed by a consideration of the Black Mafia and the Junior Black Mafia. The examples selected represent comparatively large-scale operations. It should be remembered that most groups are much smaller, fluid, and short-lived.

Philadelphia-Area Dealers

The largest concentration of Black drug-dealing organizations is found in Philadelphia, where literally dozens of groups deal in heroin, cocaine, methamphetamine, and other drugs. Relatively few of these groups ever attain large size. Examples of important independent Black drug organizations to emerge in Philadelphia during the 1980s include the operations of Roland Bartlett, Willie Rispers, and James Nelson.

• The Roland Bartlett Organization

Roland "Pops" Bartlett built his independent heroin and cocaine trafficking operation following a period of association with the Black Mafia operation of Tyrone Palmer. Born in Georgia, Bartlett maintained ties with his southern extended family. Bartlett's sense of family ties and

organization prompted him to dub his drug trafficking operation "The Family," and to instill a sense of kinship among the members of his criminal network.

Many in Bartlett's network were, in fact, related by blood, marriage, or common-law relationships. Bartlett's closest lieutenant, Darrell Cherry, had a common-law relationship with Bartlett's daughter. Bartlett's common-law wife, Dora Sams, was in charge of the cut house in King of Prussia, where her daughters and their boyfriends cut and bagged the heroin.

Black drug trafficking operations that, like Bartlett's, are based on familial ties, commonly are not restricted to the kinship networks of the organizational head. Associates within the organization may also recruit members of their own kinship networks as employees of the organization.

Bartlett established a rigid patriarchy and maintained a tight-fisted control over both his family and subordinates within the organization. (An organizational diagram of the Bartlett operation is featured in the chapter on drugs.) Profits essentially went to Bartlett. Darrell Cherry collected many thousands of dollars per week for Bartlett but was paid only \$1,000 per week (of which he had to pay back \$1,200 per month as rent for the use of one of Bartlett's properties). Bartlett's tight-fistedness can also be seen in his product. Although some junkies claimed Bartlett's heroin ("Roland's") was the best on the street, law enforcement sources indicate that it contained less than one percent heroin.

Bartlett initially obtained his supply of heroin through the Gambino LCN Family of New York City, which in turn, obtained Sicilian heroin from Europe. He subsequently switched to Morris Levy, an LCN associate with Genovese Family connections. Once a month Bartlett himself would deliver money to Levy's office at Roulette Records in New York, and would then pick up two to three kilos of heroin from "two Italian individuals" at the end of the Holland Tunnel in New Jersey. There is no evidence that

Bartlett paid "street tax" or tribute to Philadelphia LCN members.

Starting around 1981, the Bartlett "Family" emerged as probably the most significant heroin, and to a lesser extent, cocaine trafficking operation in Philadelphia. His organization distributed heroin in the North, North Central, and Northwest sections of Philadelphia. Bartlett's organization comprised a network of at least 40 dealers.

Bartlett understood the need for distancing himself from some aspects of his operations and for devising means of protection from law enforcement. After picking up his heroin supply, he would turn it over to a lieutenant to drive back to Pennsylvania. He invested in two legitimate businesses to launder his profits. They were the Club Fleetwood in Philadelphia and Domino Records of New York City (affiliated with Levy's Roulette Records). He planned to move his immediate family to a palatial home in Susquehanna County. However, his failure to place his many properties in the names of other family members made them easy targets for government seizure following his eventual arrest. Bartlett also tried to protect his operation by having network members communicate by way of telephone beepers and radios; telephone scramblers, "bug" detectors, and transmitter detectors were used to avoid electronic surveillance.

In mid-March of 1987, Bartlett and 34 other principal members and associates of his organization were arrested pursuant to federal grand jury indictments for narcotics trafficking. Familiar with their boss' penchant for violence, Bartlett's enforcers may have become overzealous. In 1984, a Willingboro, NJ, neighbor complained about Bartlett's dog. Bartlett's son, Anthony, and his lieutenant, Darrell Cherry, tried to curry favor with Bartlett by "taking care" of the neighbor. It was this murder, coupled with Cherry's resentment towards Bartlett's autocratic methods, that led to the arrest and conviction of 32 members of Bartlett's organization. With Cherry's evidence (he

turned informant), Bartlett was sentenced in 1987 to 35 years in prison without parole. He died in prison in January 1990.

• **"Cadillac" Willie Rispers.** Rispers, 54, and Leroy "Skip" Jackson head a mid-sized heroin distribution organization in Philadelphia. Rispers (like Bartlett) originally came from the South, and his background included bootlegging in South Carolina. Rispers was also involved in gambling and had prior arrests for running an illegal lottery and operating gambling houses. He also has a gambling habit. He has had lines of credit at Atlantic City casinos and has incurred losses of \$50,000 at a single time. He currently is on the exclusion list at Atlantic City casinos.

Rispers obtains his heroin supply from New York City sources. The Rispers organization supplies wholesale heroin for the drug-dealing activities of numbers banker Richard Spraggins, and it also wholesales to other small independent dealers. Rispers has supplied some of the small independent dealers who lost their source with the breakup of the Bartlett organization.

Despite the fact that Rispers' name has surfaced in relation to several murders, he has avoided the "hands-on" involvement in violence characteristic of Bartlett. Rispers also has been able to maintain peripheral relationships with members of the highly volatile Junior Black Mafia without actually becoming embroiled in the various rivalries which have plagued that organization. In 1987, Rispers was arrested on charges of income tax evasion, and in 1988 he was convicted of one count of income tax evasion and one count of failing to file a tax return. He was sentenced to two years in prison.

• **James "Ricky" (Big Roach) Nelson.** Nelson, 36, headed a narcotics distribution network operating in West and Southwest Philadelphia. Nelson was assisted by his brother, Wayne "Little Roach" Nelson, who was murdered in 1987 in a drug-related killing. The Nelson organization sold both cocaine and heroin from street corners and from residential properties

used as drug houses. Nelson was also the supplier for a large narcotics distribution network in Chester, headed by the Brooks cousins. (See Chapter 71 on Chester.)

In the mid-1980s, Nelson's organization was involved in a territorial dispute with members of the Jamaican Shower Posse. The dispute initially involved threats and minor assaults, but escalated into more serious violence. The Jamaicans refused to relinquish a house which Nelson owned and had rented them. Three of Nelson's workers reportedly killed one of the Jamaicans. The Jamaicans retaliated by killing Wayne Nelson. Three years later, Richard Daley (currently a fugitive from justice), the leader of the Shower Posse, was indicted for the murder of Wayne Nelson.

Ricky Nelson was indicted in January 1988 on drug charges in New York. He was being supplied heroin and cocaine by the Lionel "Chili" Marquez drug organization of New York City (Marquez, 59, Puerto Rican male). In one transaction, Nelson paid Marquez \$150,000 in counterfeit United States currency. Marquez placed a contract on Nelson's life. Nelson was subsequently arrested. His operation is being run by his step-father, Odell Scott, 59, 5605 Springfield Avenue, Philadelphia.

Pittsburgh-Area Dealers

Much of the narcotics activity conducted by Blacks in Pittsburgh is centered in and around the Hill District section of the city, where a number of narcotics organizations distribute heroin, cocaine, and other drugs. Examples of fairly sizeable operations include those of Darrell Nelson, Marcus Howell and Alvin Frazier, Reginald McGlory, and the Morgan family.

• **Darrell Nelson**, 36, 1192 Bucknell Street, Monroeville. Nelson has overseen one of the largest heroin and cocaine distribution organizations in Pittsburgh. Nelson became involved in heroin distribution through Thomas "Tom Cat" Harris. Other heroin

dealers with whom Nelson has associated include James Brown, 45, and Robert Harris, 39, of Pittsburgh and Samuel Harris, 45, New York City. Nelson's operation has distributed large quantities of cocaine, heroin, and marijuana throughout the North Side, the Hill District, and Homewood areas of Pittsburgh, and throughout parts of Braddock and McKeesport.

The backbone of Nelson's organization is his team of eight to ten lieutenants who distribute bundles of heroin to an ever-changing number of street dealers and who supervise their day-to-day activities. Until the late 1980s, the most powerful of these lieutenants were Lawrence Darrell Fowlkes, 27, 4618 Sylvan Avenue, Pittsburgh and Ronald B. Sims, 47, 205 Robinson Street, Pittsburgh. Other lieutenants in Nelson's organization have included Robert "Fast Bob" Harris, Jimmy Webb, Joseph Humphreys, Larry Hill, Jonathan Anderson, Samuel Tucker, and Melvin Robinson.

Nelson rewards productivity and loyalty with monetary incentives; non-productivity and un-dependability bring harsh reprisals. For example, heroin dealers receive on consignment 50 bundles of heroin (valued at \$250 per bundle). Each bundle contains 13 to 15 balloons of heroin (to be sold at \$20 to \$25 per balloon). Dealers receive a \$50 commission for each bundle sold, \$200 for every three bundles, and an additional \$2,000 to \$5,000 if all 50 bundles are sold within 72 hours. Dealers short of money or drugs are punished with sanctions ranging from reduced consignments to violence. When dealer "Herkley" Fields was short of money, Nelson issued orders to shoot Fields in the thigh.

Despite numerous arrests since the mid-1970s, Nelson has so far avoided prison. In 1986, Darrell Nelson, Steven Brown, and Larry Fowlkes all were indicted for the murder of Lance Patterson, one of Nelson's heroin dealers. Brown initially testified that Nelson had ordered the murder to punish Patterson for cooperating with the police. Brown later recanted and testified that Fowlkes was the one

who had arranged the killing. Because of the inconsistent testimony, charges against Nelson were dropped; and Fowlkes was acquitted. Brown was convicted of voluntary manslaughter and sentenced to five to 10 years in prison.

Internal violence and dissension forced Nelson to scale down his operation in the late 1980s. Robert Harris, Larry Fowlkes, and James Brown (an associate of the group) severed their ties with Nelson and formed their own organizations. In addition, Nelson's own drug abuse problem has affected his judgment, and he now takes risks that he would not have taken in the past. Nelson was arrested in January 1990 on charges of possession of heroin, cocaine, and marijuana.

• **Marcus Howell**, 47, 1239 West North Avenue, Pittsburgh and **Alvin "Pons" Frazier**, 34, 2405 Bedford Avenue, Pittsburgh. Howell became a large scale narcotics operative following his release from prison in 1983 after serving ten years of a 26-year term for eight bank robberies. Frazier had served as Howell's second in command prior to taking on leadership responsibilities when Howell was imprisoned. Howell was in and out of prison during much of the 1980s and is currently imprisoned following a December 1987 conviction for possession of heroin.

During the 1980s, the Howell/Frazier narcotics organization sold cocaine, heroin, and marijuana in the Hill District, Homewood/Brushton, Manchester, Oakland, and West Side sections of Pittsburgh. Unlike most networks, which provided only Asian heroin, this organization also sold Mexican heroin. Samuel Harris of New York City was Howell's source of Asian heroin. Howell's source for Mexican heroin is unknown, but it is believed that his source was actually in Mexico, and that Howell himself traveled to Mexico to obtain his supply.

Frazier has been more successful than Howell in evading successful prosecution. In 1985, Frazier was implicated in a murder conspiracy. It was alleged that Frazier had ordered

one of his dealers, Isaac "Toddy" Dunning, to kill William "Deuce" Kerley, who had robbed Frazier's brother of eight balloons of heroin. However, Dunning was arrested before he could carry out the hit. Fearing that Dunning would talk, Frazier ordered Dunning's murder. Because his enforcer, David "Bus" Cunningham, balked at killing Dunning, Frazier recruited James Melvin Kessler to carry out the Dunning hit. However, since Kessler was himself guilty of ripping off two of Frazier's dealers, Frazier ordered Cunningham to murder Kessler as soon as Kessler had killed Dunning. But, after witnessing Dunning's murder, Cunningham refused to kill Kessler. Criminal homicide charges against Frazier were ultimately dropped because Cunningham recanted the testimony linking Frazier to Dunning's death. In September 1986, Kessler was sentenced to life imprisonment for Dunning's murder.

● **Reginald McGlory**, 44, Bryn Mawr Road, Pittsburgh. McGlory headed an organization that obtained Golden Triangle heroin directly from Thai nationals. Over the year and a half between April 1987 and September 1988, McGlory obtained two to four pounds of heroin per month from Vira "Wee" Kulkovit, 46, a Thai male, 637 North Hobart Avenue, Los Angeles, CA, and distributed it to Melvin Hauser, Charles Cotton, and Norman "Chubbs" Gomez, who supervised street distribution.

In 1989, McGlory, Kulkovit, and seven others were indicted for conspiracy to distribute heroin and related charges. Three defendants pled guilty, five were convicted in trials, and one is now a fugitive. Kulkovit and Hauser received sentences of 30 years and 25 years, respectively. McGlory was sentenced to life; Cotton has not yet been sentenced. Testimony in McGlory's trial revealed that he received a profit of \$128,000 for every two pounds of heroin he sold.

● **Morgan Narcotics Organization**

The Morgan narcotics organization distributed cocaine, heroin, marijuana, and dilaudid tablets in Allegheny

County during the mid to late 1980s. Primarily targeting the cities of West Mifflin and Duquesne, the Morgan narcotics organization's annual distribution included multi-kilogram quantities of cocaine and thousands of vials of "crack."

The Morgan organization, which fits the pattern of a domestic kin network, centered around brothers, Charles Morgan and Victor Morgan and their sisters, Angie Lee Morgan and Linda Randolph. Charles Morgan, a resident of the West Mifflin/Duquesne area, maintained a residence in New York for a number of years, apparently for the purpose of maintaining connections with sources of cocaine and heroin. Angie Lee Morgan was the financial officer of the organization. She was responsible for collecting and distributing funds and financing "buys" from their distributors.

Victor Morgan, Linda Randolph, and Eric Payne were the organization's couriers. In efforts to elude authorities, they alternated between bus, car, and plane or used a combination of the three. When several couriers were sent at one time, they usually traveled separately. Also, the couriers sometimes took children with them to reduce suspicion. Couriers received between \$1,200 and \$3,600 each per trip and made at least two trips per week.

The network obtained heroin from a Black distributor in the Bronx, and "crack" cocaine from an Hispanic distributor in New York. The network's source of dilaudid tablets has been identified only as a white male in the Pittsburgh area. The Morgan network marketed heroin under the names "Liberty," "Power," and "Blue Thunder." In some cases, heroin was combined with cocaine, morphine, or other narcotics. For example, the Morgan network was known to distribute a mixture of heroin and morphine known as "Sex."

Between March 1987 and April 1988, most of the principal operatives of the Morgan organization were arrested on multiple charges. Victor Morgan and Charles Morgan have been convicted in separate cases. Victor was sentenced to six to 30

years in prison, and Charles has been sentenced on his two convictions to a total of 16 to 32 years in prison.

Other Locations

Small, independent Black operations serve numerous other Black communities in cities around the state. However, the much smaller size of the Black population in other localities means that few of these groups have attained the size of the operations described for Philadelphia or Pittsburgh. We provide just two examples: "Willie" Price of Chester and the Smith brothers in the Columbia and York areas.

● **Chester: William James Price**, 56, also known as "Willie" or "Brother Price." Price, a long-standing racketeer and drug financier in Chester, is a business associate of Scarfo LCN associate Joseph Iacona, Jr. (see Chapter 11). Price has been identified as a narcotics financier, providing funding for cocaine and heroin purchases by his son, Marcel Harmon, and his nephews, Warner Brooks, Anthony Brooks, and Phillip Brooks, all of Chester. The Brooks cousins are large-scale dealers who distribute heroin and cocaine throughout the city, and who have been involved with other local dealers.

● **Columbia: Smith Brothers**

The Smith Brothers were major distributors of cocaine, crack, marijuana, and methamphetamine in the Columbia and York areas. The operation was headed by Gerald Smith of Columbia; second-in-command was William Widener also of Columbia. Two Smith brothers, Dennis and Randy (now deceased), served as lieutenants in the organization. Smith and 12 members of his organization were indicted in October 1988 and were charged with conspiracy to sell large amounts of cocaine, methamphetamine, and marijuana. In March 1989, three more individuals from the organization were indicted and charged with conspiracy to distribute cocaine.

The Smith operation was known as the "Crack Alley Gang" because of the area of the city where it operated.

According to the indictment, the gang sold drugs from June 1987 to October 1988 from "supermarket style" drug houses, from which customers could purchase drugs 24-hours-a-day, seven-days-a-week, from "clerks" who manned the stores and worked in shifts. The "gang" also employed enforcers whose primary function was to collect money from individuals who failed to make payments.

Approximately 50 kilograms of cocaine were distributed by this operation during a 16-month period. Drug profits were used to purchase automobiles, trucks, and real estate. Profits were also channeled into two legitimate businesses, G & J Towing and Smith and Widener Trash Hauling, both of Columbia. The United States Attorney's Office is seeking forfeiture of these homes, vehicles, and businesses.

Competitors to Black Drug Organizations

This treatment of Black groups involved in significant drug trafficking represents only a portion of the record, however. First, a very sizable part of the drug traffic in Black neighborhoods involves small, independent groups or drug entrepreneurs who have few, if any, connections to the large Black drug networks described here. Second, drug networks from competing ethnic groups are also major players in the drug traffic taking place in Black neighborhoods. In localities such as Philadelphia and Harrisburg, for example, Blacks from Jamaica are major traffickers in cocaine, crack, and marijuana. (See chapter on Jamaican organized crime.) In places like Reading, Dominicans are major traffickers in cocaine and heroin in Black neighborhoods. (See Chapter 9, on Hispanic organized crime.)

Black Drug Syndicates

A menacing trend of recent decades has been the spawning of Black syndicates which attempt to unify the many inner-city drug groups within major urban areas. Although Blacks had been involved in organized crime

activities for many decades, it was not until the turbulent 1960s and 1970s that efforts to create a syndicate of Black organized crime groups were seen in cities like Chicago (Jeff Fort and El Rukns), Newark, NJ, (Frank Lucas, the "Country Boys"), New York (Nicky Barnes and the "Council"), and Philadelphia (the Black Mafia). The more powerful organizations have displayed the characteristics of both traditional street gangs and traditional organized crime, falling somewhere in-between gang delinquents and a mafia syndicate. Although street gangs containing both adolescents and adults have existed in major United States cities for many years, the emerging drug gangs have represented a much more serious problem for law enforcement. (See Chapter 3.)

An important question regarding the organization of Black crime groups is whether any have the capacity for becoming overarching, self-sustaining syndicates which bring smaller groups together under a single umbrella. So far the major attempts to form such syndicates have centered around drug trafficking. The "Council" involving Nicky Barnes and other Black drug distributors in the Harlem area of New York City is frequently cited as a Black syndicate which achieved a large measure of success. Members of the Council pooled their resources to purchase drugs in bulk at lower prices and, in theory, benefited from wider networks of buyers. Organizational benefits included elimination of competition, money laundering mechanisms, reliable sources for false documents and automobiles, and mechanisms to improve the security of operations.

At one time council members controlled much of the heroin trade in Harlem, with some distribution in areas of the Bronx and Brooklyn. They operated freely, without paying tribute and without interference from the LCN (although the LCN acted as their drug supplier). However, when Barnes testified before the President's Commission on Organized Crime, he regretted his involvement with the Council as a "bad mistake" because

the Council had proved to be a "weak" syndicate. Constant shifting of coalitions and cliques prevented the development of true cohesion and loyalty and proved to be the undoing of the Council. When Barnes was eventually arrested and convicted, he received no assistance at all from the Council. Furthermore, although individuals made a great deal of money, they never achieved a level of operation that could not be easily disrupted by the arrest of a few key dealers.

Attempts in other localities to form self-sustaining Black drug syndicates have not fared any better than Barnes' Council. The 1970s-era Black Mafia of Philadelphia contained the seeds of its own destruction, and the same appears to be the case with the Junior Black Mafia group which has been terrorizing areas of Philadelphia's inner city in recent years.

The Black Mafia

The emergence of the "Black Mafia" in Philadelphia in the late 1960s marked a turning point in public awareness and law enforcement concern about the role of Blacks in organized crime activities in the Commonwealth. From their choice of name, it would appear that organizers had hoped to establish an overarching organization which would emulate Italian organized crime in providing protection for its members, avoiding unnecessary competition and violence among members, and attaining power over their markets. Unlike the LCN, however, the former gang members who founded the Black Mafia lacked the cultural traditions of family-centered crime, discipline, and loyalty to the group.

The Black Mafia was an outgrowth of street gangs prevalent at the time. The largest contingent of Black Mafia members was concentrated in the vicinity of 20th and Carpenter Streets in Philadelphia, where they controlled narcotics distribution and sales, and where residents in the immediate area lived in fear of Black Mafia members. The group subsequently expanded its activities into some other Black neigh-

borhoods in Philadelphia.

The versatility of its criminal activities distinguishes the Black Mafia from groups like the Council in New York, or its successor in Philadelphia, the Junior Black Mafia. The Black Mafia initially focused on extortion, and subsequently branched out into auto theft and narcotics.

The Black Mafia extorted money from numbers bankers and some legitimate businesses operating in the Black ghetto areas of Philadelphia. White numbers bankers who were using Black writers and sub-bankers in Black neighborhoods were the particular targets of extortion, although the Black Mafia was careful not to extort from any LCN-backed or financed operations. Black numbers bankers such as Eddie Simons, Robert Mays, and Carl Robinson who operated in the area North and South of Market Street and West of Broad Street were also coerced into paying protection money to the Black Mafia. A veteran numbers banker testified before the Crime Commission that "they [Black Mafia] were around... They extorted. There is no question about that."

Members and associates of the Black Mafia were also involved in a large auto theft ring specializing in high-priced automobiles and small modern pickup trucks. The major activity of the group, however, was centered around narcotics. The Black Mafia was heavily involved in large-scale distribution of heroin, cocaine, and methamphetamine.

In terms of organizational style, the Black Mafia and its member groups fit the associational pattern. A loose-knit organization, it had several leaders at the top, followed by a bevy of lieutenants and associates. The associates were younger and did much of the "dirty work" for the older, higher-ranking members. Lacking traditions of loyalty and discipline, the organization relied on violence to deal with its own members as well as with rivals. On Easter Sunday, 1972, a massacre of five people occurred at Club Harlem, an Atlantic City nightclub.

Despite occasional flashes of innova-

tion, the organization essentially self-destructed. The heavy reliance on violence exposed members to danger both from rivals and from increased law enforcement scrutiny. By the end of the decade, most of the founders were dead or imprisoned. The name lived on, however. Although the overarching organizational structure no longer existed, on occasion, a former member would appropriate the name Black Mafia for his own group; and some Black Mafia members have continued to orchestrate criminal activity while in prison—e.g., Lonnie Butler, who was recently arrested while in prison for drug sales. Furthermore, as former Black Mafia members have been released from prison, they have figured prominently both in exploits of violence and in the formation of new organized crime operations. Drug distribution operations have been established by Roland Bartlett, (described above), Lonnie Butler, Russell Barnes, and Lonnie Dawson.

Junior Black Mafia

Like the Black Mafia, the Junior Black Mafia (JBM) developed out of the street culture of Philadelphia and represented an attempt to form an organized crime syndicate modelled on LCN. The JBM espouses an amalgam of characteristics which purposefully emulates LCN control over organized crime and its fondness for symbols and ceremony. At the same time the JBM retains its resemblance to the street gangs which provided most members with their first initiation into crime.

These characteristics include a racially and culturally homogenous membership and the wearing of group insignia. The JBM is composed exclusively of young Black males, with female participation nonexistent except in the supporting roles of couriers and fronts for rentals and purchases. The original JBM members wore gold rings with the "JBM" initials encrusted with diamonds.

The JBM was conceived in 1986 and "born" in 1987 as an organization dedicated to exploiting the seemingly

limitless profit potential created by the cocaine epidemic. JBM founders Aaron Jones, then 26; Mark Casey, then 23 (deceased); and Leonard Patterson, then 27, grew up together on the streets of West Philadelphia. They shared a common vision centered around Aaron Jones' fascination with the movie *The Godfather*. One associate of the JBM described the roles of the three founders:

"Aaron Jones was obsessed with the movie, *The Godfather*. He saw himself as being the 'Godfather' and Leonard Patterson as 'Sonny.' They focused on drugs because loansharking and numbers were not big money-makers. Extortion was ruled out because people did not go along with that anymore. Mark Casey was the brains of the JBM. Casey was the one who came up with the ideas and knew how to put things together. Leonard Patterson was most likely the person who came up with the name JBM and the idea for the rings."

To strengthen group resources and to broaden the base of distribution, the JBM founders began to recruit friends and associates who already had established drug networks in various parts of the city. Some associates joined voluntarily, hoping to maximize their drug profits. Those who were initially skeptical of the benefits of JBM membership were persuaded through violence, threats, and intimidation. The JBM attempted to organize under a single umbrella networks in North, North Central, Northwest, and Southwest Philadelphia. What began as a loose criminal association quickly evolved into a lucrative drug network, with a total distribution estimated at 100 to 200 kilos of cocaine per month at its peak.

The Board

As the JBM began to take shape, the fledgling organization formed a board of commissioners composed of all the original members. Although board members in theory shared power equally, and decisions were to be based on consensus, informants state that Aaron Jones quickly assumed a dominant role on the board

and became the de facto chairman. (See earlier discussion of Nicky Barnes for a somewhat similar "board" model and its eventual outcome.)

The board determined whom to admit to membership and whom to exclude, and attempted to resolve disputes. Potential members had to be recommended by an original member and approved by the board. The primary criterion was that prospective members had to have drug networks capable of moving large quantities of narcotics.

Membership

JBM membership is estimated at between 10 and 15. Earlier estimates varied dramatically, and were often inflated by the inclusion of associates and persons who belonged not to the JBM itself, but to the organizations operated by individual JBM members. In addition to the founders, the following are known members: Kevin Bowman, Samuel Brown, Leroy "Bucky" Davis (deceased), Tracy Harris, John Craig Haynes (left JBM shortly after it began), Tracy Mason, James Gaines, Anthony "Tone" Reid, and Brian Thornton.

Each member was responsible for distributing drugs to a network of people. The networks varied in size and capacity and serviced different areas of Philadelphia. JBM members shared considerable knowledge of the clients and the workers of each others networks. It was believed that this common knowledge was intended to reduce friction based on inadvertently soliciting clients or workers claimed by other members. Members often had a second-in-command for their own operation, to provide for continuity in leadership in case of arrest.

Advisors and Associates

From the earliest days of the JBM, members and associates of the old Black Mafia have served as mentors to various JBM members. For example, three currently imprisoned members and associates of the former

Black Mafia are known to have played an important advisory role in the formation and development of the Junior Black Mafia:

- **Robert "Nudie" Mims**, 47. Currently serving a life sentence at Graterford Prison for murder, Mims is considered to be extremely influential both inside and outside prison, although his associates insulate him from direct contact with criminal activity.

- **James "Naim" Madison**, 33. Formerly incarcerated at Rahway Prison in New Jersey, Madison advised JBM members from West Philadelphia.

- **Michael Youngblood**, 34. Incarcerated in Allenwood federal prison, Youngblood advised JBM members in North Philadelphia.

Influential criminal associates of the Junior Black Mafia include a number of others with ties to the Black Mafia. For example, Samuel Christian, 51, (also known as Richard Carter or as Sulieman Bey), formerly a high-ranking member of the Black Mafia, waged an unsuccessful attempt to gain control of the JBM after his release from prison in late 1989. Christian called a meeting, ostensibly for the purpose of mediating a dispute between the JBM and rival narcotics networks. Under the guise of seeking unity and an end to factional violence, Christian sought to exploit the groups financially.

Richard "Rick" Jones has associated closely with a number of JBM members and had his own profitable cocaine and heroin trafficking operation, Hayward and James Cole, associates of the old Black Mafia, served as primary cocaine suppliers for the JBM, drawing upon contacts in California and Florida.

Benjamin Goff, who was stopped in February 1988 in a car with JBM members Leonard Patterson and Tracy Mason, was wearing a JBM ring, as was Patterson. One of Goff's businesses, A-Tech, 6300 Wayne Avenue, Philadelphia, has been frequented by JBM members. In fact, it was in the vicinity of A-Tech that police attention was first drawn to the Junior Black Mafia by the congregation of JBM members in luxury cars, wearing flamboyant clothes and

expensive jewelry.

LCN Links

In addition to using LCN as a model for their organization, JBM members and associates have developed a number of links with LCN members and associates. For example, JBM advisor Michael Youngblood used LCN connections to obtain cocaine and methamphetamine for his drug trafficking operation. In 1983, Youngblood was indicted on drug charges along with George "Cowboy George" Martorano, the son of Philadelphia LCN member Raymond "Long John" Martorano. JBM members have been observed meeting LCN associates at LCN hangouts in South Philadelphia. Tracy Mason was seen in the company of Joey Merlino, Jr., and Jeffrey DiOrio at local sporting events.

JBM associate Rick Jones developed a close association with Philadelphia LCN associate Anthony "Pretty Boy Chaz" Rossano. Rossano, Sr., introduced Jones to his son, Anthony, Jr., after Jones' release from prison. According to Jones, Rossano, Jr., and he were in business together rehabilitating properties, and Rossano, Jr., provided Jones with \$250,000 toward the purchase of a \$265,000 home.

Violence

The JBM's reliance on violence produced rapid notoriety. Intramural violence was used to discipline uncooperative members and associates. With a philosophy of "get down or lay down" (join or be killed), however, the bulk of violent episodes were directed at independent drug dealers who declined the invitation to join the JBM, and at JBM associates trying to leave the fold.

John Craig Haynes was one of the first members to depart the JBM, and the constant competition between the Haynes faction and JBM members was a source of several violent episodes. One of the more outrageous incidents occurred outside Philadelphia's city hall. Haynes and several JBM associates had been scheduled

for different cases in the same courtroom; and when court was over, they began to shoot it out outside. Haynes is now serving a life sentence for murder.

Another episode involved independent drug dealer, Richard Isaac. Isaac testified that on February 21, 1989, JBM members Aaron Jones and Sam Brown shot Isaac ten times, continuing to shoot even after he hit the ground. Isaac survived the incident, but has been paralyzed ever since. Jones and Brown were arrested shortly after the shooting, but the subsequent course of the case illustrates the effectiveness of JBM use of intimidation. During the preliminary hearing, a JBM associate, located a few rows away from Isaac's mother, opened his jacket to reveal a gun to Isaac. Isaac recanted his testimony at the hearing, and Jones and Brown were released. Although Isaac subsequently testified before a grand jury; at trial, Jones and Brown were eventually acquitted because of inconsistencies in testimony.

The most notorious JBM-related case resulted in the death of Donald Branch, an innocent bystander who was mistaken for a JBM member. Branch was killed and two others wounded as they dined in a Northwest Philadelphia restaurant on August 10, 1989, the victims of a botched hit.

The pace of violence quickened by the end of the decade. Between 1987 and 1988, 11 homicides were linked to the JBM. The total for 1989 reached 17. JBM violence is typical of urban, gang-based drug groups around the nation. As in other areas where rival groups have struggled for dominance in a limited market, JBM violence has been characterized by drive-by shootings, public executions, the use of semiautomatic weapons, and indiscriminate shooting that victimizes innocent bystanders.

Factionalism

Although the JBM achieved part of its goal by establishing an alliance of drug entrepreneurs organized to protect their drug interests against com-

petitors, it fell short of its goal of forming a genuine criminal syndicate, and the vertical hierarchy of authority has broken down. The original leadership and much of the membership has been decimated by assassination and by law enforcement action, and no identifiable leader has emerged from the rubble (although some figures continue to exert considerable influence from within prison). Instead, there are many leaders or "chiefs"—probably too many for any group to function efficiently—and no clear chain of command.

Any consensus that may have existed at the start broke down. It lacked a viable hierarchy and functioned more on a horizontal level than a vertical one. It was comprised of drug groups from different blocks or neighborhoods without central leadership. There was continuous flux in both its membership and leadership, and there was little permanence in most of the constituent groups. Local disputes and power struggles often resulted in conflict among members and associates of the JBM. Factionalism was the rule rather than the exception.

Current Status of the JBM

The JBM goal of achieving a criminal syndicate that would control cocaine distribution in Philadelphia's inner city has been stymied by their own factionalism and violence and aggressive law enforcement. Reliance on violence to cow rivals and to subdue discontented associates became a two-edged sword. Like members of the Black Mafia before them, many JBM members themselves became victims of violence, while others have been successfully prosecuted for their violent acts.

The following list details the status of a number of the JBM members, associates, and rivals:

- **Aaron Jones.** Although acquitted in the Isaac case, Jones was subsequently convicted of aggravated assault stemming from an incident in which he stabbed another prisoner while incarcerated and awaiting trial for the Isaac case. He was sentenced

to 10 to 20 years prison.

- **Samuel Brown.** He is currently free, following his acquittal in the Isaac case.

- **Mark "Goldie" Casey.** Casey died in Holmesburg Prison on September 26, 1989, where he had been awaiting trial for the murder of Timothy "King Aquil" Keitt. Casey apparently died from an overdose of "pancakes and syrup," a mixture of glutethimide and codeine.

- **Leonard "Basil" Patterson.** A cell mate of Mark Casey, Patterson overdosed on the same drugs but recovered after treatment at a nearby hospital. Patterson is serving time for the murder of John Wesley Tate.

- **Kevin Bowman.** He is currently in prison, serving time for the execution-style murder of Neil Wilkinson, who was shot in the back with a shotgun and a semiautomatic pistol.

- **Anthony "Tone" Reid.** He is currently in prison, following three separate murder convictions. His first conviction was for criminal conspiracy in the murder of Mark Lisby. He subsequently received a life sentence after being convicted, along with Kevin Bowman, for the execution of Neil Wilkinson. His third trial resulted in a sentence of death for murdering Michael Waters, a 16-year old pelting cars with snowballs. Reid shot Waters in the back after his car was hit by a snowball.

- **Leroy "Bucky" Davis.** Davis was murdered on May 14, 1990, after attempting to extort money from local drug dealers who were already paying extortion to another group.

- **Richard "Rick" Jones.** On November 28, 1990, Jones pled guilty to various federal violations including drug conspiracy and income tax evasion. An agreement with the government calls for a recommended sentence of 20 years in prison. Jones was arrested with Philadelphia prison guard John David Padilla and Anthony Rossano, Jr., after an FBI reverse sting operation in which Jones and Padilla purchased five kilos of cocaine (part of a presumed 50-kilo deal from an informant). Rossano, son of Philadelphia LCN associate Anthony

"Pretty Boy Chaz" Rossano, was released.

● **John Craig Haynes.** He is serving a sentence for the murder of James Sussewell. Sussewell and two companions were shot as they sat inside a parked car. Haynes was acquitted in a case involving the stabbing death of another inmate while Haynes is serving a life sentence in the Sussewell case.

● **Marvin "Big D" Robinson.** Robinson is serving sentences for two 1988 convictions on drug charges (*viz.* 8½ to 17 years and 6 to 12 years). The Philadelphia District Attorney's office confiscated a total of \$500,000 in cash and another \$500,000 in cocaine and other property in the case.

Three JBM members and three associates were sentenced in September 1989, stemming from a case in which Philadelphia police found nearly a kilo of cocaine (855 grams), \$87,000 cash, and a .357 handgun at 7121 Sprague Street, Philadelphia. Sentenced in the case:

Tracy Mason: 6½ years in prison, 4 years supervised parole.

James Gaines: 8 years in prison, no parole.

Tracy Harris: 7 years 3 months in prison, no parole.

Julius Pickard: 6 years 10 months in prison, 4 years special parole.

William Day, also known as William McNeil: 21 years and 10 months in prison, no parole.

Dallas Long: 22 years and 10 months in prison, 4 years supervised parole.

Some law enforcement officials are concerned that an attempt to revive the JBM might be undertaken by the few JBM members and associates who remain on the street. As yet, no such effort has been confirmed. One informant probably gave an accurate assessment when he commented that "the JBM will never be the same again, because all of the muscle are in jail."

ASSESSMENT

Nearly twenty years ago, Francis Ianni was among the first to recognize that forms of organized crime existed in the Black community, and he predicted the transformation of "what is now a scattered and loosely organized pattern of emerging Black control of organized crime into a Black Mafia."¹¹ This Black control, Ianni stated, would not be confined to the inner-city but would expand beyond it.

Clearly, Ianni's predictions have not been borne out. Nevertheless, some observers believe that Ianni's vision will be realized in the foreseeable future.

Black organized crime has been and continues to be a serious law enforcement problem in Pennsylvania, but the evidence is mixed on whether this threat will be greater in the 1990s. Some developments suggest an escalating seriousness of Black organized crime in the nineties, while other developments suggest otherwise. First, we examine evidence that favors the Ianni prediction of continuing increase in the power and reach of Black organized crime. Then, we examine factors that suggest that the threat may remain stable, or even decrease.

Factors That May Increase the Threat

Deteriorating conditions in the ghetto areas of major cities like Philadelphia and Pittsburgh have made legitimate opportunities for young Black males scarcer than at any time since the Great Depression. Nationwide, 1989 Labor Department statistics indicate that about half of Black male school dropouts aged 15 to 24 have never held a job, a percentage that is even higher in the inner city. As more affluent Blacks leave the inner city, young Black mobsters are often the most visible models of success. Increasing involvement of young Black street gangs in drug dealing provides a taste of the profits to be made and provides "on-the-job" training for organized crime at an early age.

Although there is as yet no overarching structure to unite the efforts of Black racketeers, the Black Mafia of the 1970s and the Junior Black Mafia of the 1980s represent attempts by Black racketeers in Philadelphia to organize a true syndicate with an overarching structure. The Black Mafia failed, and the Junior Black Mafia is nearly defunct and appears to lack mechanisms that would enable it to become self-perpetuating. Nevertheless, those organizations do provide models, and future leaders may be able to build on an emergent criminal ethos and to learn from past successes and failures.

The irony of continuing Black poverty in the midst of a largely affluent white society may also serve as a catalyst leading to greater group cohesion, and the common sense of racist victimization may help to sustain more enduring criminal enterprises among Blacks than has been the case in the past. The indications are that some of the JBM members see ethnic identity as a rallying point.

The current decline of LCN power in Philadelphia brought about by Scarfo's inept leadership leaves a certain vacuum that creates opportunities for other organized crime groups, including those of Blacks. Contacts with other organized crime groups, including those affiliated with the LCN and the various Hispanic groups, may also open up opportunities. Although traditional white organized crime groups have been just as exclusionary as white society at large (if not more so), it is plausible that this may begin to change as inter-racial contacts increase (within prison and outside), and alliances grow.

At the opposite end of the Black social spectrum, more affluent Blacks are advancing socially and politically, and this progress may provide opportunities for the development of Black organized crime of a different variant from the gambling and drug operations typical of most groups described in this chapter. Many of the largest American cities have Black mayors, and various federal spending programs

have provisions for minority set-asides. City politics and government contracting are areas that traditionally have been susceptible to corruption and vulnerable to influence by white racketeers. There is no reason to believe that Black politicians and businessmen will be any less susceptible to temptation than has been the case with white politicians, businessmen, and racketeers—the patterns of municipal corruption and racketeering are too deeply etched in American history.

Evidence can be found in our nation's capital, where a path of corruption led to indictments and jail terms for more than a dozen officials in the administration of Mayor Marion Barry—a fact largely obscured by the publicity surrounding Barry's drug use. It took contractors and developers little time to establish "sweetheart" contracts and other mutually beneficial dealings with Barry's inner circle.

Factors That May Mitigate the Threat

For every indication that the threat of Black organized crime may increase in the future, offsetting factors suggest that the level of Black organized crime may remain the same or even decline.

For example, the very social disorganization of the inner city that provides ready recruits to street gangs may actually hamper the development of enduring, self-perpetuating criminal organizations. Social disorganization inhibits the development of criminal organization through the cultivation of excessive violence, substance abuse, deterioration of family structure, and lack of organizational and entrepreneurial models. The expansion of Black organized crime has been limited by factors linked to continuing racism in American society, which effectively segregates Black crime within the ghetto and confines criminal activities close to the streets where risks are greatest and profits lowest.

The kinds of criminal opportunity fostered by extreme social disorganization tend toward more individualistic, violent sorts of crime. Although

violence and a reputation for violence can be an important criminal asset, when it becomes too open or excessive, violence can be a liability by attracting too much attention from law enforcement, by alienating the community, and by frightening off other crime groups whose resources or cooperation are needed. Moreover, in the past decade, Black mobsters have been killing each other at a rapid rate; and many Black organized crime leaders are killed by their own or by other Black groups.

The marginality of ghetto life also encourages drug dependency, and members of Black organized crime groups have the reputation of being at greater risk for drug abuse. As a general rule, criminals who are addicted to drugs tend not to rise above the lowest levels of an organization. This is partly because the addiction may both sap creative energies and "eat up" the profits. It is also because addicts are widely regarded as unreliable associates, since their habits may induce them to steal money or drugs, and their dependency makes them vulnerable to law enforcement agencies seeking informants. The mere reputation of having greater propensity for addiction (even if untrue) also makes other organized crime groups less willing to deal with Black groups.

The erosion of family structure in the inner city may be the most important factor mitigating the future threat from Black organized crime groups—in particular their prospects for evolving long-standing or self-perpetuating crime organizations. Among Italian and Hispanic organized groups, kinship has served as a primary organizing principle. Although the extended family structure of southern Blacks played an important role in the development of older Black criminal organizations (particularly in the realm of numbers gambling), family cohesion has declined notably in inner-city Black neighborhoods—contributing to a decline in the individual's sense of deriving rights from and owing responsibilities to something larger than the individual. Crime organizations that cannot count on their members'

discipline and loyalty to the group before self will, not long endure or become self-perpetuating.

The most successful crime organizations in this country have been developed by immigrant groups who brought with them both a strong orientation towards family as an organizing principle and a cultural ethos that included traditions and practices compatible with organized crime. Whether because of lack of family as an organizing principle, lack of organizational models, or the strong American cultural value on individualism, groups like the Black Mafia and the Junior Black Mafia have lacked a clearly defined structure and mechanisms for dispute settlement. Constant factionalism and competition for leadership have carried the seeds of group destruction.

Racism in society at large, moreover, contributes to the confinement of Black numbers and drug operations to the inner city. Black gambling and drug operatives, for the most part, are unable to expand their operations to service white or other ethnic neighborhoods; and they are unable to rise to higher levels—*e.g.*, bankers for non-Black gambling operations, or mid- or upper-level drug distributors to other ethnic groups. Both the inability to accumulate sufficient capital and the exclusionary policies of other organized crime groups contribute to this situation.

Confinement to the inner city also stymies the development of symbiotic community relationships that contribute to the survival of indigenous crime organizations. LCN Crime Families traditionally have generated a certain amount of "goodwill" by providing certain community services, and by keeping the more predatory kinds of crime (*e.g.*, drugs, prostitution) out of their own neighborhoods even while organizing it elsewhere in the city (see Feature Comparison of LCN with the Black Mafia and Junior Black Mafia). Black numbers operators cultivated considerable goodwill, but Black drug operations prey almost exclusively on their own people and thereby generate organized opposition from within their own community.

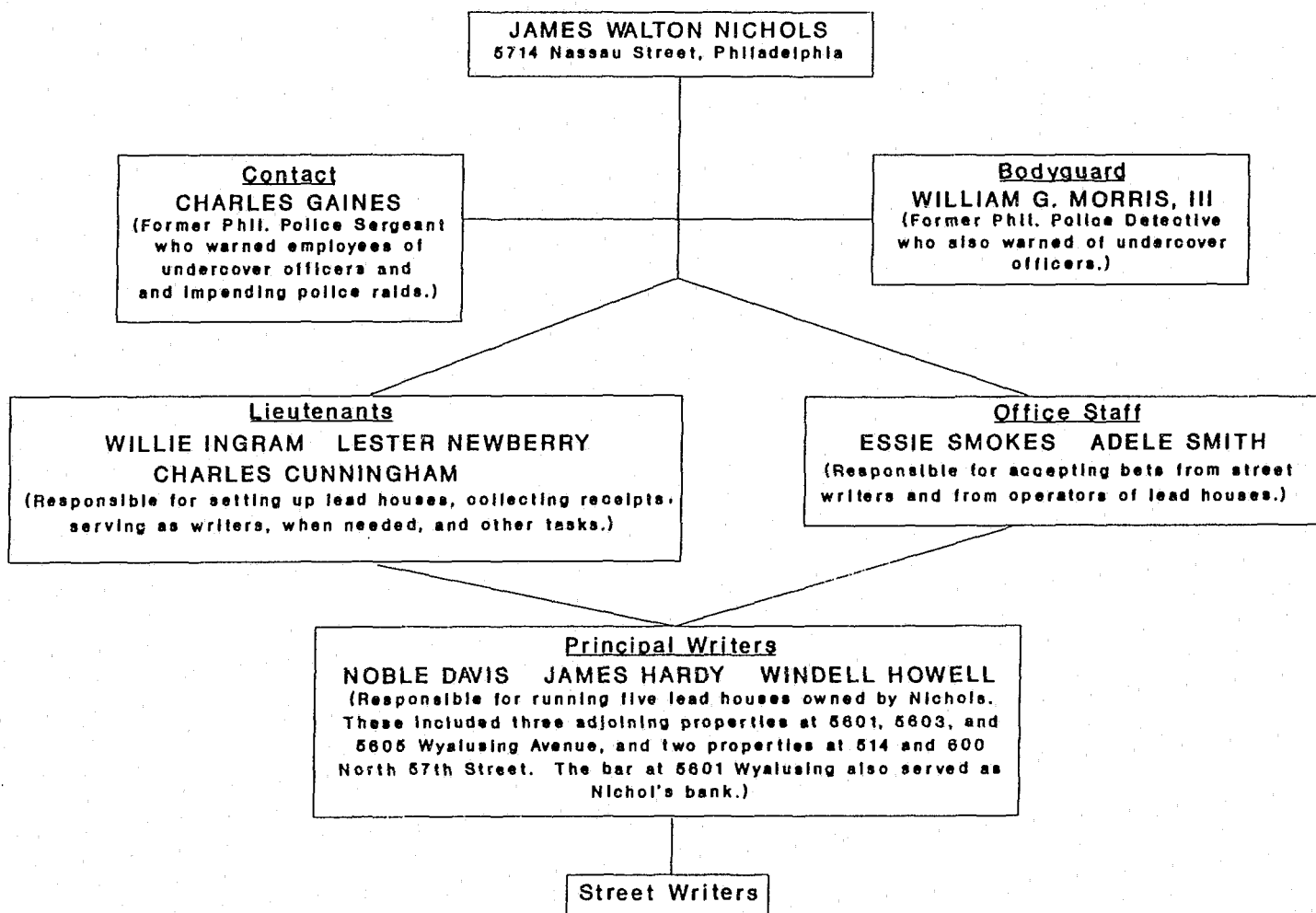
Finally, new laws (RICO, CCE) and more effective enforcement are making it a difficult time for any criminal group to expand and develop a self-perpetuating organization.

When all factors are considered, therefore, the Crime Commission takes the position that Black organized crime in Pennsylvania will continue to represent a serious threat to

the Commonwealth during the 1990s, particularly in narcotics dealing. Rather than seeing a dramatic increase or decrease, however, it is more likely that its form may shift somewhat. Involvement in numbers gambling is likely to continue to decline, for example, while involvement in municipal corruption may increase.

Figure 7.1

THE JAMES NICHOLS GAMBLING OPERATION



Feature

Comparison of the LCN and the Black Mafia and JBM

La Cosa Nostra

Clearly defined hierarchy, leadership concentrated at top.

Mechanism for leadership succession and LCN National Ruling Commission.

Leadership distanced from actual criminal activities by many layers of insulation.

Basis for affiliation: family, shared culture, strong tradition of self-subordination to group.

Violence used sparingly, for business purposes, with clearly defined "rules."

Leaders insulated from acts of violence, which are left to "professionals."

Low profile; avoidance of open display of wealth; leaders cultivate image of conservative businessmen.

Investment in legitimate businesses, both to launder money and to support image.

Services to own community; attempt to limit crime in own neighborhoods; symbiotic relationship to community.

Protection of interests through corruption of officials.

Institutionalized mechanisms resolve disputes.

Black Mafia, Junior Black Mafia

Shifting leadership, lines of authority amorphous.

Lack of both a formal mechanism for leadership succession and a national ruling body.

Leaders often involved in handling of drugs and other criminal activities.

Basis for affiliation; criminal association; members may reject group if no longer advantageous to self.

Violence used more frequently, and sometimes for non-business purposes. Less care to avoid violence to innocent bystanders.

Leaders may be involved in violence, although special enforcers also involved.

Highly visible display of wealth; use of flashy clothes, cars, and jewelry.

Some investments, but selected with less care and less concern for perceived image.

Prey on own neighborhoods; little display of concern for community.

Limited use of corruption; greater reliance on violence and intimidation to protect against informers or witnesses.

Greater use of violence to resolve disputes.

ENDNOTES

1. Recent ethnic labels for Black Americans have been ever-changing—from negro to Black to Afro-American to African-American. In this report, we use the term "Black." That term is in wide use in both the popular and the scientific press, and it is the designation preferred by a large majority of Black Americans. A recent survey by the Joint Center for Political and Economic Studies, of Washington, D.C., found that 72 percent preferred the term Black.

2. The best known work is Ianni's *Black Mafia*, written in 1974. Most other works also date from the 1970s. The following list is representative:

Francis Ianni. 1974. *Black Mafia*. New York: Simon & Schuster.

Francis Ianni. 1989. *Ethnic Factors in Drug Enforcement: A Cultural Perspective*.

Villanova, PA: Organized Crime Narcotics Enforcement Symposium, Villanova University, Connelly Center. Sponsored by Pennsylvania Crime Commission and Pennsylvania Commission on Crime and Delinquency.

Harold Lasswell and Jeremiah McKenna. 1972. *Organized Crime in an Inner City Community*. Springfield, VA: National Technical Information Service.

Mark H. Haller. 1971-72 (Winter). "Organized Crime in Urban Society: Chicago in the Twentieth Century." *Journal of Social History*. New Brunswick: Transaction Press.

Ivan Light. 1977. "Numbers Gambling Among Blacks: A Financial Institution." *American Sociological Review*, 42: 892-904.

Frederick T. Martens. 1990 (December). "African-American Organized Crime, An Ignored Phenomenon." *Federal Probation*, 43-50.

3. President's Commission on Organized Crime. Report to the President and the Attorney General. *The Impact: Organized Crime Today*. Washington, DC: United States Government Printing Office, April 1986, p. 177.

4. William Julius Wilson. 1987. *The Truly Disadvantaged*. Chicago: University of Chicago Press.

5. An abundance of writings document the growing plight of inner-city Blacks. Many of these writings are by established Black scholars. A sampling of these writings includes:

Larry Bumpass. 1984. "Children and Marital Disruption: A Replication and Update." *Demography* 21: 71-81.

Reynolds Farley and Walter Allen. 1987. *The Color Line and the Quality of Life in America*. NY: Russell Sage Foundation.

Reynolds Farley and Suzanne Bianchi. 1991. "The Growing Racial Differences in Marriage and Family Patterns." Pp. 5-22 in Robert Staples (ed.). 1991. *The Black Family: Essays and Studies*. NY: Wadsworth.

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Robert Staples (ed.). 1991. *The Black Family: Essays and Studies*. NY: Wadsworth.

Robert Taylor, Linda Chatters, M. Belinda Tucker, and Edith Lewis. 1990. "Developments in Research on Black Families: A Decade Review." *Journal of Marriage and the Family* 32: 993-1014.

Wilson. 1987. *op. cit.*

William Julius Wilson. 1989. "The Urban Underclass: Social Science Perspectives." *Annals of the American Academy of Political and Social Science* 501: 8-192.

6. Jaynes and Williams. *op. cit.* p. 419.

7. Taylor *et. al. op. cit.* p. 1010.

8. Ianni. 1989. *op. cit.* p. 93.

9. Ianni. 1974. *op. cit.* p. 110.

10. See Howard Abadinsky, 1990. *Organized Crime*. Chicago: Nelson Hall; and G. Robert Blakey, n.d. *Organized Crime in the United States: A Review of the Public Record*. Unpublished research paper, edited by William D. Falcon, circa April 1987. Prepared for Northwest Policy Studies Center, Bellevue, Washington.

11. Ianni. 1974. *op. cit.* p. 11.

CHAPTER

8

JAMAICAN GROUPS

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SYNOPSIS

- **Jamaican crime groups emerged as a major organized crime threat in the 1980s, although Jamaican organized crime activity in the U.S. dates back to the 1970s.**
- **Jamaican crime groups are primarily involved in drug trafficking, especially cocaine and marijuana. They are also heavily involved in illegal arms traffic and other weapons violations.**
- **Jamaican crime groups have a strong propensity for violence and use it to acquire and maintain territory.**
- **Some Jamaican organized crime groups have a multi-tiered structure and are known as "posses." Other less-structured Jamaican groups are also found, including some with family-based organizations.**
- **The Shower Posse and the Spangler Posse are the oldest, the largest, and the best organized of the posses. These two posses have had branches in both Philadelphia and Pittsburgh.**
- **Jamaicans have been successful at organizing and competing against other drug groups. A strong vertical structure enables Jamaican drug groups to control costs and offer lower prices than existing local crime groups.**
- **Aggressive marketing strategies have enabled Posses to expand rapidly, principally within inner-city Black neighborhoods; these methods have also antagonized competitors.**
- **Jamaican organized crime groups pose a significant threat in the United States and in Pennsylvania due to their size, organization and sales abilities, and their propensity for violence.**

JAMAICAN GROUPS

During the 1980s, groups from the Caribbean island of Jamaica carved out a major niche in the drug market, particularly in trafficking cocaine and crack in Black neighborhoods of U.S. cities. Jamaican groups have competed successfully through the use of ruthless violence, efficient organization, a high quality product, discount prices, and salesmanship. Active in the marijuana market since the early 1970s, they began to take over the crack business when it appeared in the mid-1980s. Although Jamaican groups based on domestic kin networks are found, Jamaicans typically work in organizations known as posses, a term adopted from the Hollywood westerns, long popular in Kingston and other impoverished communities on the island.

Jamaican criminal groups bring unique cultural traditions to the drug trade. Jamaica is a former British colony populated largely by descendants of Africans brought to the island as slaves. It has had a turbulent political history and a heritage of poverty, violence, and crime--conditions conducive to the development of organized crime groups, both in Jamaica and elsewhere in the Caribbean.

Jamaican criminal groups present a blend of characteristics which resemble those of certain Hispanic and Black groups. Like Dominicans, Jamaicans are regarded as enterprising and well organized in their criminal activities. As in some Hispanic and Black crime groups, women play a wide variety of roles, although they seldom, if ever, assume leadership positions.

As in Colombia, a tradition of political violence has contributed to a casual acceptance of death and a willingness to use extreme violence. In Jamaica, crime is also uniquely tinged with an admixture of radical politics--and perhaps religion--although Jamaican posses in the United States

are made up largely of career criminals who appear to revel in their outlaw status and to have few preoccupations apart from the business of crime.

Posses in Jamaica

The posse form first developed in Jamaica as an informal mechanism of local neighborhood control, and many of the criminal posse organizations active in the United States still bear the names of streets or neighborhoods in Jamaica. Posse evolution in Jamaica was intertwined with both political nationalism and the Rastafarian movement.

The Rastafarian movement originated in Jamaica in the early 1930s. It centered on the belief that the coronation of Prince Ras Tafari Makonnen as Emperor Haile Selassie I of Ethiopia was the prophesied Black King and that the time of deliverance for Blacks would be near. "*Ganja*" (marijuana) is used as a sacrament. Rastafarian doctrine became intermixed with political nationalism in Jamaica during the late 1950s and 1960s. Neighborhood street gangs aligned with either of the two leading political parties, the Jamaica Labor Party (JLP) and the People's National Party (PNP), and interacted closely with activist Rastafarians in various violent endeavors and in drug and weapons trafficking. What have come to be known as "*Posses*" in America originated from these street gangs.

Until about 1986, law enforcement sources often used the "*Rastafarian*" label interchangeably with the term "*Posse*," cautioning that followers or members of the Rastafarian movement were not necessarily involved in criminal activities either in Jamaica or the United States. On the other hand, some Jamaican criminals claimed to be Rastafarians, and some

Rastafarians had clear criminal involvements in drug and weapons trafficking in the United States.

During the 1970s, the growth of Rastafarian groups in this country was relatively slow, and their presence went almost unnoticed. Confined largely to the New York City and Miami areas for many years, their usual illicit activities were mainly limited to marijuana trafficking--the "*Jamaica gold*" sinsemilla strain of famed potency--and firearms trafficking. Rastafarian influence is less evident in the Posses of the 1980s, although Rastafarian lifestyle and expressions continue to figure in posse members' appearance, language, and behavior. For example, some posse members--Rastafarian or not--proudly wear the distinctive Rastafarian "dreadlocks," although many have changed their hair style to reduce their visibility.

The political element was equally important in the early stages of posse evolution. At one time it was thought that nearly all posses had explicit ties to one or the other political parties in Jamaica--the People's National Party (PNP), headed by Michael Manley or the Jamaica Labor Party (JLP), headed by Edward Seaga. In the past, many Jamaicans in the United States would send proceeds from criminal activity back to Jamaica to support their favored party in electoral politics or to buy and stockpile weapons for possible political violence in Jamaica (coup attempts, intimidation). In fact, some sources indicate that posse members first came to the U.S. to obtain automatic and semiautomatic weapons for their gangs in Kingston.¹

The political interests of Jamaican crime groups have been overstated, however. Most Jamaican organized crime groups (at least today) are concerned primarily with profit, and most members are career criminals.

United States and Pennsylvania Posses

Criminal posse activities in the United States were noted as long ago as the 1970s, but it is only in the 1980s that they have come to be regarded as a major threat. It is estimated that there are 30 to 40 posses with about 10,000 to 13,000 members active in the United States. Accurate estimation of membership is difficult because the lower echelon workers of posses are transient and shift from one organization to another. The largest posses have nationwide organizations with branches in many cities and states.

In the Commonwealth, at least ten different posses have been active, particularly in the Philadelphia area; but they also have a significant presence in Pittsburgh. Jamaican organized crime groups have also been noted in the York and Harrisburg areas, in Scranton/Wilkes-Barre, in Allentown-Bethlehem, and to a lesser extent, in Williamsport and areas in the Poconos region. For example, the Shower Posse and the Spangler Posse are the oldest, the best organized, the largest, and the most violent of the posses. Others are believed to be spin-offs. The Shower Posse (allegedly named for their practice of spraying their rivals with a "shower" of bullets) and the Spangler are the two dominant posses in Pennsylvania. The following posses have been observed in the Commonwealth:

- Shower Posse** (Philadelphia and Pittsburgh)
- Spangler Posse** (Philadelphia and Pittsburgh)
- Dog Posse** (Philadelphia)
- Cuban Posse** (Philadelphia)
- Jungle Posse** (Philadelphia)
- Montego Bay Posse** (Philadelphia and Pittsburgh)
- Ragamuffin Posse** (Philadelphia)
- Reema Posse** (Philadelphia and Pittsburgh)
- Spanishtown Posse** (Philadelphia)
- Waterhouse Posse** (Philadelphia)

In the past two years, posse members have begun calling their organiza-

tions "*Massives*". Jamaican posse influence has been greatest in the Philadelphia area but their presence has been documented in some other localities of the state as well. For example:

- In early 1988, a New York group, the Bronx-based "Valley Boys," led by Gregory "Troop" McQueen, 21, began making inroads into the Scranton/Wilkes-Barre area. These Jamaicans were buying high quality cocaine in the Bronx and then selling it on the streets of Scranton and Wilkes-Barre. A portion of the profits was then transmitted through Western Union to gang members in New York. To avoid detection by law enforcement, they rented cheap hotel rooms and changed locations frequently.

- In 1987, two members of the Spangler Posse in New York City, brothers Rudolph Rossi, 23, and Randolph Rossi, 24, and Kenneth "Kip" Hibbert, 27, of Harrisburg, were convicted on narcotics and weapons charges. Both Rossis were extradited to New York to face outstanding bench warrants for previous narcotics violations. The Rossis were notorious crack dealers in New York City and had prior convictions for narcotics possession and distribution and for other firearms offenses.

- In 1988, Harold "Valentine" Brown, another New York-based Spangler Posse member, 36, 1-J Hall Manor, Harrisburg, was convicted on narcotics charges. Also arrested was his common-law wife Vonzella Levon Hicks, 35, of the same address; and Radcliffe "Juice" Stephenson, 25, 271 East 37th Street, Brooklyn, NY.

Other Jamaicans active in the Harrisburg area include the Gayle brothers, Barrington, 30, and Patrick, 25, 124 North 13th Street. Patrick Gayle was convicted in 1988 on narcotics charges and was sentenced to 3-to-12 months in prison. In 1981, Barrington Gayle was convicted in Maryland of illegal possession of a weapon.

Organization

At the national level, most posses have one or more top leaders, some-

times called "generals." The Shower Posse has one leader in Jamaica and one leader in the United States. The first region of the country in which a posse operates may evolve into a "headquarters" or base of operations from which the subsequent expansion of operations is directed. From this headquarters, posse leaders may send "captains" or "lieutenants" to establish operations in new regions. These representatives of the national leadership are responsible for recruiting supervisors to manage workers, the latter are frequently illegal aliens smuggled from Jamaica into the United States. The extreme mobility of Jamaicans resembles the rotation of personnel observed with Dominican crime groups and "national" posse leaders may be intimately involved with various parts of the operations.

In some cases, posse leadership may be insulated from actual drug transactions and incursion into new territories; in other cases, the leadership plays a "hands-on" role in establishing a presence in new territories and may be intimately involved with various parts of the operations, including the actual processing and transporting of drugs and the acts of violence. Moreover, the trend in this country is toward a less structured relationship between the national leadership and local groups, with frequent formation of local splinter groups with unclear loyalties.

In Pennsylvania, while the posse form has dominated, several of the large posse gangs have dissolved, or are dissolving, and are being replaced by more independent, loosely affiliated groups that center around one or more male entrepreneurs. These new Jamaican operations rely on domestic-kin and friendship ties and somewhat resemble Black drug groups.

Jamaican drug groups in the Philadelphia area such as the Robert "Cush" Smith organization, the Derrick Anthony Grandison organization, and the Richard "Lockie" Daley organization, have exhibited a straight-forward, vertical three-tier structure. (These groups are described in more

detail later.) At the top, one or two leaders have absolute authority and make all the decisions. They may also oversee a number of groups operating in other cities. These leaders are assisted by several lieutenants, who may be other family members (frequently brothers) or close friends from the same neighborhood in Jamaica. These lieutenants serve as managers or supervisors for several drug distribution points (stash houses, crack or gate houses, grocery stores) or for small groups affiliated with the posses. At the bottom are workers (not considered posse members), who do much of the actual cutting, manufacture, dealing, running, and other tasks.

Posse leaders (versus the rank-and-file) tend to be residentially stable, and they may be legal aliens of the United States. Workers, on the other hand, are frequently illegal aliens (perhaps 70 percent are illegal aliens) who are quite transient, who move from one posse (or independent organization) to another, and who display little loyalty to any particular group. Posses have developed mechanisms for obtaining or manufacturing false US immigration documents and other fraudulent identification. A former Pennsylvania State Trooper, Cecil Rudd, 41, was convicted in 1987 of fraudulently issuing Pennsylvania drivers' licenses to members of a Philadelphia posse.

Posses exhibit a strong vertical structure and maintain control over the product from acquisition of the cocaine powder close to the source; through cutting, manufacture, and distribution; to street sales. Most significantly they exercise control over money from the street back up to the leader. No division of money takes place until it has all been returned to the leader. This arrangement maximizes the profits from the various stages of distribution in the hands of the leader, who then apportions shares to other posse members and workers.

Posse members who have demonstrated ability, and who desire a greater share, may be permitted to establish their own operations in new

territories, but still obtain their drugs from the Posse leader to whom they return a share of the money. This "franchising" provides for expansion of posse activities; but as posse affiliates move into new areas, disputes over drug territories have involved posses in considerable violence vis-a-vis rival posses and Black drug organizations.

In the fashion of LCN, Colombian, and other successful crime groups, law enforcement believes that Jamaicans organize lower level activities into separate "cells" or "crews," whose members know little of other parts of the operation. Such horizontal insulation is intended to insure that no single worker can incriminate an entire organization. On the other hand, the organizational structure of the Philadelphia branch of the Spangler Posse indicated considerably less sophistication. Numerous organization members perform overlapping tasks. Also in contrast to Colombian organizations, the leader of the organization may be involved in the actual transporting and handling of drugs.

Police infiltration is frustrated through the use of Jamaican nationals recruited in the home neighborhoods of the leaders (although Blacks are also utilized in lower level roles), and through an elaborate system of safe houses, stash houses, heavily fortified gate houses, and other checkpoints.

Drug Trafficking Activities

Jamaicans first developed efficient drug distribution networks in the United States in connection with their marijuana trafficking. Jamaican posses control its cultivation and importation into the United States, often in multi-ton quantities smuggled aboard non-commercial vessels, although smaller shipments may be flown in on small aircraft. Jamaican police have documented 44 clandestine air strips on the island of Jamaica used in smuggling marijuana into the United States.

Today, although they still are responsible for a sizable share (roughly 20 percent) of the marijuana that is brought into this country, Jamaican posses have been involved increasingly in cocaine trafficking (particularly crack). This expansion was facilitated by the established marijuana smuggling routes. Cocaine brings higher profits and is harder to detect than marijuana because of its lighter odor and more compact size. Jamaican groups are especially associated with the distribution of crack cocaine; and according to some federal officials, they are thought to control as much as 40 percent of the crack trade in this country.²

Jamaican trafficking activities have begun to show greater diversification. Recent Jamaican government crackdowns on marijuana have contributed to increased posse activities in the production of hashish and hashish oil, which is popular in Canada. There are also recent reports of Jamaican involvement with trafficking in heroin and in methamphetamine. In addition to their drug trafficking, Jamaicans have also been involved in trading firearms for profit by taking advantage of state differences in price and availability.

Posses obtain cocaine powder in a number of ways. Originally, the Jamaican posses purchased the cocaine in the United States from Colombians. Posse members also obtained cocaine by raiding Colombian and other criminal groups and robbing them of money and drugs at gunpoint. In nearby Trenton and Newark, the Spangler Posse began its operation in 1986 with an initial supply of cocaine which had been stolen from a Colombian freighter in Miami.³

Such capers made Colombians and other crime groups reluctant to do business with Jamaican groups through normal channels, and the posses then reportedly began to demand a percentage "payment-in-kind" from Colombian cocaine shipments passing through Jamaica--a major trans-shipment point for the cartels. In addition to Colombian sources, posses may obtain their cocaine from Cuban, Dominican, or

even Puerto Rican groups when the price is right. Supplies pass through New York, Florida, or Texas. The buying power of a large posse makes it possible to obtain supplies cheaply.

Mules, often women, carry small amounts of cocaine on their bodies or in luggage. Sometimes shipments are routed through Canada, to take advantage of Jamaica's Commonwealth status to enter with minimum scrutiny. Once the cocaine is in the United States, posses prefer to use buses or trains or to rent cars or trailers to transfer the drugs to local territories. Some ranking posse members avoid commercial air travel because of airport metal detectors. They are reluctant to travel without their personal weapons at hand. At the destination, drugs are stored in stash houses in secluded neighborhoods.

From the stash houses, drugs are taken to the retail locations. Retail sales may take place on the street, in "legitimate" Jamaican grocery or variety stores, or in "gatehouses" (crack houses). The gatehouses are fortified by carpenters to hinder law enforcement raids. The doors are often barricaded with crossed "two-by-fours" or made of steel, and windows are covered as well. Drugs and money are passed through a small hole so that no one outside can identify the occupants of the house. Workers in shifts man the operation around the clock for week-long tours of duty, and food and other necessities are brought in. Lookouts with two-way radios warn of approaching danger.

Jamaican posses transport cocaine supplies in small quantities not only when supplies are taken from the stash houses to the gatehouse or for street sales but also when transported at the international level. With this practice, the posses attract less attention and minimize both their losses and potential criminal penalties if detected by law enforcement. Unlike couriers for Colombian traffickers, Jamaican couriers or drug dealers are seldom arrested with kilo quantities of cocaine on their person, as the examples below reflect.

- Raymond Davis, 27, was arrested

on October 10, 1985, by Philadelphia police with .5 ounce of cocaine, 4.5 pounds of marijuana, and a weapon.

- Michael Grant, 26, and Anthony Mullings, 28, were arrested November 15, 1985, by Philadelphia police with 42 grams of cocaine and 3.8 pounds of marijuana.

- Two Jamaican males and one Black female were arrested October 12, 1987, by Pittsburgh police, with ¼ pound of crack cocaine.

- Dennis Derrick Dobson, 41, a member of the Waterhouse Posse from New York, was arrested June 4, 1990, by Bristol Township police for crack sales to undercover investigators ranging from \$200 to \$400 per purchase. Dobson was also in possession of \$600 worth of cocaine.

- Lloyd Barnett, 35, was arrested with Dobson and 30 other persons on June 4, 1990, by Bristol Township police. Investigators made two purchases of four vials of crack from Barnett (one for \$30, one for \$20).

Drug distribution networks are typically staffed by illegal aliens from Jamaica. Widespread poverty on the island provides recruits from teens and young adults impressed by the expensive cars, jewelry, and visible symbols of wealth sported by posse members. Once in the United States, loyalty is insured not only by their illegal status but by threats of violence against them or their families. The credibility of these threats is guaranteed by documented instances of vicious brutality such as "jointing"--a practice in which an informer's body is cut up at the joints with a hacksaw and the pieces then sent to the family in Jamaica.

In urban areas such as Philadelphia, posses have made increasing use of Black juveniles to sell crack in their own neighborhoods. For example, the Robert Cush Smith organization used juveniles to work as lookouts, to package crack and marijuana in plastic bags and vials, and to sell both crack and marijuana. The Grandison organization also recruited local juveniles to assist in various activities including distribution. As with the Jamaican illegals, terror was used to maintain loyalty and to warn rivals;

and a number of local teens have been brutalized or murdered.

- Anjo Pryce, 17, was stabbed to death; and his body put in the trunk of his car on September 19, 1987, after he was robbed of about \$1,500 in drug-dealing revenues by two Jamaican members of the local Shower Posse who were arrested on September 29. They were Damien Brone, 19, of Philadelphia, and Kempis Songster, 18, of Brooklyn, NY. Pryce was a drug courier and money collector for a major Jamaican drug dealer in West Philadelphia.

- Two 15-year old boys who had sold drugs for a Jamaican drug ring were beaten, in early spring of 1988, by 12 members of the gang who suspected the two of stealing \$100 from them. They had worked in Jamaican gatehouses for several weeks selling crack in West and Southwest Philadelphia and in the Oak Lane section. The terrified boys told their story to authorities, who subsequently conducted numerous raids and arrested eight suspected members of the group, including the alleged leader Victor Chandler, 25. Two other juveniles were also arrested in a drug house. Chandler reportedly employed a dozen youths at three crack houses, where they worked around the clock in eight-hour shifts.

- The body of 17-year old Paul Oates was found June 23, 1988, in the basement of a fortified drug house at 923 South 54th Street, in Southwest Philadelphia. Three Jamaicans were charged with his murder, the result of a beating with a baseball bat on June 20. The apparent motive was missing drug money. They were identified as Owen Hugh Williams, 23; Aston A. Gordon, 22; and his brother, Ronald E. Gordon, 22.

As is true of many drug groups, Jamaicans use sophisticated electronics to improve their efficiency of operation and to frustrate law enforcement. The use of cellular telephones and "beepers" which record coded messages not only facilitate service to customers, they also reduce threats by minimizing face-to-face contacts.

Marketing Strategies

Jamaican organized crime groups have expanded rapidly since the mid-1980s. When entering a new market, Jamaican groups first assess the local demand and the nature of the competition. An essential ingredient of their market strategy is to offer a high quality product at a better price than their competition. For example, they may offer crack buyers a "working 50," a rock somewhat larger than the standard \$50 size. They may even offer "free samples." Jamaicans used many of these strategies to establish their presence in the Norristown area.

During 1987-88, the Norristown Police Department noticed an increase in drug trafficking activity involving Jamaicans. A principal dealer was Frank Chin, a member of the Shower Posse. The Jamaicans distributed cocaine out of a local grocery store owned by a Jamaican family. This store was also used to hold large parties, attended by over a hundred people. During these festivities, samples of drugs were distributed freely. One of these parties was even attended by an undercover officer of the Norristown Narcotics Unit. According to police, the objective of these parties was for the Jamaicans to introduce themselves to a new market and to promote their product. They attempted to recruit local Black drug dealers. When this recruitment did not work out, they began "doubling down," offering inflated amounts of drugs at reduced prices, a classical competitive method, which has also been utilized by Dominicans.

In selecting new communities, Jamaicans are adept at taking advantage of price differences among cities--which often vary markedly since the illicit nature of drug trafficking hampers efficient nationwide distribution. If, for example, they find that local prices in a city like Pittsburgh are high compared to New York, they move on to Pittsburgh and undercut the prices of local dealers who obtain their supplies at higher costs from local sources. Richard Daley of the New York Shower posse

established a large drug operation in Southwest Philadelphia by "out-ricing" the local Black drug dealers. The latter were selling cocaine at \$30 a bag, so Daley's organization lowered prices to \$25 a bag. When local dealers responded with a \$20 bag, Daley lowered prices still further to \$17.50 a bag. (See later treatment of Daley organization.)

Although Jamaican operations exhibit "street smarts" and good business instincts in regard to marketing, they are less sophisticated in other ways. In the early years, their excessive reliance on violence as a tool showed little grasp of the cause and effect principal that excessive violence would discourage business and would provoke law enforcement attention. Thus far, their pride in their criminal identities and in their ruthlessness has thwarted the cultivation of rapport and acceptance within the neighborhoods where they operate. More recently, however, Jamaican drug groups appear to be seeking a lower profile.

Money Laundering

Jamaicans as yet are not heavily involved in intricate money laundering schemes. Jamaicans use relatively unsophisticated methods for handling the large quantities of cash generated by drug trafficking. Some group leaders keep incredible quantities of cash in their possession until they can carry it personally to Jamaica, while others have attempted to wire large quantities of cash. One way or another much of the money is returned to Jamaica to support families or to support political parties or officials. Many purchase homes and other possessions in Jamaica.

Jamaican money laundering methods may be simple; but the lack of a paper trail (as would occur when banking institutions are used) complicates the job for law enforcement. Although one high-ranking member of the Shower posse was arrested in possession of \$240,000, and about \$300,000 was seized from Jamaicans on commercial flights in early 1987, generally law enforcement has had

little success in seizing significant money or assets from Jamaicans.

Some Jamaicans are beginning to increase their investments in small businesses in this country--often in others' names. These properties serve as fronts and locations for drug dealing and sometimes represent long-term investments. The businesses have included grocery stores, record shops, music production companies, independent car leasing companies, and trucking companies. The Grandison operation invested drug proceeds in a New York City sporting goods store, known as Trendy Sports and Video, 916 Clarkson Avenue, Brooklyn, NY.

Violence

Jamaican posses are heavily involved with firearms, and they have a well-deserved reputation for brutal violence, even by the standards of an unusually violent business. This brutality stems in part from cultural tradition and in part from their belief that violence is an occupational necessity. Their choice of the name "posse" testifies to their fascination with the Hollywood image of the outlaw "gunslingers" of the "wild west." Their attitude toward Jamaican police seems to be that if an officer cannot be corrupted, then he must be killed. They take pride in their criminal identity and in being "macho gangste:s."

The Jamaicans seem to equate violence with personal power and prowess, and they are fascinated with firearms of high quality and power. It is said that a posse member will keep a weapon that he has killed with because he believes it to be lucky. The status of a posse member can often be determined by the size and caliber of his weapon: the larger and better the weapon, the higher the status. Posse fascination with firearms inevitably necessitates heavy involvement in illegal firearms trafficking. Often firearms are obtained through thefts, through "ghost purchases" by female acquaintances or through the use of false documen-

tation. Alternative routes include purchase on the illegal market or purchases in states with minimal regulations. Arrests of Jamaicans routinely mention the presence of weapons. Two telling examples from Pennsylvania include:

- Operation Rum Punch, a nationwide cooperative effort by federal, state, and local law enforcement agencies, netted 304 persons (mostly Jamaican) in October 1988. This number included nine persons in Philadelphia who were indicted for obtaining handguns illegally. Two of these were Jamaicans with previous Philadelphia arrests for illegal possession of 9mm handguns -viz., Alston Brown, 25, of Brooklyn, NY, and Robert Spaulding, 25, of Lansdowne Avenue near 61st Street, Philadelphia.

- The Beresford Gardner *et al.* arrests of August 8, 1990, included a 15-year old juvenile with a concealed, cocked 9mm semiautomatic handgun. Weapons seized included several loaded handguns including one .45 automatic Colt Series 80, one Intratec 9mm Model TEC, and one .375 Smith & Wesson Model 19. (See later treatment of Gardner case.)

Given their fire power, Jamaican violence often yields a high body count. The federal Bureau of Alcohol, Tobacco, and Firearms estimates that homicides linked to Jamaican activities in the United States totaled 744 in a single six-month period between July 1988 and January 1989. Jamaican violence has also contributed substantially to the Philadelphia homicide rate. Police linked 24 homicides to Jamaicans in 1989; ten such homicides took place in the first five months of 1990.

Although much of the Jamaican violence has involved rival drug dealers and discipline of posse members suspected of cheating or informing, victims have also included innocent bystanders caught in the cross-fire; and in the past, Jamaicans have shown little concern for the safety of onlookers. For example, six-year old Marcus Yates of Philadelphia was killed in the cross-fire between Jamaican rivals. Donovan Grant, a member of the Shower Posse, was

recently convicted of the murder.

Numerous posse-related homicides have brought heightened attention by law enforcement and news media to Jamaican posses, and the lessons have not been lost on remaining Jamaican groups. Evidence suggests that the trend among these groups is to try to keep a lower profile to avoid attention by trying to "fit in" better in the US cultural scene, and to "follow implicit rules" generally accepted in the world of organized crime.

Jamaicans and American Blacks

Race would appear to provide a common bond between Jamaicans and Americans Blacks. However, the relationship is often exploitative and violent. Jamaicans view Black neighborhoods as their natural market territory. Initially, they may establish their operation base in an area already settled by Jamaicans, but they quickly expand to include the neighboring Black community. If Black crime groups are already operating there, violence may result. This has been the case in Philadelphia.

For example, Wayne "Little Roach" Nelson (younger brother of James "Ricky" "Big Roach" Nelson, a major Black cocaine and heroin distributor in Southwest Philadelphia) was murdered by the Shower Posse in a territorial dispute in 1987. Jamaican posses have also had disputes with members of the Junior Black Mafia. Members of the JBM have threatened to shoot Jamaicans if they continued to operate in JBM territory. Roy Linton, brother of Shower Posse group leader Philip Linton, moved from Philadelphia to Upper Darby after being shot at by the JBM in a drug-related dispute. Young, aggressive posse members have retaliated in kind with drive-by shootings.

However, police also report that they have seen Jamaican and local Black dealers operating on nearby street corners with no apparent problems. The relationship could perhaps be characterized as an uneasy truce

which is occasionally broken when one or another group decides to test the limits of their territories. Given the extraordinary levels of violence on the part of both the posses and the JBM, the amount of violence between the two actually appears somewhat restrained.

Violence between Jamaican and Black rivals has also occurred in Pittsburgh, but little has taken place in other Pennsylvania communities. In fact, some Black drug operations obtain their supplies from Jamaicans. For example, Jamaican sources supplied Roosevelt Harris, a Black, who ran a substantial cocaine operation between 1983 and 1987 in Franklin County, distributing about 100 kilos per year in the Chambersburg-Fayetteville area. At the same time, there were territorial disputes between the Jamaicans and some Haitians supplying the same area.

Black women (see below) and children are often utilized by Jamaican groups. Like other drug middlemen selling drugs in Black neighborhoods, Jamaicans recruit Black neighborhood youths to serve as street dealers. Some crack dealers may be as young as 12 or 13, particularly in neighborhoods near schools. Children may also serve as runners carrying small amounts from stash houses to the crack houses blocks away and as lookouts to warn if the police approach. The youngest children can earn money collecting crack vials to recycle. Such jobs provide status and the money to buy name brand clothes and jewelry--making the temptation difficult to resist in neighborhoods marked by poverty and few jobs for young people.

Jamaicans also utilize experienced Black teens and young adults in more responsible roles. In one well-publicized case in Philadelphia, 15-year-olds Miguel "Mike" Martinez and Kelly "Raheem" Robinson were among a number of Black teens from New York City who were used by one Jamaican drug ring to recruit and "supervise" Philadelphia teens for crack house work. The two New York teens were subsequently implicated in the executions of two

local workers, brothers Cornell (15) and Tony (13) Williams, who were suspected of ripping off a quantity of crack that in fact had been taken from the brothers by their addict mother.

The Role of Women

As is the case with some Hispanic and Black crime groups, both Jamaican and Black women play a variety of roles in Jamaican organized crime, either as family members or as a consequence of developing romantic relationships with male group members. For example, Vonzella Brown (also known as Vonzella Hicks and Tina Brown), a Black resident of Harrisburg, became involved in dealing cocaine as a consequence of her relationship with Harold Valentine Brown (also known as Tony Errol), a Jamaican national with numerous drug convictions. While Brown was being held in Dauphin County Prison, he attempted to recruit dealers, commenting that Vonzella and Vonzella's daughter Rachel knew all his contacts in New York, implying that the women were keeping the business alive.

Women frequently serve as "fronts" to rent apartments or purchase houses used in cocaine trafficking (stash houses, gate houses), to purchase firearms or rent cars, or even to make money-laundering investments. For example, Robert "Cush" Smith's girlfriend, Robin Byrd, (an American Black) was a front for renting apartments, obtaining utilities, and recruiting young sellers. Non-Jamaican females (often women on welfare, Blacks and occasionally whites) are recruited as drug couriers. Sometimes these women know little of the real purpose behind the rentals or purchases. For example, women on welfare may be paid a monthly allotment for the use of their apartment for the storage of packages.

Philadelphia Police report that women are also utilized in a unique bail scheme. Jamaicans will ingratiate themselves with a Jamaican or American female in the city and have their telephones equipped with conference

line service. When a gang member is arrested, he can make a local call to the woman, who can then use the conference line feature to relay the call to headquarters in New York or Miami. Money will then be wired to Philadelphia, picked up by the woman, and used to pay the member's bail.

Some women appear to play integral roles in crime groups. For example, Dione Lewis, girlfriend of Richard "Lockie" Daley, head of the Philadelphia branch of the Shower Posse, was among those convicted in the killing of Edward Dixon, a Shower Posse member accused of taking \$12,000 from Lewis. (Dixon's body was found along the roadside of Interstate 95 in Bensalem, Bucks County, in January of 1986.) In the Spangler Posse in Philadelphia, Robin Byrd, also known as Robin Smith, was entrusted with several important responsibilities, including delivery of crack and cocaine, collecting the proceeds, and recruiting new workers. On the other hand, she had no management or supervisory responsibilities within the organization. She eventually became the principal prosecution witness against the group.

The prominence of women in many Jamaican crime groups stems from a number of socio-cultural factors. Impoverished living conditions in Jamaica have led to a high incidence of female-headed families, but extended families and neighborhood friendships provide a dense network of supportive social relationships. Jamaicans, like other West Indians, visualize "family" as incorporating a much wider circle than those present within a single household. Common-law relationships are common, and women may have such relationships with a series of men. When a union dissolves, children generally remain with the mother; and although children growing up within a single household may have different fathers, they are still considered true "brothers" or "sisters" rather than "half-brothers" or "half-sisters."

Perhaps because of such patterns, household relationships tend to focus around the mother. Daughters with children of their own often remain in

or return to their mother's home. Because women raising children on their own often face financial hardship, many take jobs even though domestic tasks still tend to be regarded as the "natural sphere" of women. It is also "natural" for women to play supporting roles in crime activities heavily populated and dominated by men.⁴

Major Prosecutions

The Rise and Fall of the Shower Posse

The Shower Posse is the oldest and largest of the Jamaican Posses active in the United States. Vivian Blake is the Posse leader in the United States; and Lester Lloyd Coke, also known as "Jim Brown" or "Big Jim Brown," is the Posse leader in Jamaica. The New York City operations of the Shower Posse were headed by Blake's two half-brothers, Errol Hussing and Tony Bruce.⁵

Convinced that their Philadelphia operation was being mismanaged by Winston George King, 32, who had become a drug addict, the national leaders brought Richard "Lockie" Daley from Jamaica to take over the Philadelphia faction in 1985. After a period of training under the direct tutelage of Tony Bruce, Daley established his operation in Southwest Philadelphia, competing vigorously with local Black drug dealers. He soon severed his ties to the New York Shower Posse faction and then established his own cocaine sources, first in Florida, then in New York, with Colombian, Cuban, and Jamaican suppliers.

At its height, the enterprise ran as many as 44 gatehouses ("crack houses") in Philadelphia, all doing business around the clock. Sellers typically worked 24-hour shifts for up to a week at a time before being replaced. Millions of dollars were generated, and large portions of these revenues were either wire transferred or body carried to Florida and Jamaica and ended in "Lockie" Daley's hands.

Problems began in early 1986, when Daley fled to Florida, for fear of being

implicated in the January 13, 1986, murder of one of his workers, Edward Dixon. Daley still controlled the group from Florida, then from Jamaica. He placed Anthony Johnson, 34 and Ruel Jones, 33, in charge of the day-to-day operations. He also sent his brother, Michael Valentine Daley, 24, from Jamaica to co-lead with Johnson and Jones.

With divided leadership came internal dissension. "Lockie" Daley had been reputed to treat his workers and managers comparatively well, paying them salaries and giving his managers "play." ("Play" consists of giving a lieutenant or supervisor the rights to the drug profits of one or several drug houses for one or more weeks as compensation.) The new surrogate leaders began fighting among themselves for the rights to "play" compensation. Some ranking members split from Daley's organization and stole drugs and money to set up their operations in new territories.

External pressures also created problems. In May 1987, Dickie Phillips, 26, Kenneth Chaplin, 25, and Clinton Duffus, 30, murdered a Black competitor, Wayne "Little Roach" Nelson, because he was trying to set up a drug house in their territory. Tensions continued to mount. On July 18, 1988, Donovan Grant, 23, and Michael Gaynor, 23, shot at each other in a Southwest Philadelphia variety store and killed a six-year old boy Marcus Yates. Donovan Grant was convicted of first degree murder for the death of Yates.

On May 30, 1990, 42 members of the Lockie Daley organization--all but two Jamaican--were charged in a 78-count indictment brought about by the Violent Traffickers Project. Lockie Daley remains a fugitive. One law enforcement source has indicated that Daley has recently been setting up new drug outlets in London, England, where Jamaican gang members are known as "yardies."

Although many of the groups affiliated with the Shower Posse were led by former Daley lieutenants, other groups more closely resemble domestic kin operations, such as the Duncan family who own The Duncan Variety

Store (1764 South 60th Street) where Marcus Yates was killed. Three members of the Duncan family -- including the mother and store owner, Ruby Duncan, 61, her sons, Christopher, 25, and Michael, 24, the leaders of the group -- have all been arrested on drug-related charges. The store provided a location and a cover for the family's drug dealing.

The Spangler Posse

The Spangler Posse, considered to be the most violent of the posses operating in the United States, became a force in the Philadelphia crack market after Robert "Cush" Smith, also known as "Dread," 34, came to Philadelphia from New York City to start a marijuana and cocaine distribution business in October 1985. Authorities characterized him as the first Jamaican to deal crack "systematically" in Philadelphia.

Smith and a dozen other Jamaicans from New York rapidly developed the operation through 20 drug houses or gatehouses, recruiting local Black youths, many of them juveniles, to deal drugs for them. The gatehouses were in operation seven days a week, 24 hours a day. Some locations even sold snack food to customers, many of whom were from nearby housing projects in North and West Philadelphia.

Smith's organization employed workers in numerous categories of tasks, including: (1) carpenters to fortify gatehouses, (2) lookouts to spot and warn workers of trouble, (3) sellers of crack, cocaine, and marijuana, (4) packagers of drugs, (5) cooks to make crack, and (6) managers in charge of drug deliveries, money collections, and workers. Workers at the bottom of the organization were confined largely to tasks such as packaging, selling, and/or lookout.

Robert Smith was in charge of purchasing drugs and having them transported to Philadelphia--from New York and Toronto, and generally oversaw the whole operation. Supervisors close to him were other Jamaicans, including his brother, Everton

Smith, 31. The group also included workers from the Bahamas, Guyana, Grenada, and Toronto, Canada.

Robert Smith ran his drug operation with extreme violence and maintained strong control over the lower-level workers with a few trusted lieutenants, all Jamaicans. Workers were beaten and pistol-whipped for minor misconduct, and competing dealers were threatened at gun point by Smith and his close associates. Smith himself was involved with the purchase of cocaine, transportation, delivery, collection, discipline, recruitment, and even packaging--in many ways defying the insulation of leadership that arguably characterizes Jamaican drug posses.

Smith also used two women in his activities. Marlene Lewis, 24, a Jamaican, worked as a packager and was also involved in collecting drug money from the gatehouses. Smith's long-time girlfriend, Robin Byrd, a local woman born and raised in Philadelphia, served as a front to secure rentals and utilities, and made drug deliveries and money collections for Smith. Her testimony as a prosecution witness at Smith's trial revealed that Smith let her run parts of the day-to-day operations because of her familiarity with the American way of life.

The beginning of the end for the Smith organization began in 1988, when federal, state, and city law enforcement authorities launched the Violent Traffickers Project to address the severe problems of drug trafficking and drug-related violence in the neighborhoods of Philadelphia. The December 8, 1988, 72-count indictment of 23 members of the Robert Smith narcotics organization was the first concrete result of this project.

At the trial, Robin Byrd described Smith's opulent lifestyle, including his Florida mansion, his luxury cars, and his stable of horses. Smith frequently beat and abused her; and she feared him--a love-hate relationship that eventually led to Smith's downfall. The racketeering trial also showed how Smith and others recruited juveniles to work for them and beat youths suspected of stealing.

Smith had previously been convicted of the 1986 murder of a competitor, Joel Hinnant, and was sentenced to 20 to 40 years' imprisonment. In October 1989, both Robert and Everton Smith were given life sentences without parole, as a result of federal drug convictions. Most of the others were given multi-year sentences.

The Violent Traffickers Project followed with other successful investigations, including the 42-person indictment of the Jamaican Posse faction headed by Richard Daiey in May 1990, described above; and the 46-person indictment of the Derrick Grandison Jamaican crack distribution ring in July 1990, described below.

West Philadelphia Jamaican Drug Ring

Following a six-month investigation by the Dangerous Drug Offenders Unit of the Philadelphia District Attorney's Office, raids were conducted on August 9, 1989, on three locations in West Philadelphia that resulted in the indictment of nine persons, including seven Jamaicans, on drug trafficking charges.

The cocaine ring operated a "walk-in" sales system through a telephone service that was manned by Jamaican operators, frequently speaking in a regional Jamaican dialect. Lower-level and street-level dealers were given information on prices and instructed as to where the cocaine was being stored, to be picked up and paid for. Cocaine typically was sold in half ounce and ounce quantities for about \$750 to \$950 per ounce. The cocaine was purchased from New York.

The ring was led by four illegal Jamaican aliens: Beresford Almondo Gardner, 30; Junior Constantine Walker, 24; Devon Dockery, 28; and Charlton Pinnock, 21. Lesser dealers working for them included Clive George, 25, born in Trinidad; Vernon James, 29, born in St. Vincent, West Indies; Maurice Jones, 32, born in Guyana; and Jacqueline Montague, 26, a Jamaican born woman. The last person charged was Patrick Whittaker, 23, a Black who managed a marijuana operation for the ring.

The Derrick Grandison Ring

On July 12, 1990, law enforcement authorities released a 110-count indictment charging 46 members of a Jamaican drug trafficking organization that operated in Philadelphia since January 1988. This case was the latest result of the multi-jurisdictional Violent Traffickers Project and involved the largest number of defendants charged in a single indictment in the Philadelphia area. The case provides additional documentation of the trend toward a non-posse structure on the part of Jamaican drug groups.

The two top leaders of the organization Derrick Anthony Grandison, 43, and Cecil Everard Walters, 30, both Jamaicans, controlled numerous other Jamaicans who supervised drug houses at over 50 locations in North, North Central, and Northwest Philadelphia. This was an extremely violent group, distributing large quantities of cocaine and crack at the wholesale and retail levels. From one to two kilos of cocaine and crack were distributed weekly. Drugs were obtained from New York and Florida, and transported to Philadelphia by trains, planes and automobiles. The group employed juveniles as sellers, runners, and lookouts, and sometimes also as drug couriers.

Grandison, who was described as a former officer in the Jamaican army, frequently involved himself in various aspects of the operation, including sales. (This, again, contradicts the view that the leadership of Jamaican drug groups remains insulated from actual drug activities.) On March 21, 1990, Grandison was arrested for selling one pound of crack for \$16,000 to a federal undercover agent. Other top-ranking members were identified as Herbert Sowell, 30; George Nixon, 34; Anthony Brown, 32; and Elvis Deabreu.

The indictment detailed the structure of the organization as consisting of a hierarchy of leaders and supervisors controlling workers involved in the following tasks: (1) couriers to transport drugs, (2) packagers to bag cocaine and crack into small packets

and baggies, (3) delivery persons to transport drugs from stash houses to distribution points, and to collect money from drug sales, (4) sellers who solicited and sold to prospective buyers at houses, stores or street corners, and acted as lookouts for each other, and (5) bookkeepers who kept records of drug sales, maintained inventories, and arranged for deliveries to re-supply sales locations. All these workers were either paid a salary or given sales commissions, in the form of cash or drugs. Extreme violence was relied on to discipline workers and to eliminate competition from rival drug dealers.

Grandison and Walters were also charged with laundering their drug proceeds through a store they owned in Brooklyn, NY, called Trendy Sports and Video Sales and Rental, 916 Clarkson Avenue. The operation was estimated to make millions annually, with one of the busiest drug locations on Westmoreland Street in North Philadelphia where both crack and cocaine were sold.

In early December 1990, Grandison agreed to plead guilty to charges of conspiracy and operating a continuing criminal enterprise. He also agreed to testify against other defendants in his organization, in exchange for recommendation of a sentence of no more than 20 years. Earlier Walters pled guilty for a 20-year sentence and had indicated that he would have testified against Grandison. More than half of the 46 defendants pled guilty since the indictment.

Assessment

Jamaican organized crime groups pose a continuing and serious threat within the United States and Pennsylvania. A combination of strong organization, aggressive marketing, and ruthless violence have enabled Posses to expand rapidly throughout the country and to capture a major share of the market for crack cocaine and marijuana.

Their involvement in high levels of violence and their cultivation of a "gangster" image has brought intense

law enforcement scrutiny. Successful RICO prosecutions have brought about the demise of several major Jamaican drug rings in Pennsylvania. However, the Jamaicans have shown themselves to be resourceful and adaptive. They already appear to be aiming for a lower profile that will be less visible to law enforcement.

The fluid structure of the national organizations has in the past made it relatively easy for them to shift personnel and to start new operations. Widespread poverty on the island of Jamaica, coupled with the lure of easy drug money, ensures a ready supply of new recruits. Law enforcement will need to monitor, investigate, and prosecute Jamaican crime groups whenever possible. Cooperation and coordination among federal, state, and local enforcement units will be essential.

ENDNOTES

1. New Jersey State Commission of Investigation. 1990. *1989 Annual Report*. Trenton, NJ. p. 36. [Hereinafter "NJ SCI"]
2. United States General Accounting Office. 1989. *Nontraditional Organized Crime. Law Enforcement Officials' Perspective on Five Criminal Groups*. Office of Special Investigations. Washington, DC GAO/OSI-89-19. [Hereinafter "GAO"]
3. NJ SCI, p. 32.
4. Raymond T. Smith. 1988. *Kinship and Class in the West Indies: A Geneological Study of Jamaica and Guyana*. Cambridge, MA: Cambridge University Press.
5. NJ SCI, p. 38; GAO, p. 26.

CHAPTER

9

HISPANIC ORGANIZED CRIME

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HISPANIC ORGANIZED CRIME

SYNOPSIS

- The group label "Hispanic" links a diverse population of peoples who share a common language.
- There has been a large Hispanic immigration from Central/South America during the past two decades; this surge in immigration will continue throughout the 1990s.
- Characteristics of Hispanic immigrants have changed in recent decades. Immigrants today:
 - ▶ are more likely to be illegal aliens,
 - ▶ are more likely to be Colombians, Dominicans, and other groups escaping from political unrest and/or economic instability within their native countries,
 - ▶ are more likely to be from low-income backgrounds, with lesser education and fewer job skills than previous (post World War II)immigrants.
- Characteristics of Hispanic organized crime:
 - ▶ Hispanics are familistic; extended kinship is the organizing principle of most Hispanic crime networks.
 - ▶ Women frequently participate in Hispanic crime networks, sometimes even in leadership roles.
 - ▶ Hispanic drug groups exploit indigenous populations of Hispanics in some localities of the Commonwealth.

HISPANIC ORGANIZED CRIME

The expanding role of Hispanic groups in drug trafficking and in other areas of organized crime has become a source of considerable concern to law enforcement. Hispanic organized crime in Pennsylvania centers around drug trafficking—mainly cocaine and marijuana, but also heroin. Colombians, Dominicans, and Puerto Ricans are the major Hispanic groups involved in drug trafficking in the Commonwealth; but groups from other Central and South American nations are also represented. Puerto Rican "bolita" or numbers gambling operations also exist in some Pennsylvania communities.

Hispanic immigration to the United States began to accelerate during the 1960s, especially from Cuba and from countries in Central and South America. Between 1980 and 1988, the number of Hispanics in the United States increased by 34 percent, while the total population increased by only 7 percent. The United States now has about 20 million residents of Hispanic ancestry—persons whose roots lie in Puerto Rico, Mexico, or any of the Latin countries of the Caribbean, Central or South America, where Spanish is the dominant language. After Blacks, Hispanics are the nation's largest minority, accounting for about 8.5 percent of the population. Continued high levels of immigration coupled with high rates of natural increase are expected to sustain the surge in growth of the Hispanic population through the 1990s.¹

In comparison to past waves of Hispanic immigration, recent immigration is characterized by several patterns. First, the number of illegal immigrants is thought to be as great as the number of those entering the country legally. Second, persons from Central and South America comprise a larger proportion of the total. Third, new immigrants are settling largely in urban areas, especially in very large metropolitan areas. Fourth, recent immigrants are often

driven by political and economic unrest in their countries of origin, have lower levels of education, and are less likely to come from a middle class background.

Pennsylvania has a Hispanic population of approximately 232,000, according to the 1990 Census data. While this is a much smaller concentration than found in New York or New Jersey, Pennsylvania has nevertheless begun to receive some of the "spillover" as immigrants fan out from the New York City region. By far the largest proportion (over two-thirds) of Pennsylvania's Hispanic population live in the Philadelphia metropolitan area; and most of the remainder are divided between the Allentown-Reading area in the East, and Pittsburgh in the West.

Despite significant differences in culture (and often in dialect) among Hispanics of different national origin, common cultural themes have helped shape organized crime among Hispanic groups.² First, Hispanics are *familistic*. The family is a significant source of pride, and family relationships are so highly prized that family well-being takes priority over individual well-being. Moreover, the word "family" connotes not only the nuclear parent-child family, but an extended family of several generations, including cousins. Such relationships are a source of emotional and financial support. It is not surprising, therefore, that extended kinship is the major organizing principle of Hispanic crime networks.

Second, although the Hispanic family is strongly patriarchal, with authority generally vested in a male family head, women frequently assume active economic or entrepreneurial roles, especially when these supplement family incomes and involve home-centered economic ventures. By extension, it is also fairly common for Hispanic women—wives, daughters, sisters, mothers—to be involved actively in family-based crime networks. In some cases, women

have held management and leadership roles in Hispanic drug networks. Their involvement is particularly important in foreign-based drug operations because women often have better language, clerical, and even management skills, than the pool of available males.

The involvement of women in Hispanic crime networks is consistent with culturally-accepted definitions of womanhood in which the qualities of femininity (*marianismo*) are complementary to those of "machismo" in men. A good woman accepts the dominance of the male family head and/or places the needs of the family first—and that role may entail being part of a family-run drug or gambling operation. The woman may even take on leadership responsibilities if the male leader—brother, father, or husband—is incapacitated due to incarceration, death, or business failure. Cultural acceptance of female participation in crime networks varies. For example, this practice is more common among Colombians and Puerto Ricans than among Cubans or Mexicans.³

Third, Hispanic groups have distinctive histories and national identities. Although non-Hispanics tend to be insensitive to differences, among Hispanics of various nationalities there are subtle social gradations that discriminate even among individuals of the same nationality. Compatriots may come from different regions or social classes, or they may have different dialects, complexions, or levels of education.

Nevertheless, within the United States, Hispanics are conscious of their status as a minority. The perception of shared problems elevates their awareness of commonalities of language and culture. In addition to having a sense of their disparate national origins and their American identity, most Hispanics born in the United States also wish to be viewed in terms of their Hispanic identity. New immigrants from Central and

South America tend to seek out Hispanic neighborhoods, even if the local residents have emigrated from other Hispanic nations.

Anglo indifference to distinctions among Hispanics is exploited by organized crime groups. Since, to Anglo eyes, Colombians or Dominicans (for example), are virtually indistinguishable from Puerto Ricans, it is easy for foreign nationals to blend in. The presence of a large, indigenous Hispanic population offers Hispanic drug traffickers a ready supply of low-level workers, as well as legitimate fronts (grocery stores, restaurants, check cashing agencies) that can serve as meeting places, buy/sell locations, or means of money-laundering.

ENDNOTES

1. See: Rafael Valdivieso and Carl Davis. "U.S. Hispanics:" Challenging Issues for the 1990s. *Population Reference Bureau, Inc.* December 1988.

2. For general overviews of Hispanic culture and Hispanic groups in South/Central America and in the United States, see the following:

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Richard Schaefer. 1990. *Racial and Ethnic Groups.* Harper Collins.

3. Patterns of female involvement in "organized" types of crime are examined in the following works:

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COLOMBIAN ORGANIZED CRIME: THE CORE OF THE LATIN AMERICAN DRUG TRADE

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SYNOPSIS

- **Colombian cartels control most of the cocaine entering the United States, and are the direct or indirect source for nearly all the cocaine sold in Pennsylvania.**
- **Pennsylvania is a major air, sea, and land transshipment site for Colombian cocaine destined for other states.**
- **Colombia's successful domination of cocaine trafficking stems from a combination of geographical, cultural, and demographic factors.**
- **The structure of Colombian groups relies heavily on familial relationships and vertical organization where levels of personnel are kept separate and unknowing.**
- **In the late 1970s, Colombians wrenched control over U.S. cocaine importation from the Cubans.**
- **In the early 1980s, several cocaine cartels emerged, dominated by those in Medellin and Cali.**
- **A number of mid-level Colombian wholesale operations have been active in Pennsylvania.**
- **Connections are growing between the Colombians and other organized crime groups such as the Sicilian Mafia.**
- **Parallels, as well as differences, exist in the cultural ethos that underlies Colombian organized crime and La Cosa Nostra.**

COLOMBIAN ORGANIZED CRIME: THE CORE OF THE LATIN AMERICAN DRUG TRADE

"They [Colombian drug traffickers] do not need Colombia for any productive reason. They only want Colombia because they are Colombians, because that is their home, because that is where their ranches are. But they do not need Colombia to produce cocaine. They grow very little cocaine in Colombia. They need Bolivia, they need Mexico, they need Panama, they need the United States." (Testimony of a drug informant before the Permanent Subcommittee on Investigations.)¹

Colombian cocaine can be purchased on more than 100 street corners in Hispanic neighborhoods of Philadelphia and is available in most communities of the Commonwealth. Although the South American country may seem distant, Colombia is important to the organized crime scene in Pennsylvania for several reasons. The Colombian drug cartels control most of the cocaine entering the United States, including Pennsylvania. Colombian smuggling operations have used Pennsylvania as a major transshipment point; and Colombians have been moving into Eastern Pennsylvania as important mid-level wholesalers of cocaine. Of all drug crime groups, the Colombian cartels posed the greatest threat to Pennsylvanians during the decade.

Cocaine Trafficking:

Colombia's Rise to Dominance²

Colombian control over cocaine trafficking has been facilitated by a number of factors—geographical, demographic, cultural, and historical. The cultural and historical tradition are particularly important. With a socio-historical background paralleling that of Southern Italy, the cultural ethos underpinning the Colombian "narco-

mafia"—the traditions of violence, the strong family ties, the long history of social banditry and extortion, the distrust of government, and the combination of criminal and entrepreneurial skills—resembles those of the Sicilian Mafia and La Cosa Nostra. Also, as has been true of Sicily, Colombia provides a friendly refuge for launching or incubating organized crime.

Geographically, Colombia is strategically located both to receive coca from Peru and Bolivia to the south and to export the processed drug to lucrative markets in the United States and Europe to the north. Located in the Northwestern corner of South America, it is closer to North America than any other South American country. It, alone, has both Caribbean and Pacific coastlines, which allow access to the United States from the south, east, and west. Furthermore, Colombia's mountains are somewhat less precipitous than those of other Andean nations to the south, and lushly forested valleys and plateaus permit easier construction and concealment of the clandestine processing laboratories and airstrips which facilitate Colombia's drug trafficking.

Demographically, Colombia's population is very heterogeneous. Specifically, it is young, 50 percent urban, and marked by extremes of wealth and poverty—demographic and socio-economic conditions that are often associated with crime. Bogota, with a population in excess of five million, is larger than every city in the U.S. except New York. Medellin and Cali—headquarters for the two most powerful cocaine cartels—each have populations that exceed that of all but three U.S. cities.

Colombia has seen many waves of immigration, from Sephardic Jews fleeing Spanish persecution in the 17th century, to German Nazis fleeing prosecution following World War II.

The population currently totals around 30 million, with a diverse ethnic and racial mix: 58 percent are "Mestizo" (mixed European and native South American background); 20 percent are of European or other Caucasian heritage; 14 percent are "Mulatto" (mixed African and European or native South American background); four percent are of African heritage; one percent are native South American, and three percent claim other heritage.

Poverty is widespread. The poorest fifth of the population receives about four percent of the nation's income while the richest tenth receives about 50 percent. Some of Colombia's drug kingpins number among the wealthiest individuals in the world, and dreams of wealth beyond belief attract many recruits to the narco-trafficantes from the young urban poor in the slums of cities like Medellin and Cali.

A number of cultural and historical factors are even more important than geography and demographics in explaining the rise of the Colombian crime families that rule the cocaine cartels. Among the cultural and historical traditions that have nurtured the growth of the narcomafia are violence, a distrust of government, an emphasis on family loyalty, the perception of criminal enterprise as a semi-respectable business, early involvement in the drug trade, and a growing population of Colombian immigrants in the United States.

A reputation for extreme violence (not even women and children are exempt) has been a major asset to the Colombian narcomafia in their rise to dominance of the international traffic in cocaine. The use of violence to achieve wealth and power is deeply rooted in Colombian history, from the brutality of the Spanish conquistadors in the sixteenth century to La Violencia in the twentieth century (1948-1958), a period of civil war in which over 10 percent of the population

lost their lives.

"At the root of Colombia's easy violence," writes Kathleen Romoli, "is an extraordinary indifference towards death."³ Today the homicide rate in Colombia is one of the highest in the world (several times higher than the U.S. rate), with murder the leading cause of death for males aged 15 to 44. Furthermore, political stability is continuously under threat from the violence associated with Marxist insurgencies, widespread banditry, over 100 known death squads, and the cocaine cartels.

In Colombia, as in Sicily, a tradition of political, social, and economic repression generated a distrust of government and other authority. In such a socio-political climate, with a premium on sheer survival in a hostile environment, the extended family became the only real object of loyalty and a "law unto itself." The family—including not just parents and children, but several generations, and cousins as well—became the source of identity, and the family's well-being took precedence over that of the individual or the community.⁴

One pattern of adaptation adopted by some families, in Colombia as well as in Sicily, was crime. Banditry became rampant, and smuggling (the art of *contrabandista*) became a major industry in cities like Medellin and Cali. In the area of pickpocketing, for example, Colombia has had an international presence in organized crime for at least a half-century. In Bogota, the established "Ten Bells" school taught aspiring pickpockets to lift a wallet from a pocket without ringing any of the 10 bells worn by the "mark." Graduates of the school have practiced their skills around the world. In cities like New York, Colombians have long been considered the outstanding masters of this particular criminal craft.

The cities of Cali and Medellin were centers of transportation and commerce for decades, and both have had traditions of family crime. For example, the Londono family of Cali emerged as one of the most powerful in the cocaine trade by successfully adapting methods developed during

their decades of experience in smuggling gems. Medellin, founded in 1616 by Sephardic Jews fleeing Spanish persecution, became a trading center and eventually grew into a principal industrial center complete with an indigenous "mafia". Long before the advent of the cocaine trade, these criminal groups were adept at laundering money, black marketing of all types, kidnapping, pickpocketing, and assassination. [The Ochoa family that heads the Medellin cartel has a long history of combining crime with family business, and is well known for making a fortune in cattle ranching on a huge farm in Antioquia state.]

This cumulative criminal experience put some families in an excellent position for early involvement in the drug trade when the U.S. market for marijuana exploded during the 1960s. Such families had already developed business skills and contacts applicable to drug trafficking: money laundering to avoid governmental currency controls, establishment of international networks for distribution and collection, corruption of public officials, and a reputation for assassination or violence. Through their smuggling of marijuana (and quaaludes), the Colombians developed extensive distribution networks in the United States as well as ties to drug networks in other Hispanic nations. This background made such families especially well-equipped to expand their operations when cocaine became chic in the United States during the 1970s.

In the United States, the growing number of Colombian immigrants facilitated the expansion of drug networks. During the period of *La Violencia* in the 1940s and 1950s, emigration from Colombia to the United States began to increase. At first the migrants were well-educated professionals. But economic instability in Colombia during the 1970s and 1980s, along with changes in U.S. immigration regulations, brought increasing numbers of Colombian immigrants from low-income backgrounds who provided Colombian drug traffickers with opportunities to develop their networks.

Advent of Colombian Cocaine Cartels⁵

Until the early 1970s, the importation of marijuana, counterfeit quaaludes, and coca paste into the United States was largely a Cuban-run operation with Colombian sources. Colombians refined cocaine, and Cubans trafficked and distributed it in the United States. By the mid-1970s, the Colombians had become increasingly disgruntled with their share of the profits and with working through Cuban middlemen who frequently shortchanged them. By 1978, with their own networks in place, the Colombians were able to muscle in and smash the Cuban groups. Colombian willingness to utilize violence exceeded all previous bounds. Showing no restraint, Colombians systematically executed Cubans in Miami and New York. Cubans remaining in the cocaine business became subordinate to the Colombians.

An even greater eruption of violence followed, as sensational headlines from Florida to New England detailed the gory "Cocaine Wars" between rival Colombian gangs struggling to control the lucrative U.S. cocaine market. For many Americans, dawning awareness of the Colombian role in the U.S. drug scene came with news reports of scenes of incomparable violence in this country and abroad.

By the early 1980s, the Colombians were well organized, both in the United States and back at home; independent foreign nationals could no longer "deal drugs" in Colombia. Various Colombian drug groups joined forces to form regional cartels. The Medellin Cartel and Cali Cartel emerged in dominant positions. The cartels are rooted in alliances of families, many of which had been active in smuggling and other criminal activities long before cocaine became popular in the United States.

These cartels do not fit the strict economic definition of a cartel as an organization that seeks to control output and price. Rather, each is a loose-knit cluster of organizations which cooperate to attain common

ends, and the specific patterns of communication and task specialization among member groups appear to be quite fluid, changing in response to different needs and opportunities. The cartels in Cali and Medellin control as much as 80 percent of the U.S. cocaine trade, although lesser cartels have been identified in Bogota and in the North Atlantic Coast region of Colombia. There also are secondary trafficking organizations which are affiliated with both of the larger cartels and which provide services to them, in addition to conducting their own independent trafficking operations. In Pennsylvania, cocaine distributors have been identified who have ties both to the Cali cartel and to the Medellin cartel.

Cartel Structure

Available evidence suggests that the Colombian cartels exhibit some features of corporate structure, but also demonstrate an ability to adapt rapidly to changing market conditions or law enforcement pressures. To the extent that the cartels approximate a corporate bureaucracy, it is clear that they can mobilize large amounts of capital and organize specialized units for efficient division of labor and insulation of the top leaders from the activities that carry the greatest risk. To the extent that the cartels retain fluidity of operations, they are able to respond rapidly to law enforcement initiatives, to open new routes as old ones are closed, and to replace arrested operatives with new ones.

Each cartel is dominated by three to four family organizations. In Cali, the dominant organizations are those run by Jose Santacruz-Londono and Gilberto Rodriguez-Orejuela. In Medellin, the most powerful groups are those of Pablo Emilio Escobar-Gaviria and Jorge Luis Ochoa-Vasquez. Jose Gonzalo Rodriguez-Gacha, another powerful figure in the Medellin cartel, was killed by Colombian law enforcement forces during a shoot-out in December 1989; his organization presumably remains intact. The Medellin cartel dates from the early 1980s, is more violent than

the Cali cartel, and is rather loose and spontaneous in its operations.

Within both cartels, each of the larger family operations, such as those controlled by Pablo Escobar in Medellin or Jose Santacruz-Londono in Cali, will have its own paste suppliers, its own laboratories, its own stash sites, and its own warehouses. Smaller organizations may specialize in particular activities, such as transportation, and may rent their services to the highest bidder. An Escobar- or a Londono-run organization might rent space or services to or from traffickers.

The organization of the major Colombian drug trafficking groups may be likened to that of separate strands of "pop-it" beads, joined only at one end (the top), with each separate "bead" having minimal knowledge or contact with adjoining beads above or below, and none at all with the separate strands. When a single bead is lost, another is popped into place, with minimal disturbance to the organization as a whole. The separate "strands" generally represent separate functions (e.g., separate strands for drug distribution and for money transfer or laundering), but they may also represent overlapping or similar activities. Thus, if one strand is substantially disrupted by law enforcement or rival organizations, another strand may be redirected to assume the functions of the damaged one.

Staffing

Top-level managers both in Colombia and the United States are generally recruited from men (and sometimes women) who are tied to the family by blood, marriage, or "*compadrazgo*" (fictional kinship). The emphasis on family minimizes the danger of theft and insubordination. Deals are often concluded on the basis of one's word or trust. At middle management levels the cartels may turn to Colombians who are not family, but who are trusted friends, or who at least have roots in the same region of Colombia. These managers, in turn, involve their own families and associates.

High-ranking members of the cartels maintain permanent operations in both New York and Florida, as well as in a few other locations in the United States. With the expansion of the cocaine trade, Colombians have fanned out from New York City (and other locations) to establish regional operations in neighboring states in areas with high concentrations of Hispanic population. In Pennsylvania, Colombian operations are concentrated mainly in the Philadelphia area.

The individuals who work for the Colombian organizations typically perform specialized tasks. These include paste procurers, chemists, laboratory workers, transportation specialists, pilots, wholesale distributors, stash house keepers (for dollars and cocaine), enforcers, launderers, couriers, accountants, and lawyers. Persons do not generally change specialties although they may work for different groups at different times in their careers. Again, preference is generally given to Colombians, although Colombians frequently go outside of their organizations to acquire certain specialists such as money-launderers or pilots (generally Americans for the latter).

Functions Handled Within Colombia

Although some coca is grown in Colombia, most comes from Peru and Bolivia and some from other Andean nations. Acquisition and transportation of coca paste is therefore the first stage in Colombian cocaine trafficking. Once in Colombia, large processing facilities add the appropriate precursor chemicals (such as ether, most of which the Colombians import from the United States) to transform the paste into cocaine hydrochloride.

The processed cocaine is then packaged in one-kilo and one-and-a-half-kilo (one kilogram is equivalent to 2.2 pounds) bricks and is marked with the organization's "trademark." One large cocaine seizure in Pennsylvania had "centavo" (a coin) markings on the package; another Philadelphia DEA drug bust uncovered Colombian cocaine marked "BABY." Kilogram

packages are sometimes marked with actual bank notes of foreign currency, such as Greek money bills. Once packaged, the product is then readied for transportation by air or ship to trans-shipment locations in Mexico, the Caribbean, or elsewhere in South America, or cocaine may also be shipped directly to distribution centers in the United States or other consuming nations.

Intricate accounting and investment operations to deal with the extraordinary amounts of money are also located in Colombia, as are the enforcement and security operations. The Cali cartel reinforces its security by building economic and political alliances, while the Medellin cartel has made greater use of overt violence and bribery. Teenagers are recruited from the slums of Medellin for the cartel's school for assassins. When New York City police first heard the term *los Palestinos*, they suspected that the cartels had links to Palestinian terrorists, not realizing that Palestino is a particularly tough slum in Medellin from which assassins are recruited. In "school," the teens learn the use of automatic weapons, bombs, and other killing techniques.

Shipment/Transportation

The next stage in cocaine trafficking is shipment. A popular method has been general aviation aircraft piloted by U.S. citizens—an exception to the general preference for family first, and other Colombians second. American pilots are valued for their technical know-how, as well as for their greater familiarity with U.S. terrain. Sought-after pilots may be "wined and dined" and even brought to Colombia to meet the bosses of the organization. One major case involved the Pennsylvania corporation "Air America," which is discussed below. Cocaine may also be smuggled aboard commercial flights or may be sent by boat or ship. Many arrangements involve stopovers at trans-shipment sites in other South American countries (to conceal the Colombian origin), the Caribbean, or Mexico. Mexico has become increasingly popular; and

pilots may stop there to refuel, or shipments may be unloaded and turned over to Mexican nationals who bring it across the border, and then return it to Colombian custody once in the United States.

Colombian Organization in the United States

The final stage of the cycle is the distribution of narcotics in the United States. By and large, Colombians control the distribution system in the United States at the wholesale level. As in Colombia, the organization is vertical, meaning that Colombians—preferably family members—maintain control over the product through several phases in the distribution process. Each cartel group within Colombia has "managers" in the United States who oversee the distribution of cocaine and the collection of money for a particular area of the United States. Each manager may oversee several regional distribution networks—with each network organized by an appointee of the manager. The manager and other high-level operatives maintain close contact with their employers in Colombia.

Regional managers are separated from street-level operators by as many as four or five intermediate levels of distribution, each of which will have its own compartmentalized functions providing couriers, cocaine storage, and money storage. In areas like New York or Miami, where the demand for cocaine is high, regional managers are believed to deal in hundreds or even thousands of kilos per month, with wholesale distributors, upper-, mid-, and lower-level distributors dealing in proportionately smaller amounts. Street-level distributors deal in amounts of less than one kilo, while mid-level distributors may turn over between five and 25 kilos.

The extent of vertical integration,

and the extent to which Colombians become involved in wholesaling and retailing processes at the local level, varies somewhat, although the trend seems to be toward exerting control over increasing layers of the process. In Philadelphia, a number of operations identified by law enforcement have involved Colombians ranging from mid-level wholesalers with ties to major distributors in New York or Miami (with a few alleged to have ties directly to sources in Colombia), down to street dealers who handle one-to-two kilo amounts. Most Colombians leave the lowest—and riskiest—level of retailing to others. At the lowest levels of the Colombian-run network, tasks become very compartmentalized and specialized, so that any given individual knows virtually nothing about operations as a whole. These low-level workers are referred to as "mopes" by U.S. officials because they know very little about the organization beyond the name and phone number of their immediate supervisor. Family members of stash house keepers or drug couriers are often kept in Colombia to ensure loyalty.

When upper-level operatives appear to be at risk, they may be returned to Colombia or may be rotated to another city. A single lieutenant is often left to break in the new boss and lieutenants, and the lower level workers are placed on hold until the new upper echelon players arrive. Mules, sitters, and other persons at the lower levels are simply dropped if they become a risk—their knowledge will be so limited that they will be of little assistance even if law enforcement is able to turn them in spite of fear of reprisal.

Staffing in the United States

A family affair. Cartel families generally want family members representing their interests at the highest management levels in the United States. At middle levels, they may trust Colombians who are known to them by virtue of coming from the same neighborhood or community in Colombia. These Colombians will

then involve members of their families—as in the case of the Montilla family in Philadelphia, who is described below. When family members or "hometown" Colombians are not available, other Hispanics (especially Cubans and Dominicans) are recruited for upper-and mid-level distribution roles.

Involvement of women. The emphasis on family, as well as on ability, extends to women who have been known to hold relatively high positions within the organization. For example, when Victoria Castano Delgado (a Colombian) and her husband, Roberto Delgado (a Puerto Rican), were arrested in Philadelphia in 1986, she was regarded by law enforcement as a major player in the Delgado drug operation. In most cases where women have risen to major positions, they have essentially "inherited" those positions from husbands, fathers, or brothers who were lost to the organization through arrest or death.

One Colombian woman, 50-year old Eucaris Ceballos-Trejos, was convicted in 1988 and was sentenced to life in prison under the federal drug kingpin law for being the "principal administrator" of a multimillion-dollar cocaine distribution network. Prosecutors argued during the trial that Ceballos-Trejos directed a ring of Colombian drug dealers who distributed high-quality cocaine in New York and New Jersey. This willingness to permit the involvement of women (even sometimes in leadership positions) distinguishes Colombian and other Hispanic crime groups (except Cubans who seldom use women) from most other traditional and non-traditional organized crime groups. Use of women as couriers is especially widespread on the assumption that they are less subject to official scrutiny than Latino men. Women may also be involved as house sitters, money counters, or language specialists. Women who are U.S. citizens may be exploited as marriage partners to facilitate the immigration process.

The high involvement of daughters, wives, and other women in family-based crime networks is based not on

egalitarian gender roles among Colombians but on "marianismo"—the principle that a good woman accepts the dominance of men and consistently places the needs of the family first. Moreover, in impoverished neighborhoods of Colombia where female-centered households are the norm, enterprising women keep the family going and often manage the family's business affairs. Also, the women are frequently more likely than the pool of available men to have the clerical, linguistic, and even management skills required for the labor specialties of a drug trafficking cartel. Among other crime groups, the fear that females will become informants is a major obstacle to permitting female involvement. Colombians apparently find the threat of violence against family members to be an effective deterrent for would-be female informants.

Legal and illegal aliens. Mid-level wholesalers generally have permanent residence visas or other legitimate visas. At lower levels of the organization, Colombian nationals may be brought to the United States as illegal aliens, and their illegal status is thought to increase their dependence upon and their loyalty to the organization. Even when Colombian nationals are deported, re-entry is not difficult—often by as simple a ruse as switching their maternal and paternal surnames, but also through the sophisticated forgery of documents, complex smuggling operations, and other methods.

When necessary, the Colombians may resort to bribery to facilitate the entry of illegal aliens. In 1990, Christopher Matos, an employee of the Immigration and Naturalization Service, was charged with accepting over \$100,000 to provide Colombian drug smugglers in New York with "green cards" identifying them as permanent residents. His wife and other relatives acted as brokers for the illegal aliens.

Both legal and illegal Colombian aliens are instructed to blend into the neighborhoods in which they live. Thus, those moving into working or middle class neighborhoods are ex-

pected to refrain from life styles or consumption patterns which would suggest incomes greater than those of their neighbors. Areas that already have large populations of Colombian heritage are generally the prime targets, although the Colombian groups also wholesale cocaine to non-Colombian organizations.

Violence. A reputation for extreme violence characterizes the Colombian drug traffickers. Unlike traditional organized crime groups, Colombian violence is not confined to the individuals who are being punished, but extends to women and children as well. Colombian enforcers are often trained in Colombia and brought to the United States, where they may be sent to those locations requiring their "services." Oddly, very little Colombian violence has been directed at law enforcement officials in the United States. Furthermore, although extensive violence has been associated with Colombian trafficking activities in Florida and New York, Colombian groups in Pennsylvania have been much less involved in actual violence than Black, Jamaican, and Puerto Rican groups in the state. Of course, a reputation for violence often obviates the need for actual violence.

Cocaine Smuggling in Pennsylvania

Smuggling By Air: The Air America Case

Cocaine is smuggled into Pennsylvania by airplanes, ships and boats, trains, buses, trucks and autos, and even the U.S. Postal Service. Shipments arrive from Florida, New York, and from trans-shipment areas in Mexico, overland through Texas.

Over 500 private airfields in Pennsylvania make smuggling by air relatively easy. One of the largest cocaine air smuggling operations yet discovered in the United States was run by Air America, owned by Frederik J. Luytjes

and headquartered in the Scranton/Wilkes-Barre area. Air America provided a freight-forwarding service for Medellin cartel cocaine shipments headed for New York during the early 1980s. During that period, Luytjes' planes smuggled approximately nine tons of cocaine, with an estimated street value of \$1 billion. (The Luytjes operation also smuggled upwards of 1,200 pounds of marijuana and 1,200 pounds of quaaludes.) Duffle sacks of money were carried to Medellin on the pick-up trips. Each successful round trip earned Air America pilots roughly \$1 million in cash.

A large portion of Air America's profits was laundered by Michael Coffey, former vice president of United Penn Bank, and by Joseph Donahue, a Luytjes associate on Grand Cayman Island. Nevertheless, over \$10 million was recovered from the various defendants in the operation, including over \$4 million in cash that was found buried in plastic plumbing pipes on the property of John Robertson, the executive general manager of Air America. Also seized in the case were a number of jet airplanes and other assets of Luytjes' enterprises, and Luytjes' 2,700 acre estate in the Poconos—the largest land forfeiture in a drug case.

Luytjes and 13 other defendants were indicted in July 1986 on charges of conspiracy to smuggle and distribute cocaine, and with smuggling over \$25 million in U.S. currency out of the country. A total of 12 individuals, including Luytjes, were convicted; five Colombians fled and remain fugitives.

Smuggling Coke Through the Port of Philadelphia.

In recent years, the Port of Philadelphia has centered in a number of important smuggling schemes involving cocaine headed for New York. One enterprise operated by George and Rafael Agudelo (Colombian-Americans residing in California) involved half-ton shipments of cocaine concealed in the cavities of massive non-working pieces of industrial machinery carried on Colombian freighters dock-

ing in Philadelphia and other ports. A handwritten prospectus sent to potential clients bragged that such shipments would be immune to detection by dogs, x-rays, or lasers. Once clients purchased the equipment for fees ranging from \$250,000 to \$5 million, subsequent uses would involve substantially smaller fees. Clients were advised that they could also obtain assistance in money laundering and distribution, and they were instructed to remit payments by electronic transfers to Swiss bank accounts.

Another conspiracy involving the Port of Philadelphia was run by Robert Alcaino, a Chilean national, and three Argentine citizens with ties to the Medellin cartel. This involved over a ton of cocaine concealed in an anchovy shipment from Buenos Aires to New York via Philadelphia.

A third smuggling operation routed through the Port of Philadelphia involved over 10 tons of cocaine that originated with the Cali cartel. The packages of cocaine were buried in over 200 large barrels of a caustic chemical called sodium hydroxide and were shipped from Panama to New York through Philadelphia.

Wholesaling Cocaine in Pennsylvania

Most crack and cocaine sold in Pennsylvania has its origin with Colombian sources, whether local or located in New York or Florida. The greatest penetration of Colombian activity has been in the Eastern half of the state, particularly in the Philadelphia area. In the Philadelphia drug trade, Colombians have served as bulk distributors for local street dealers, and they serve as suppliers to other groups involved in distribution of cocaine and crack, such as the Dominicans and the Jamaicans.

Several Colombian organizations in Philadelphia distribute cocaine to smaller operators. The heads of these mid-level organizations generally own small businesses that serve multiple

functions. The businesses provide a legitimate "front," and they often serve as meeting places for various operatives, as sites for executing deals. The larger dealers are unlikely to permit the presence of cocaine on the premises; such dealers are likely to own numerous other properties which serve as stash houses for cocaine or money, and often these properties are listed in the names of other relatives.

A Typical Colombian Family Network

The Montilla family of Philadelphia is fairly typical of mid-level Colombian drug operations. The family, which is associated with several other Colombian families, has been involved in multi-kilo deals of cocaine worth tens of thousands (sometimes hundreds of thousands) of dollars. The players in these groups are known to one another; all of them operate in Hispanic areas of North Philadelphia. Members of these families own numerous properties and businesses, including residential property, "cut" and stash houses, restaurants, and other businesses where deals are conducted.

Gabriel Montilla, 42, his brother, his wife, and other associates are multi-kilo distributors and their restaurant, La Cumbia, 4615-21 North 5th Street, Philadelphia, has served as a deal making and meeting place for Colombian drug dealers. The restaurant also operates as an unlicensed after-hours club with crowds and activity continuing until 5 a.m. In February 1988, a homicide—believed to be a cocaine-related killing—occurred outside La Cumbia. Three individuals—identified as local Puerto Rican drug dealers—have been arrested for the shooting. Montilla also owned La Bamba Records and La Posada, another restaurant nearby that closed in 1990. Montilla has direct contacts with drug lords in Colombia.

Prosecutions

Several features of Colombian drug operations pose serious obstacles to

law enforcement. These hindrances include the shifting of functions and properties among the operatives; the concealment of ownership under different names; the occasional rotation of personnel to Florida or Colombia; the insulation of the larger dealers from retail sales; and the use of family members and close Colombian associates as fronts. Nevertheless, law enforcement has successfully prosecuted a number of cases involving mid-level Colombian operations.

While law enforcement activity against Colombian drug traffickers has been concentrated largely in the Philadelphia area, investigations have also been directed against Colombian drug traffickers in other parts of the state, most notably in Pittsburgh and in the Poconos.

Philadelphia

An undercover investigation in Philadelphia by the Drug Enforcement Administration resulted in the February 1989 conviction of Colombian drug suppliers responsible for trafficking as much as 300 pounds of cocaine into the Philadelphia area. Rafael Torres, from Bogota, controlled large amounts of cocaine brought into the Miami area, and used his sister-in-law Yvonne Torres to drive shipments of cocaine to Philadelphia and New York in a Volkswagen "Bug" which had been modified to hold cocaine in hidden compartments beneath the rear seat. Rafael Torres received a 24-year sentence; his sister-in-law received 15 years.

An FBI investigation in North Philadelphia led to the July 1988 indictment of mid-level cocaine distributor Hernan Londono; Jose Ectae Sanchez, his Colombian supplier in New York; and Jose Ramon Duran Castillo, the supplier's Dominican chauffeur. After this indictment, Londono, a Colombian, cooperated with investigators. This cooperation led to the May 1989 indictment of 19 persons who were supplied cocaine through Londono. Londono's wife, Mercedes, was among those indicted. Londono reportedly grossed as much as \$100,000 per week from

sales of 10 to 20 kilos per month. The individuals mentioned in these indictments either pled guilty or were convicted. At the recommendation of federal prosecutors, Londono received only a 10-year sentence. His supplier, who refused to cooperate due to fear of retaliation, pled guilty and received a longer sentence.

Also arrested as a result of the May 1989 indictment were three Puerto Rican brothers from Philadelphia, Edwin, Julio, and Milton Norat. Edwin Norat supplied local drug dealer Thomas Brady with cocaine which had been obtained from Londono. Brady, 27, of Lafayette Hill, in turn, was a primary supplier of cocaine to Samuel Caroluzzi, 40, of Whippen Township, Montgomery County. Caroluzzi was arrested in May of 1989, along with 21 others, as part of an investigation into cocaine trafficking by the Montgomery County District Attorney's office in collaboration with the State police. Caroluzzi supplied gram quantities of cocaine to drug users termed "the beautiful people." Most of these individuals were gainfully employed and were respected in their communities. This drug ring encompassed suburban Philadelphia communities in Montgomery County including Blue Bell, Lafayette Hill, Whippen Township, Bridgeport, Norristown, and others. Caroluzzi pled guilty in July 1990; he was sentenced in November 1990 to six to 12 years in prison.

These two separate cases document the path of cocaine from Colombians in New York to various communities in Montgomery County, and they also reveal the structure through which cocaine is distributed. The drug passed from a major Colombian wholesaler in New York (Jose Ectae Sanchez), to lower-level distributors in the Philadelphia area, to a retailer in Montgomery County (Samuel Caroluzzi), to the homes of middle-class drug users in suburban communities. (See Feature "From Colombia to Suburbia" in Chapter 3).

The Colombians are the main suppliers for other cocaine dealers in the Philadelphia area, including other Hispanic groups (Puerto Rican, Cuban,

Dominican), Jamaicans, and Blacks. One group that was arrested along with their Colombian suppliers in November 1989, was a genuine "equal opportunity" organization. Angel Marrero, a Puerto Rican, headed a group which handled between \$150,000 and \$200,000 worth of cocaine daily. The organization operated out of Anita's Place, a bar, at 2801 North Lawrence Street. Marrero's lieutenant was a Dominican; his main runner a Puerto Rican; his stash man a white male; and his lookout a Black male. Two Colombian suppliers were also apprehended in the same set of arrests. Oscar Betancur and Benjamin Penuela, both from New York City, were arrested after being identified as frequent patrons of Marrero's establishment. Four other Colombians, who made deliveries to the bar, were also arrested. One of these individuals had a Philadelphia address; the other three had addresses in Queens, NY.

Pittsburgh: Salomon Schuster-Benitez

Salomon Schuster-Benitez has been identified as a major world-wide cocaine trafficker and as a major supplier of cocaine that was distributed in Pittsburgh and other locations in Western Pennsylvania. Schuster-Benitez smuggled hundred of kilograms shipments of cocaine into the United States through Southern Florida. From there, the cocaine was transported to Pittsburgh by private aircraft or automobiles, and then distributed in Western Pennsylvania by major drug trafficking figures, such as Ernest Rockwell, Hilmer Sandini, George Kost, and Eugene Gesuale. (See the LaRocca/Genovese LCN section in Chapter 5.) Gesuale, an associate of the LaRocca/Genovese LCN Family in Pittsburgh, also supplied cocaine to members of the Pagan outlaw motorcycle gang. In December 1987, a federal grand jury charged Benitez and seven others with the importation and distribution of large quantities of cocaine from Colombia to the United States. These charges cover the time period from July 1982 until January

1984. This indictment remained sealed until June 1990, when Benitez was arrested by Colombian authorities in Barranquilla, Colombia. He is awaiting extradition to Pennsylvania, where he will face the drug trafficking charges.

Poconos: Eduardo Villa

During the early and mid-1980s, a group of Colombian drug traffickers headed by Eduardo Villa supplied the Pocono resort area with multi-kilo quantities of cocaine. Villa, a native of Cali, Colombia, obtained employment in the late 1970s at Tamiment, a resort in Pike County where he established connections in the area through which he could distribute cocaine. After his network was established, Villa enlisted his daughter, Patricia Stella Villa, 28, (dubbed the "Snow Queen") and her boyfriend, Albert Hodge, 49, a Jamaican, to oversee the network in the Poconos. Eduardo Villa returned to Colombia. Patricia's mother (Eduardo's ex-wife), Christine Villa Millan, supplied cocaine to Patricia through couriers from Queens, NY. Other Colombian nationals, such as Otto Betancourt, 54, formerly of Ellenville, NY, and Hernando Arbelaez, 31, of Bushkill, also were suppliers for this operation.

Following a joint federal and state investigation, 22 of the principals of this operation, including Eduardo Villa, his daughter, and ex-wife were indicted on November 19, 1985. Other local drug dealers also were arrested as a result of this investigation. Patricia Villa was convicted and was sentenced to 10 years in prison. Eduardo Villa remains a fugitive, presumably in Colombia.

Colombian/Sicilian Connection

In July 1989, a RICO indictment was filed in Delaware which illustrates the expanding connections between the Sicilian Mafia and the Colombian cocaine cartels. This indictment charged 11 individuals with distribution of heroin and cocaine; conspiracy; interstate travel in aid of

racketeering; and aiding, abetting, and causing the commission of a crime. The individuals indicted were members of an international Sicilian-Colombian heroin and cocaine distribution conspiracy, with tentacles that reached into Pennsylvania. This ring routinely distributed between 25 and 100 kilograms of cocaine and multi-kilograms of heroin in Southeastern Pennsylvania, Delaware, and Maryland.

As a spin-off of this case, in July 1989, a federal indictment was filed in Maryland which charged two others, Francesco "Frank" DeLorenzo and Felice "Phillip" Sestito, with conspiracy to distribute cocaine, distribution of cocaine, and aiding and abetting. DeLorenzo, 58, formerly operated several pizza shops in Pennsylvania. On February 16, 1990, DeLorenzo was sentenced to 69 months in prison; Sestito received 63 months.

The leader of the Sicilian faction of this ring (which supplied the heroin) is Faro Bartolotta, a ranking member of the Sicilian Mafia. He was arrested in September 1989 in Trapani, Sicily. He was extradited in November 1990, and is awaiting trial in Delaware. Ignazio "Eddy" Lena, another defendant, is a member of the N'Drangheta, the organized crime group located in extreme Southern Italy. Lena pled guilty in March 1990.

The leader of the Medellin cartel branch of this operation is Rafael I. "Paco" Orjuela-Rodriguez. Hundreds of kilograms of cocaine were supplied by this Colombian connection. Orjuela-Rodriguez remains a fugitive in Colombia. Frederick DiGirolamo, a resident of Middletown, was indicted as part of this operation. He delivered a sample of heroin to an FBI undercover agent in the parking lot of the Marriott Hotel in Philadelphia. DiGirolamo pled guilty in July 1989, and was sentenced to six months in prison. In February 1990, a superseding indictment was filed in Delaware, adding another defendant, Pietro "Peter" Liga, to this case. Liga was arrested by Sicilian police in 1989, and he is awaiting extradition.

This conspiracy operated from June

1987 to July 1989. Meetings and drug transactions took place in Delaware; Queens, NY; Philadelphia; New Jersey; and Miami, FL. This network operated heroin laboratories in India and Europe. The lab in India could produce 200 kilograms of heroin a month. All of the defendants, with the exception of Bartolotta, Liga, and Orjuela-Rodriguez, have either pled guilty or have been convicted and are awaiting sentencing.

Comparison

Colombians and the LCN

There are a number of interesting parallels between Colombian drug trafficking groups and La Cosa Nostra groups. The crime families of Colombia and of La Cosa Nostra both evolved from similar historical and cultural conditions. The cultural ethos of both Colombia and Southern Italy emphasized distrust of government, loyalty to the extended family, banditry, extortion, and violence.

Both Colombian and LCN Families seek integration with their local communities by cultivating the "goodwill" of local residents while simultaneously exploiting and manipulating them to their personal advantage. Cali and Medellin cartels display somewhat different patterns in this respect. In Cali, prominent politicians of both major parties are invited to be members of the boards of various economic enterprises of the cartel, while, in Medellin, some of the drug lords have attained near culture-hero status by building housing for the poor and investing in other public works in their cities.

There are also similarities in the way the respective Colombian and LCN organizations function. Both recruit primarily on the basis of family ties and birthplace loyalties. Both have structures which protect the leadership with many layers of insulation. Both employ sound business practices and invest money in legitimate businesses (in part to launder their illegal profits), and both turn to American accountants and lawyers for advice.

The leaders and hierarchy of both LCN and Colombian drug cartels consist of career criminals who understand the effective uses of power, whether monetary or physical. Both appreciate the necessity of protecting long-term interests through infiltration of political, court, and law enforcement systems. Both employ violence and thrive on a reputation for violence (which they cultivate assiduously).

There are clear differences, too. In comparison to the LCN, there is greater cooperation among families within Colombian cartels, including greater sharing of information, transportation systems, and other resources. Individual Colombians may work for more than one organization. There is less regional specialization and different organizations may coexist within a city, each with its own general and regional managers, and territorial wars between families within a particular cartel are less likely than in the past (although they still take place). The cartels have not developed as fully as has LCN, the mechanisms of dispute settlement and the rules governing the use of economized violence.

Organizationally, Colombian cartels are more loosely structured than LCN groups, which have stratified hierarchies consisting of boss, underboss, capos, and soldiers. Although the Cali cartel displays a somewhat more traditional hierarchy than the Medellin cartel, Colombian arrangements are generally more fluid. The boss, or *jefe*, will have several blood relatives as lieutenants, each of whom is responsible for a number of people. Colombian groups also make more frequent changes in personnel, stash houses, meeting places, routes of travel, and even management systems. The LCN has greater stability in such arrangements, with traditional locations for making deals and carrying them off.

The position of women and children also differs between the Colombians and the LCN. While the LCN has traditionally insulated their women and children from mob activities, the Colombians often utilize women in the organization; and some women even

rise to positions of power and influence when they are the best-suited for the job. While Colombian children are not likely to be given decision-making responsibilities, they may be brought along on smuggling operations to provide cover; and in Colombia some young people are indoctrinated into violent roles while still in their teens. Just as Colombian women and children may have greater responsibility within the organization, they are also more vulnerable to acts of violence.

Patterns of violence constitute a further point of difference. La Cosa Nostra and other traditional organized crime groups in this country have evolved to the point where violence is used only sparingly, and certain "disciplines and courtesies are observed." Colombian organizations still have the reputation for ruthless violence, with death the penalty for nonpayment of debts or for cooperating with authorities. Since family members and friends may be just as subject to reprisal as the actual target of a hit, fear for loved ones makes recruitment of Colombian informants difficult unless they can be guaranteed that the organization will never learn of their cooperation. Also, informants are unlikely to agree to testify in courts.

Finally, the Colombians have so far chosen to concentrate on a single area of criminal enterprise, in contrast to the extensive criminal versatility of the LCN groups, which have operated not only in the area of drugs, but also in gambling, prostitution, pornography, extortion, labor racketeering, protection rackets, hijacking, and so on. The specialization of the Colombians in drugs alone (while avoiding street dealing) reduces their visibility. In contrast, lower level LCN operatives involved in street activities, like running numbers, are more vulnerable to law enforcement observation.

Assessment

The rise in power of the Colombian drug cartels is truly astonishing. The cartels have established international

commercial networks, pioneered new trade routes, have established major trading outposts (e.g., Miami, New York, Los Angeles), and have expanded their distribution paths into most areas of the country. Their presence in Pennsylvania—both direct and indirect—is extensive.

Compared to other Latin drug-trading nations, Colombia had certain initial advantages. Colombia's geographical location provided somewhat easier access to the United States. Further, long-established organized crime families in Colombia were well positioned to seize control of cocaine production and distribution by virtue of their entrepreneurial talent, commercial networks, smuggling routes, and ruthless use of violence. Colombia's continued dominance depends to some extent on whether potential rivals in other countries—such as Peru or Bolivia, where most coca is currently grown, or Mexico, which may have even better access to the United States—develop the motivation and the resources to compete for dominance.

The Colombian drug traffickers, anticipating that the threat from rival groups or from law enforcement will intensify, have been very businesslike in pursuing strategies aimed at ensuring their success and survival. In testimony before a Senate Subcommittee investigating international drug trafficking organizations in September 1989, convicted drug trafficker David Wheeler offered a sampling of these Colombian strategies. Proposals included tunneling under the Mexico/United States border to provide a convenient conduit for cocaine, and the purchasing of ranches in Montana and Wyoming and other large parcels of land where cocaine could be warehoused in the United States. Wheeler observed:

"... [the Colombians] have a very sophisticated analysis system. They tape all of these recordings and they analyze them. They have people cutting clippings out of newspapers from every major city in the United States. They study the public transcripts of all of our trials, all of their

trials. They are way out in front of us."⁶

Direct Colombian presence in the Commonwealth grew over the decade. Colombian immigration—both legal and illegal—to the Northeastern United States is expected to continue at high levels. The presence of sizable Hispanic neighborhoods in Philadelphia, Reading, Allentown, Harrisburg, and other cities around the state has provided fertile soil for Hispanic drug organizations. In the past, Colombians have followed the early waves of Cuban, Puerto Rican, and other crime groups; and it is plausible to expect that Colombians will move westward from the Philadelphia area as the size of cocaine markets in other cities expands sufficiently to support the presence of major wholesaling operations.

ENDNOTES

1. Testimony of convicted drug dealer and informant David Wheeler before the U.S. Senate, Permanent Subcommittee on Investigations. *Structure of International Drug Trafficking Organizations*. September 12, 13, 1989. Washington, DC: U.S. Government Printing Office. p. 102.

2. For helpful surveys of Colombia's emergence as a principal trafficking country, and some factors contributing to this emergence, see the following:

Howard Abadinsky. 1990. *Organized Crime*. Chicago: Nelson-Hall.

Mary Cooper. 1990. *The Business of Drugs*. Washington, DC: Congressional Quarterly, Inc.

Lieutenant Michael Post. 1990. *Colombian Organized Crime and Cocaine Trafficking*. Rev. ed. Glendale, CA: Glendale Police Department.

U.S. Senate, Permanent Subcommittee on Investigations, *op. cit.*, 1989.

3. Kathleen Romoli. 1941. *Colombia*. Garden City, NY: Doubleday, p. 37.

4. "Amoral Familism" is the term Edward Banfield used to describe just such attitudes and behaviors on the part of Italians in Southern Italy in his book *The Moral Basis of a Backward Society*. 1958. Glencoe, IL: Free Press.

5. For background materials on cartel structure and functions, see:

Cooper, *op. cit.*

Abadinsky, *op. cit.*

Post, *op. cit.*

United States General Accounting Office. *Nontraditional Organized Crime. Law Enforcement Officials' Perspectives on Five Criminal Groups*. September 1989. Office of Special Investigations (Report to the Chairman, Permanent Subcommittee on Investigations, Committee on Governmental Affairs, United States Senate), GAO/OSI-89-19, Washington,

DC, n.p.

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State of New Jersey Commission of Investigation. 1989. *Cocaine*. Trenton, NJ.

6. Testimony of David Wheeler, *Structure of International Drug Trafficking Organizations*, p. 102.

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SYNOPSIS

- **There has been major growth in that segment of the population with roots in the Dominican Republic, particularly in New York City, with "spill-over" effects reaching Pennsylvania.**
- **Dominican organized crime involvements have been confined mainly to drug trafficking.**
- **Dominican drug groups rely heavily on family ties.**
- **Dominican groups have established connections "close to the source" with Asian heroin suppliers and with Hispanic cocaine suppliers in New York City and Latin America.**
- **Imaginative marketing and aggressive pricing have enabled Dominicans to capture a significant share of the mid-level wholesale drug market.**
- **Dominican drug networks cooperate with one another and establish working relationships with other Hispanic groups.**
- **In Pennsylvania, Dominican groups have maintained low visibility by refraining from excessive violence, by avoiding lavish lifestyles, and by exporting much of their profits.**
- **Dominican drug involvement is concentrated primarily in the Philadelphia area and in the southeastern corridor centered in Reading and Allentown.**

DOMINICAN PRESENCE GROWING IN PENNSYLVANIA

Since the mid-1980s, drug traffickers from the Dominican Republic have established themselves as major mid-level distributors within the Commonwealth. They obtain high-quality heroin and cocaine at relatively low cost directly from Asian and Colombian importers "close to the source" in New York City and Latin America. This has enabled the Dominicans to undercut the prices of their competition. With aggressive marketing and product innovation, they have captured a significant share of the market in several locations in Pennsylvania. In Philadelphia, Dominicans have dominated the heroin market in Hispanic neighborhoods for several years, and they have begun to offer cocaine and crack as well. Dominicans have also established a presence in communities of the Poconos region and have become major suppliers of cocaine (and, recently, some heroin) in cities of Southeastern Pennsylvania, in an arc from Easton to Lancaster and York—particularly in Reading and Allentown.

The Dominican Republic occupies about two-thirds of the Caribbean island of Hispaniola, which it shares with Haiti. It lies roughly between Colombia, in the northwestern corner of the South American continent, Puerto Rico, and Florida—in a location ideal for the trans-shipment of cocaine.

A history of political and economic instability coupled with widespread poverty have contributed to a high rate of emigration (both legal and illegal) to the United States, particularly to New York City. From New York, Dominicans have begun to fan out and spread to the rest of the country, particularly to those areas that already have established Hispanic communities—including Philadelphia and other cities in Southeastern Pennsylvania.

In 1980 the U.S. Census estimated that there were just over 130,000

Dominican-born residents in New York state, with most living in New York City. This figure is substantially lower than the actual number of residents of Dominican heritage, since it does not include persons born in this country of Dominican parents; nor is it likely that the census surveyed many of the illegal immigrants from the Dominican Republic. The actual totals—including illegal aliens and those of Dominican heritage born in the United States—were very likely double those quoted from the census. Census data also show an accelerating Dominican immigration each decade prior to 1980, with a doubling of the number of immigrants between 1970 and 1980. Assuming continued acceleration of immigration over the decade of the 1980s, an estimated one million Dominicans now live in the Greater New York City area.

Like other Hispanic groups, Dominicans have begun to "fan out" from New York to other cities in New Jersey and Pennsylvania. Although the census estimated in 1980 that Pennsylvania had fewer than one thousand (766) residents born in the Dominican Republic, the actual number of legal and illegal Dominicans in Pennsylvania is now many times greater than the 1980 estimate.

Organizational Structure

As with Colombian drug organizations, the structure of Dominican drug trafficking organizations is based on familial or regional loyalties. The organizations are *vertically integrated*, with the family maintaining control over several consecutive stages of the operation. The Dominican organizations in Pennsylvania may be characterized as *mid-level*. Specifically, they obtain uncut cocaine and heroin from

Colombian and Chinese sources on the supply end in New York City and then distribute the drug to street-level dealers who may be Dominican, Black, Puerto Rican, white, or someone of other ethnic origin.

A typical Dominican cocaine distribution network is well-structured, but decentralized, organized in small groups consisting of family members or associates from the same cities in the Dominican Republic. Natural leaders with strong entrepreneurial and criminal skills will have the greatest success in establishing groups. Activities of the group will be directed by the leader through a number of "lieutenants," who may include brothers, sisters, cousins, and friends from home. For example, Dominicano Rodriguez Gonzalez of Tobyhanna and Swiftwater in the Poconos region of Eastern Pennsylvania involved his parents, wife, brothers and sisters in his operation, which reportedly moved as much as 15 kilograms of cocaine into Pennsylvania every month. Gonzalez was eventually arrested, convicted, and sentenced to nine to 20 years in prison.

Lower level workers—largely Dominican nationals, and often illegal aliens—will travel a circuit taking them between New York City and various communities in Eastern and Central Pennsylvania (and sometimes New Jersey), performing various specialized tasks as they are directed, serving as couriers, security for stash houses, cutters and packagers, look-outs, street dealers, and enforcers.

Couriers bring money to sources in New York City and then transport the cocaine to Pennsylvania cut houses, sometimes making deliveries to other cities in New Jersey or Pennsylvania along the way. Couriers often use public transportation—*i.e.*, trains, buses, even taxis. Lebanon police, for example, have identified New York taxi cabs in the community, there to

deliver drugs. Women often serve as "mules" or couriers, carrying kilo packages on their person. When riding public transportation, these women may appear to be unaccompanied. Actually they are being shadowed by a group member who can provide protection if needed.

For example, Norma Ortiz of Reading, a Puerto Rican female, was arrested in March 1989 for carrying a kilo of cocaine out of LaGuardia Airport in New York, when she activated the metal detector. She was transporting the drug for Edwin Fernandez of Reading, who fled the airport when Ortiz was arrested. Then, in June 1990, Ms. Ortiz, along with her brother, Thomas Ortiz, was arrested again for attempting to transport cocaine to Reading on Fernandez's behalf.

On July 23, 1989, after Amtrak stepped up its interdiction efforts, two Dominicans were arrested by Amtrak police for attempting to deliver one-quarter kilogram of cocaine. The two individuals—one female (Miley A. Rojas, 34, alias Annette Nieves), one male (Francisco Rivera, 40, alias Toro Avila Vasquez)—were traveling to Harrisburg from New York City. The cocaine was found in the woman's handbag. Both suspects used aliases and had been in the United States only a few months. In June 1990, they pled guilty to drug-related charges. Rojas was sentenced to one to three years imprisonment, and Rivera to three to six years.

In Pennsylvania communities the couriers deliver one-kilogram quantities to cut houses—which may be motel rooms rented for the occasion. There other group members repackage the drug in smaller units. The repackaged drugs are then distributed to stash houses and other locations where it is sold to smaller dealers, who typically are also Dominican family members. Although some of the larger Dominican organizations employ members of their own group to distribute cocaine at the street level, at this point, most groups sell to local drug dealers of any background.

Marketing Strategies

The rapid growth of Dominican organized crime operations owes a great deal to enterprising business practices: they provide a quality product at competitive prices, they have product innovation, and they employ both imaginative and cutthroat marketing. The Dominicans obtain multi-kilo quantities of high quality, uncut cocaine and heroin directly from Colombian and Chinese suppliers in New York City. The savings they make by buying close to the source are passed along to their customers.

High quality as well as low price also makes the Dominican product attractive to customers. The Dominicans have generally avoided the common practice of adulterating the cocaine as it passes from one distribution level to the next. Until recently, the Dominican product had a street-level purity of 85-95 percent in some Pennsylvania communities. In short, in communities where Dominicans move in, they beat the competition on both price and quality.

Dominican success also owes a great deal to introducing innovative products. For example, in New York City, Dominicans were among the first to recognize the enormous profit potential in crack cocaine. Just one ounce of cocaine can yield several hundred vials of crack.

Often operating out of grocery stores, bars, or restaurants in Hispanic neighborhoods, Dominicans display considerable imagination in their marketing schemes. In Philadelphia, they have distributed heroin packets with lottery numbers that the winner can use to claim a "bundle" (10 packets of heroin). Discounting plans are also used. Sociologist Terry Williams cites a Dominican teen from the Washington Heights section of New York describing some of the discount strategies used by his group:

"We sell fat twennies [\$20 packets] for three weeks to get customers—we give forty [\$40 worth] for twenty the first weeks because we know people will tell other people. Then we stop selling twennies, we up it to thirty at

least. Then we go to selling seven lines [a gram] for seventy dollars for three-four weeks, then back down to five lines. After that we stop because we don't want no more customers."¹

Useful business connections provide another clue to the Dominicans' success. Dominican groups are well-connected to drug sources in New York City and in Latin America. In part because of the Dominicans' reputation for a relatively low rate of addiction, Colombian, Cuban, Chinese, and La Cosa Nostra organized crime groups often view the Dominicans as reliable business associates.

A reliable labor supply is another requirement for success. Like any other business, drug entrepreneurs want to insure that those who work with and sell their product will be prompt in paying for their stock and will not pilfer stock for their own or their friends' consumption. Dominicans prefer to rely on other Dominicans, particularly family or associates from the same communities in the Dominican Republic. Illegal aliens are often brought from the Dominican Republic and equipped with forged identity papers indicating that they are of Puerto Rican origin. The illegals typically are rotated among communities, serving as a transient labor force wherever they are needed.

Lastly, successful operations require careful plans for expansion. Once an operation in a city has become profitable, a family member or other associates may move on to a new community to set up there. Bases for selection of new communities seem to include such factors as having existing Hispanic populations and demand for drugs. In Reading, the fifth-largest city in Pennsylvania (nearly 80,000 population), with a sizeable Hispanic population (about 30 percent of total population), Dominicans appear to have moved in shortly after a well-publicized series of arrests which resulted in disruption of the existing cocaine market. In Lebanon, a smaller city (about 26,000) where Hispanics make up a little over 10 percent of the population, Dominicans began as suppliers to an existing Puerto Rican drug distribution group,

but gradually moved their own people in to compete directly with the Puerto Ricans by undercutting their prices. The Dominican involvement in the drug trade in the South Central and Eastern localities of the state began around 1987.

Other Crime Strategies

Dominican crime groups exhibit criminal talents as sound as their business acumen, and many of the strategies that contribute to their business success also contribute to their relative success in crime.

Dominicans avoid lavish life styles and the investment of profits in legitimate businesses in the United States. In a pattern typical of other newly-arrived immigrants, they send substantial portions of their profits back to family members in the Dominican Republic. For example, the Gonzalez group in Tobyhanna used several techniques to get money back to the Dominican Republic. In some cases, couriers, accompanied by Gonzalez, hand-carried cash on commercial flights to the Dominican Republic. Another strategy involved carrying cash to individuals in New York, who would execute wire transfers to the Dominican Republic. Gonzalez also sent money via U.S. postal money orders obtained at the Tobyhanna Post Office. Whatever the method, the fact that relatively little of the drug profits are invested in the United States makes property seizure a less effective technique with Dominicans.

Low visibility is maintained in other ways as well: dealing out of legitimate groceries, taverns, and other businesses in Hispanic neighborhoods; use of transient facilities (*e.g.*, motel rooms) for temporary stash and cutting locations; rotation of personnel; avoidance of drug dependency; and the sparing use of violence.

The Dominicans have also developed a reputation for dependability and cooperation with other crime groups.

This reputation is enhanced by good connections with major Colombian and Chinese drug suppliers in New York, prompt payment of obligations, a willingness to deal with all groups, and competition through business procedures rather than violence (but having a reputation for a willingness to use violence when necessary). They expand into new areas as opportunities present themselves, rather than using violence to muscle into existing markets or to maintain market share.

Thus, Dominican movement into Reading followed major drug arrests which created a need for new suppliers. Their movement into Lebanon began by supplying the needs of existing dealers, and was expanded through price competition. In Philadelphia the Dominicans initially concentrated on heroin distribution, rather than competing in the cocaine market with the Colombians and other well-established groups. Recently, however, they have become active in both the cocaine and crack trade. For example, in the Eastern sections of Philadelphia they operate on street corners.

The Dominicans also have had some success in evading law enforcement. Major players are difficult to apprehend and to prosecute successfully because they avoid handling drugs themselves, and they insulate themselves from street-level operations. It is difficult for law enforcement to infiltrate organizations that are small and kept pretty much "in the family."

Cultivation of Dominican informants is equally difficult, given the existence of family and regional loyalties, the frequent rotation of personnel, and the rapidity with which those arrested are bailed out and assisted in fleeing prosecution. Seizure of assets, a major tool used against other organizations involved in drug trafficking, holds little threat for Dominicans whose profits have been returned to family in their native land.

Dominican Drug Networks in Pennsylvania

Dominicans have made incursions into three major regions in the Commonwealth: the Philadelphia area, where they deal mainly in heroin and, more recently, in cocaine and crack; a Southeastern corridor centered in Reading, but encompassing an area including Allentown-Bethlehem-Easton to the east; Lancaster, Lebanon, York, and Harrisburg to the west; and an area in the Northeast, including Tobyhanna in the Poconos and the Scranton/Wilkes-Barre area. In these localities (*i.e.*, outside of Philadelphia) the Dominicans deal mainly in cocaine but also in small quantities of heroin.

Philadelphia Area

In North Philadelphia, a Dominican organization run by Pedro Frias and the "Camacho brothers" dominated heroin distribution in the Hispanic community until 1989, when a grand jury handed down a 52-count indictment for 21 individuals affiliated with the organization in Philadelphia, Camden, NJ, and New York. "Camacho" is in fact an alias for family members (brothers, cousins, nephews, and in-laws) with actual last names of Herrera, Nunez, Sanchez, and Perez.

The Frias-Camacho group reportedly brought about two kilograms of heroin (street value of \$2 million) per week from New York to Philadelphia, generally using women as couriers. Operating mainly out of Hispanic grocery stores in North Philadelphia, the group offered various grades of heroin with imaginative brand names (*e.g.*, Turbo, Pixxy, Scorpio, and Sony). The group was involved principally as wholesalers and mid-level distributors, leaving street distribution to Puerto Ricans and Blacks. Of the 21 individuals indicted, 13 were arrested and subsequently were convicted (but not yet sentenced). The remaining eight defendants, including Pedro Frias, are fugitives.

Southeastern Corridor

Dominican drug suppliers made their first appearance in the Southeastern corridor in early 1987. In Reading and York, the Dominican rise to dominance followed major federal drug prosecutions of existing cocaine networks. By the late 1980s, Dominican traffickers had identified Southeastern Pennsylvania as an area that would be receptive to new suppliers offering a quality product at competitive prices.

The Dominican operations in Reading are especially significant because they have been involved in supplying cocaine, and some heroin, not only within Reading, but to operations in other Southeastern communities. Also, the Reading groups exemplify some of the patterns of Dominican drug operations described above, yet they depart from those general patterns in other ways.

Hispanics constitute about 30 percent of Reading's population, with Puerto Ricans the most numerous group. There has been a large influx of Dominicans since 1987. Over a three-year period beginning in the spring of 1987, Reading police reported over 140 arrests of Dominican nationals, mostly for drug trafficking.

Juan Francisco Rodriguez, known locally as Frank Matos, began in 1987 as a street dealer, but quickly established himself as a major supplier of cocaine in the Reading area, along with a number of family members—brothers, sister, cousins. Matos' sister, Angelina, reportedly acts as a conduit to Colombian sources in New York. Matos' operation had the capacity of delivering as much as 10 kilos at a time to Reading from New York, sometimes making deliveries in other communities in New Jersey and Pennsylvania along the way.

In building up his operation, Matos established several layers of insulation between himself and retail dealers. His organization has included two lieutenants, two enforcers, and four couriers or mules (mainly young women who bring the cocaine to Reading on public buses). In addition, there are cutters and baggers (who

generally work in cut houses or motel rooms outside Reading), and lookouts. Matos has supplied at least 10 distributors, who sell to street-level dealers.

Lower level workers are often illegal aliens from the Dominican Republic who are equipped with forged Puerto Rican identities and brought in through New York. Sometimes Mexico is used as the route of entry. The Reading Dominicans have arrangements whereby the illegals are rotated from New York to Reading and other cities. In the event of arrest, they are promised bail, legal assistance, family support, and assistance in fleeing prosecution.

Interrelationships among the different Dominican suppliers in the Reading market appear to be those of a loose network among relative equals, with Matos the most prominent for a time. As Matos' Reading operations grew, various associates moved to other communities to start their own new operations—almost like franchises—but continuing to receive their supplies through Matos. These associates include: Rafael A. Cruz (known locally as Raphael Rodriguez), who moved to Allentown and became a supplier there; the Leonardo brothers, Danilo (known locally as Freddy Leon) and Roque "Rocky" Leon, who moved on to become suppliers in York and the surrounding area; and Luis Hugo ("Cujo") Garcia, a former Matos lieutenant, who established his own profitable operation in Reading and branched out to offer heroin as well. The sophistication of the arrangements for importation and rotation of workers, along with the fluidity of the authority structure among Dominican suppliers in Reading, suggests a high level of coordination with Dominicans in New York and in the Dominican Republic.

As the result of a joint federal, state, and local investigation of drug trafficking in Reading, in December 1990, warrants were issued for the arrests of over 100 drug dealers. Principal Dominican traffickers, including Luis Garcia, Danilo Leonardo, and Juan Rodriguez, were among those arrested. These indiv-

iduals are awaiting trial.

Summary

Dominican drug trafficking developed rapidly during the late 1980s and continues to pose a serious threat to the Commonwealth. By clever marketing, by keeping a low profile, and by avoiding conflict with other trafficking groups, Dominican traffickers have established a major presence in both the cocaine and heroin markets of the state, while attracting relatively little public notice. Law enforcement needs to tailor its investigations to the Dominicans' methods. It is necessary, for example, to trace interstate contacts and family interrelationships—including female members. Dominican arrangements for posting rapid bail and for fleeing prosecution also need to be better addressed.

ENDNOTE

1. Terry Williams, 1989. *The Cocaine Kids*. Reading, MA: Addison-Wesley Publishing Company, p. 52.

PUERTO RICAN ORGANIZED CRIME IN PENNSYLVANIA

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SYNOPSIS

- **Puerto Ricans comprise the majority of Hispanics living in Pennsylvania. Most reside in cities of the southeastern part of the state, especially in Philadelphia and in the Reading-Lancaster area.**
- **Major organized crime activities involve drugs and "bolita," a form of numbers wagering. During the 1980s, major bolita operations diversified to include narcotics distribution.**
- **In comparison to other Hispanic groups, Puerto Rican involvement in drug distribution is greater at the street-level. Nevertheless, a number of sizable mid-level drug operations are headed by Puerto Ricans.**
- **Puerto Rican contacts with Hispanic drug sources are facilitated by commonalities of language and culture.**
- **Kinship ties form the basis for many Puerto Rican operations.**
- **Complex family and social ties also provide links among separate operations, so that interlocking networks based on overlapping kinship relations provide contacts and connections among groups in different communities in Pennsylvania and even other states.**
- **"Tape gangs" -- street dealers who identified their drug product by colored tape on the packaging -- were active in Philadelphia in the 1980s.**
- **Major Puerto Rican drug networks have been identified in Philadelphia, Allentown, Harrisburg, Lancaster, York, Reading, and Erie.**

PUERTO RICAN ORGANIZED CRIME IN PENNSYLVANIA

Compared to other Hispanic groups, Puerto Ricans are involved primarily in street-level operations in Pennsylvania. Puerto Rican street dealers, for example, dispense heroin and cocaine to drive-up or walk-up customers on numerous street corners in the Hispanic area of Philadelphia. Many of the locations are controlled by the notorious "tape gangs" who sell cocaine in clear plastic bags color-coded with yellow, blue, black, gray, red, and other colors of tape to indicate the gang controlling that area. Puerto Ricans are also involved at the mid-level in cocaine trafficking, and a number of operations have been highly profitable.

Unlike the other Hispanic groups in Pennsylvania, Puerto Ricans are also active in illegal gambling, including the popular "bolita" (a numbers game) and cock fighting. Several of the organizations operating numbers games have also moved into narcotics distribution, a move facilitated by a fortuitous marriage between a Puerto Rican numbers operator and a Colombian with the connections for obtaining cocaine.

Mainland Settlement

Migrants from Puerto Rico, unlike immigrants from other Hispanic regions of Latin America, enter the mainland United States as American citizens. Upon their arrival in New York, the mainland port of entry for most Puerto Ricans, they faced prejudice and discrimination from all quarters: whites, Blacks, and even other Hispanics. To both whites and Blacks, the Puerto Ricans (with their mixed ancestry of Native American, African, and Spanish) were "foreign" despite their citizenship.

Net migration from Puerto Rico to the mainland reached its height during

the period between the end of World War II and 1960, but it has continued to be strong. The high levels of immigration during earlier decades meant that most mainland residents of Puerto Rican heritage had been born in the United States. Many have developed stronger community ties than is the case for those of Colombian or Dominican heritage, most of whom were born abroad. About half of all mainland residents of Puerto Rican heritage on the mainland live in New York. However, as the availability of unskilled employment declined during New York City's financial crisis of the 1970s, more Puerto Ricans began to move to other states of the northeast, including Pennsylvania (although Puerto Rican migrant farm laborers had been represented in Pennsylvania agriculture for many years).

Puerto Ricans comprise the majority of Hispanics living in northeastern states. In Pennsylvania they constitute two-thirds or more of the Hispanic population, except in the Pittsburgh area, where they are outnumbered by Mexican-Americans. There are well over 100,000 (some estimates say close to 300,000) Puerto Ricans in the state; the majority live in the Philadelphia area although sizable Puerto Rican neighborhoods can be found in most of the Commonwealth's larger cities.

Bolita

Bolita is a form of numbers gambling popular in the Hispanic communities of Pennsylvania. Originally, winning numbers were determined by drawing "bolitas" (little numbered balls) from a cloth sack, while in recent years the games have used the same numbers as those drawn for the Pennsylvania daily lottery. Another number is derived from the first three digits of

the legal Puerto Rican Lottery. This number is drawn every Wednesday. The competition from the legal lottery has reduced the profits of bolita operations by drawing away customers, and requiring higher payoffs to retain the remaining customers. Some groups have turned to drug trafficking to supplement the organization's overall profits.

Those who run bolita operations come from a much different background, for example, than the young bosses of the tape gangs. They tend to be older or to have inherited the operation from an older family member. Most have been on the mainland for many decades, or they were born here. They have long-standing investments in property and businesses in their communities. Their numbers operations generally operate out of their legitimate businesses and other properties. Bolita operations are family-run, and family ties exist across several of the more significant operations in different communities around the state.

Bolita customers may place bets of varying amounts on three-digit numbers. The bet is accepted by a writer/runner, who then relays the information to the organization's banker. Before the advent of the state lottery, if the customer's number was "hit," the payoff would have been about 500-to-1. Since the Pennsylvania daily lottery was established in 1972, payoffs have been higher, ranging from 550-to-1 to as high as 700-to-1. Smaller operations may have to "lay-off" large bets with bigger operations in order to cover their losses. Organizations that lack the capital to pay off large "hits" may have difficulty maintaining their profit margin; and if they acquire a reputation for failing to pay off their customers, they are unlikely to retain their clientele.

The major Puerto Rican gambling operatives in the Commonwealth are

the Acevedo operation centered in Allentown, the Delgado and Sanchez operations centered in Philadelphia, and the Rivera operation centered in Reading. Members of each of these illegal numbers organizations are also involved in cocaine trafficking.

Acevedo Organization: From Numbers to Cocaine

Juan Acevedo, Sr., (deceased 1983), founded one of the Commonwealth's most extensive bolita operations in Allentown, Bethlehem, and Puerto Rico—and with links (e.g., through lay-off and drug trafficking) to Hispanic operations in Philadelphia and Reading. Acevedo built a reputation for always paying off "hits" [winning numbers], and earned considerable customer loyalty. In Allentown, Acevedo's operations were centered at his grocery store (the Puerto Rico Food Market, at 2nd and Chew Streets). The senior Acevedo's numbers business in Puerto Rico provided stiff competition for other bolita operators on the island, since he paid somewhat higher odds and had a reputation for paying off on winning hits. His 1983 murder in Puerto Rico has been attributed to rival operators there.

Acevedo involved many of his family members in his operation, including some of his children, his common-law wife, Lorraine Rivera, nephews, and in-laws. Following the patriarch's death, control of the operation was assumed by his son, Juan, Jr., who had been overseeing the Acevedo operations in Philadelphia until that time. Profits are reportedly shared equally among family members; and when one member comes under law enforcement scrutiny, that member immediately ceases any illegal activities, but continues to share in the profits.

Acevedo, Sr., reportedly opposed any drug involvement on the part of his organization. However, prior to the senior Acevedo's murder in 1983, Juan, Jr., was involved in cocaine trafficking (apparently without his father's knowledge). After his father's death, Juan, Jr. expanded his

cocaine trafficking considerably.

Two circumstances facilitated the entry of Juan, Jr., and the Acevedo family into drug trafficking. First, in the early 1970s, Acevedo, Sr., provided a loan to Roberto Delgado, a Puerto Rican, who had established a numbers operation within the Puerto Rican community in Philadelphia. Later, through Roberto's Colombian wife, Victoria, access to Colombian cocaine wholesalers paved the way for subsequent drug trafficking on the part of the Acevedo organization (as well as a number of other bolita organizations). Second, during the late 1970s, while still in Philadelphia, Juan, Jr., was introduced to Salvatore Chimenti, nephew of Philadelphia LCN member and drug trafficker, Harry Riccobene. This acquaintance facilitated Acevedo's involvement in cocaine and heroin sales in Philadelphia.

Under the control of Juan Acevedo, Jr., narcotics trafficking has become the chief source of income for the Acevedo organization although family members remain active in numbers gambling. The Acevedos view their numbers operation as a partial cover, reasoning that law enforcement is well aware of their numbers activity and views it as relatively harmless. As further insulation, the Acevedos prefer to limit their cocaine trade to family members and their associates. However, the Acevedo group did sell cocaine to the Riddick group in Allentown. In 1990, Juan, Jr., was convicted on drug charges and is currently serving 11 years in a Texas prison. The Acevedo organization, formerly headed by Juan, Sr., and Juan, Jr., remains active in narcotics trafficking and numbers gambling. It now operates under the control of Jaime and Miguel Rivera, brothers of Jose Rivera who is a large numbers banker in Reading.

Jose Rivera

Jose Rivera, 55, (also known as "Pepe Canario") of Reading is one of Central Pennsylvania's largest bankers for bolita, and Rivera accepts lay-offs from bolita operations in Lebanon, York, and Lancaster. Family mem-

bers, including brothers and children, run various facets of the illegal operation in Reading, Allentown, and elsewhere. Rivera conducts much of his operation from Brian's Store, formerly the Puerto Rico Food Market, owned by Rivera and located at 504 Bingaman Street in Reading. Some of his workers double as employees of his business, and bets are also accepted at a number of other groceries and small businesses.

There are close family and business ties between the Rivera organization in Reading and the Acevedos of Allentown. Rivera's former wife, Lorraine, became the common-law wife of the elder Acevedo following her divorce from Rivera; and Rivera's brother, Jaime, is married to Wyrma Acevedo, daughter of Juan Acevedo, Sr. Rivera family members who operate in Allentown are integrated into the Acevedo organization. For example, Miguel Rivera helps manage the Acevedo operation in Puerto Rico. Like the Acevedos, members of the Rivera group have become involved in drug trafficking.

Sanchez Brothers

The Sanchez brothers—Mercedes, 43, Gilberto, 40, Andres, 46, and Agapito, 39—combine a cocaine and numbers operation in Philadelphia's Fairmont section and throughout the northern section of the city. The numbers organization has been operating for at least the past 15 years and involves approximately 40 runners. Gross proceeds are roughly \$100,000 a week. The Pennsylvania lottery number is used to determine the winning number. The cocaine sold by the Sanchez brothers is supplied by the Delgado organization. The brothers own approximately 30 properties in the Philadelphia area, including several bars and grocery stores which are sites for numbers betting and drug sales.

Cocaine Connection: The Delgado Organization

The marriage between Roberto Delgado, a Puerto Rican, and Victoria

Castano, 34, a Colombian, was one of the key events which facilitated the expansion of the Delgado organization. Operating out of Delgado Enterprises, at 532-46 West Lehigh Avenue, Philadelphia, the Delgados have built a major numbers and cocaine operation. Before his death in 1989, Robert Delgado, then 52, had been a large numbers banker in Philadelphia, and was considered an associate of the Creagh numbers gambling organization. (See Chapters 4 and 7.)

Through Victoria's brother, Cesar Castano, and other Colombians, the Delgados had easy access to cocaine and became significant traffickers in Philadelphia, supplying cocaine to other bolita operations in Philadelphia. They also became a primary source for the Acevedo organization in Allentown. Castano was arrested by the Philadelphia Police in April 1986 on drug charges which were dismissed. He has contacts with Colombian suppliers; and he is employed at Delgado Enterprises, where he is involved with Victoria in cocaine trafficking.

There are many ties among the various Pennsylvania bolita operations (e.g., lay-offs, family relationships), and many of them have been obtaining cocaine directly or indirectly from the Delgados—for example, the operations associated with the Acevedo and Rivera families described above. The Sanchez brothers—the largest Hispanic numbers operation in Philadelphia during the mid-1980s—have also obtained cocaine from the Delgados.

Roberto Delgado died of a heart attack in December 1989. Victoria, with her brother, Cesar Castano, now heads the organization, and they have expanded it. Many numbers players and writers are switching to her organization because she offers the best odds (reportedly 700-to-1) and treats her workers well. She has at least 50 writers in Philadelphia. She hosts holiday parties for her writers at La Cumbia night club on Mothers Day, Fathers Day, New Years Day, and Holy Saturday. (La Cumbia is a major gathering place for Colombian

drug distributors and their associates.)

The ties between the Delgados, the Acevedos, and the Riveras are significant because they illustrate the intertwined structure of many Hispanic drug networks, in which extended families work with one another. The linkages also highlight the interrelationship between Puerto Rican gambling organizations and Colombian drug networks.

TAPE GANGS

One "illegal job" opportunity for Puerto Rican youth which grew rapidly during the 1980s in a number of Pennsylvania communities—particularly in Philadelphia—was street-level drug sales. Roughly a decade earlier, New York state had passed tough new drug legislation mandating much harsher mandatory sentences for drug offenses, and drug dealers had responded to that challenge by recruiting juveniles for many of the tasks which carried the greatest risks of exposure. If caught, juveniles are subjected to more lenient sanctions. Teenagers proved to be sufficiently reliable, and the practice spread.

In Philadelphia, Puerto Rican youngsters often supply the street labor for Hispanic cocaine and heroin operations under the control of Colombians, Dominicans, Cubans, and Puerto Ricans. The most visible and notorious Puerto Rican street operations during the 1980s were the "tape gangs"—so-called from the practice of identifying their small plastic bags of cocaine with tape, color-coded to the gang and the locations controlled by that gang. This practice provides unique identification for the organization's product, and establishes a trademark which distinguishes its cocaine from that of other competing organizations which packaged their cocaine with different colored tape. Typically, the bags of cocaine were sold on the street for \$20 ("20 cent piece") and \$50 ("50 cent piece").

The tape gang phenomenon was first noted in New York and arrived in Philadelphia by the early 1980s.

Headed by adults (typically in their late twenties and thirties) who employ juveniles as street workers, many tape gangs operated in Philadelphia during the 1980s. These included the Gray Tape gang, Gold Star Tape, Black Tape, Turquoise Tape, Red Star Tape, and the Yellow Tape Gangs. Members of the tape gangs worked together in a loosely knit drug-selling group. Headed by the Hernandez brothers, the organization and methods of operation of the Yellow Tape Gang typifies that of other tape gangs. (See also the "OK Corral" group described later.)

Yellow Tape Gang

A significant case against the tape gangs involved the September 1987 RICO indictment of 23 members of the Yellow Tape Gang, who were charged with selling \$9 million worth of cocaine a year packaged in plastic bags marked with yellow tape. Headed by brothers Angel Hernandez, 39, and Jose Hernandez, 37, the gang operated in the vicinity of Fifth Street and Glenwood Avenue in Philadelphia from 1984 to 1987, selling three to four kilos a week, and employed managers, packagers, bookkeepers, police lookouts, and dealers. The brothers purchased cocaine in New York and Miami for \$40,000 a kilo, and after cutting the kilo, sold it on the street for \$100,000 (since then both wholesale and retail prices dropped considerably for a time, but then rose again in 1990). They were charged with operating a continuing criminal enterprise (CCE), racketeering (RICO), and with being kingpins of the Yellow Tape Gang. The charges included the distribution of cocaine in or near schools. The two brothers eventually pled guilty to tax evasion and to operating a continuing criminal enterprise, and each was sentenced to 11 years in prison by a federal judge.

The Hernandez brothers also were charged with paying over \$50,000 in bribes to three Philadelphia police officers to protect their drug operation. With the approval of their superiors, the officers posed as corrupt

cops, and accepted the bribes to gather evidence against the drug operation. The brothers revealed a great deal about their drug operation to the "bribed" police officers; and following their arrest, the brothers agreed to inform on their Colombian suppliers, customers, competitors, and organization members. The Hernandez case offers a close-up view of the inner workings of a tape gang organization.

Top managers: Angel and Jose Hernandez, who organized, supervised, and financed the organization, and Jose Ortiz, 31, who was at times a partner and other times a top lieutenant in the organization.

Bookkeeper: Eugenio Ramos, 34.

Street Managers: Flor Soto Perez, 23; Frank Bing, 34; and Bienvenido Hernandez, 45.

Courier: Bienvenido Hernandez, 45.

Baggers: Mirrain Hernandez, 42; Gadiel Cruz, 39; and Felipe Velez, 33.

Besides this nucleus, the organization employed about 40 street workers, adults and juveniles, divided into three shifts of eight to ten employees. Each shift was comprised of dealers, runners, and lookouts. Some workers congregated on the corner of 5th Street and Glenwood, and distributed cocaine, collected money for sales, and directed prospective buyers to certain locations to complete their purchases. Other workers occupied the rooftops and second stories in the neighborhood and dropped cocaine to workers on the street for sale to customers. Still others remained inside area buildings and passed cocaine through mail slots in the doors to other workers. In addition, young lookouts, called "veneno watchers" or "bomba-yellers" (veneno is Spanish for poison, bomba is slang for cop), watched for cruising police officers.

When Angel Hernandez was arrested in New Jersey, \$135,000 was seized from the trunk of his Mercedes-Benz. Jose Hernandez was arrested in Salinas, Puerto Rico, at a waterfront estate. More than \$3 million worth of assets were seized, including real estate, motorcycles, cars, a boat, jewelry, and cash. The real estate

included four homes in Puerto Rico and 13 properties in North Philadelphia from which the gang operated (including a car dealership, a seafood restaurant, and a movie theater).

The "OK Corral"

A short-lived organization at the intersection of Marshall and Tioga Streets illustrates the interplay of drugs, family, emotion, and violence which typify some tape gang operations. The location where they worked was referred to as the "OK Corral," an apparent reference to the movie *Gunfight at the OK Corral*. The name also stuck to the network of four drug groups—the Gray Tape, Black Tape, Turquoise Tape, and Gold Star—whose members controlled the corner.

Luis "Sexo" Ortiz was the head of the Gray Tape Gang, the dominant group which operated at all four corners of the Marshall and Tioga intersection. On September 26, 1988, one day after his 20th birthday, Luis Ortiz was the victim of a revenge killing by Andres Albaladejo.

While Ortiz controlled the gang, members sold \$20 bags of cocaine sealed with gray tape. Three case workers supervised four around-the-clock shifts, and Ortiz split the proceeds with his "silent partner," Bienvenido "Baby Rock" Morales. Sometimes Ortiz bought cocaine obtained from sources in New York, or ripped off other distributors. Members of the Gray Tape Gang used baseball bats to beat up larcenous customers, and as weapons for controlling their "turf."

After burying her son in Puerto Rico, Myrna Suren, 42, (Ortiz's mother) and Moises "Flash" Suren, 25, (Ortiz's half-brother) re-opened the drug ring, and oversaw its operation until June of 1989 when 32 of its members were indicted. Investigators even videotaped Myrna engaged in a drug deal while holding a grandchild. Other relatives and acquaintances (including two Blacks) were recruited to help in the operation.

Federal indictments in June, 1989, led to the arrests of leaders and other

members of three gangs operating in the OK Corral. Defendants included Myrna and Moises Suren, leaders of the Gray Tape Gang; Joseph Viera, 25, leader of the Turquoise Tape Gang and a cousin of Ortiz; and Juan Perez, leader of the Black Tape Gang. In February 1990, Albaladejo, 36, was federally indicted as the leader of the "Gold Star" Gang.

At Myrna Suren's trial in May 1990, Moises Suren was among the government witnesses who testified against her, after pleading guilty in the case, and after attempting unsuccessfully to persuade her to plead guilty. He testified about how his mother had taken over the Gray Tape Drug Gang after Luis' death in 1988. Testifying in Spanish in her own defense, Myrna Suren acknowledged through an interpreter that she'd held drug profits for her sons, but she insisted that she wasn't a knowing conspirator. She maintained that she was unable to control her sons.

Myrna Suren was found guilty on several charges including conspiracy, operating a continuing criminal enterprise, employing juveniles, distributing cocaine within 1,000 feet of a school, and distributing cocaine. In September 1990, Myrna Suren was sentenced to life in prison, with no chance of parole. Moises Suren received five years in prison.

The OK Corral drug ring has been dismantled, and over 50 dealers have been convicted on federal drug charges. The Marshall and Tioga Street cocaine operation was shut down, at least temporarily. Free-lancers (now) operate there. Some of the tape gang dealers who were not apprehended have reportedly moved to other street corners to peddle their drugs, or they sell from mom-and-pop shops or "drug stores" that are off the street.

To Puerto Rican youths with limited employment opportunities, the successes (if not the downfalls) of figures like the Hernandez brothers and Luis Ortiz seem like modern-day Horatio Alger stories come to life. The money brings power and influence; while the violence brings fear and, perhaps, respect. Reportedly Luis Ortiz was widely liked and admired in spite of

his violence. His shooting by Andres Albaladejo set off a rampage by about 200 neighborhood teenagers. Several cars were overturned and fire-bombed; a police car's windshield was shattered; and the grocery store of Albaladejo's brother, at 629 West Tioga Street, was looted and fire-bombed. At Ortiz's funeral, a large crowd of mourners attacked reporters who were covering the funeral.

The major prosecutions of Puerto Rican "tape gangs" in the late 1980s are summarized below.

- The Yellow Tape Gang was headed by Angel and Jose Hernandez and operated at 5th and Glenwood Streets. Twenty-three members were indicted in September 1987.

- The Gray Tape Gang, headed by Luis "Sexo" Ortiz (Puerto Rican) until his 1988 murder, was then headed by his mother Myrna Suren and his half-brother Moises Suren. The gang operated at Marshall and Tioga Streets, an area known as the "OK Corral." Thirty-two members were indicted in June 1989.

- The Black Tape Gang was headed by Juan Perez and also operated at Marshall and Tioga Streets, the "OK Corral" area. Fifteen members were indicted in June 1989.

- The Turquoise Tape Gang was headed by Joseph Viera and operated at the "OK Corral". Six members indicted in June 1989.

- The Blue Star/Red Star Tape Gang was headed by Alejandro Ramirez (Cuban), Jorge "Lolo" Cintron (Puerto Rican), and Carlos Merced (Puerto Rican). It operated at Hancock and Cambria Streets. Forty-one members were indicted in September 1989.

- The Blue Tape Gang, headed by Jose "Tito" Rosa, operated at 8th and Butler Streets. Seventeen members were indicted in October 1989.

- The Gold Star Gang, headed by Andres Albaladejo, operated at 643 West Tioga Street, within the "OK Corral" area. Fifteen members were indicted in February 1990.

- The Red Tape Gang, also White Tape or Gold Tape, was headed by three brothers, Evaristo, Diego, and Miguel Rosario. It operated at 18th and Wallace Streets. Thirty-three

members were indicted in April 1990.

Current information indicates that the federal indictments and subsequent convictions of these gang members have weakened the once-flourishing tape gang phenomenon in Philadelphia. Cocaine is still being identified by color tape, but the tape gangs are not as large or as organized as before. A recent development has been the color coding of caps used on vials of crack, once again for the purpose of identifying a particular street corner or location where crack is sold. In September 1990, 38 individuals were indicted as part of an organization which identified its crack with "pink caps". This operation was located at 17th and Mount Vernon Streets in the Spring Garden section of Philadelphia, and was headed by Richie Ramos.

Other Puerto Rican Drug Operations

Other Puerto Rican-run drug operations flourished in the Commonwealth during the 1980s. Examples of these operations, by locality, are described below.

Lancaster

There is a sizable Hispanic population in Lancaster, including Colombians, Cubans, and Puerto Ricans. The major Puerto Rican drug operations in Lancaster during the 1980s included:

- Angel Guadalupe, 41, a major heroin distributor in Lancaster in the mid-1980s and later a cocaine distributor. Born in Puerto Rico, Guadalupe's drug sources were in New York City where he previously had lived. The nucleus of his operation included his wife, Judith Santos, 44, and his brother-in-law, Luis Santos, 38. Guadalupe supplied heroin and cocaine to mid-level dealers who then re-sold it to street dealers.

- Toffy Colon, 36, was convicted in September 1989, and was sentenced to a 33-year prison term for distribut-

ing multiple kilograms of cocaine in Columbia; Lancaster County. Colon was born in Puerto Rico and moved to the Lancaster area from Hartford, CT, where he has relatives. He moved to Philadelphia in 1988, but also maintained a residency in Millersville. Colon has an extensive criminal record, including arrests for stolen property, weapons offense, and dangerous drugs in New Jersey; arrests in Connecticut for possession of drugs and for larceny; and arrests in Lancaster in January 1981 for aggravated assault and recklessly endangering.

Colon was a major supplier of cocaine to mid-level dealers in the Harrisburg-Lancaster area. In Lancaster, Colon supplied Luis Alberto Villarroel, 39, a Chilean, and Blacks Jerry Leon Selby, 35, and Derek Smith, 33. Around September 1987, a local police investigation discovered that as many as 22 street level dealers in the Lancaster area were purchasing cocaine from Villarroel, Selby, and Smith. This set of street dealers (average age about 30) was made up of 13 Black males, seven Puerto Ricans including one female, and two whites including one female. Additionally, Colon has dealt with Cuban drug traffickers in the Lancaster area, including Wilfredo Norat, Ramon Enchenique, and Gilberto Brito. Brito was a supplier of cocaine to Colon.

Colon was also a supplier for a cocaine network headed by Gerald Smith, of Columbia, Pennsylvania, that sold drugs in an area known as "Crack Alley" in Columbia. Colon's father, Teofilo, 59, was also involved. The drug network, which began in the summer of 1987 and ran through August 1988, operated houses from which narcotics were sold 24 hours a day. Colon and Smith obtained the cocaine from sources in Philadelphia, and distributed the drug to Puerto Rican, Cuban, and Black dealers in the Lancaster area. Colon did not handle the product himself. His main activities were to finance the operation, and to arrange for the distribution of the drug. He also made arrangements and paid for legal assistance when

close associates were arrested. Colon's arrest and eventual 33-year prison sentence stemmed from his involvement with the Smith group. Smith was sentenced to a 30-year prison term after pleading guilty to related drug charges.

• The Morales brothers—Alyson, Heribeto, and Herman—were major cocaine operatives in the Lancaster area until their arrests on cocaine charges in February 1988, for which they were convicted and sentenced to probation. They were supplied by Dominicans from New York. When obtaining supplies, the Moraleses would, at times, travel to New York; other times the Dominicans would make the trip to Lancaster. The brothers were distributing one kilo every three to four weeks, buying from the Dominicans for \$15,000 a kilo in 1988. The Moraleses distributed uncut cocaine to a chain of local dealers, including Antonio Rodriguez (Puerto Rican) who sold to his own customers and, in turn also supplied the Levi Brown family of Lancaster.

Reading

• Luisa Figueroa, 43, and her boyfriend Gilberto Lopez, Sr., 56, headed a heroin network that purchased heroin in New York City from Figueroa's sister-in-law, Luz Maria Chaluissant, and then distributed it in Reading in the early 1980s. Sixteen members and street operatives of the group were indicted in December 1983 on charges of operating a continuing criminal enterprise. The heroin business was centered at Lopez's grocery store where he collected monies and maintained the records of local drug transactions. Couriers traveled to New York City with cash, purchased ounce or multi-ounce quantities of heroin from Chaluissant, and transported the pure heroin to the Reading area. The heroin was cut and packaged at Angel Lozada's mobile home and at the residences of Juan and Isabel Candelaria. Isabel Candelaria deposited funds in her name for Figueroa, and Vicenta Ramos-Rodriguez obtained title to real

estate and personal properties in order to veil the true ownership. Others delivered the heroin to street level dealers. Lopez's niece, Blanca, testified that she had made approximately 30 trips to New York City and was paid \$150 a trip; she also was paid \$1,000 to bag and deliver the heroin to the street dealers.

Luisa Figueroa was convicted in February 1984. She was sentenced to life imprisonment without parole and was fined \$100,000. She was required to forfeit all property listed in the indictment. Gilberto Lopez pled guilty pursuant to a plea agreement, and was sentenced to 15 years in prison. Luz Maria Chaluissant was convicted in December 1984 in a separate trial, and also was sentenced to 15 years in prison (she was a fugitive at the time of the first trial).

• George Perez, 29, was convicted in April 1989, and was sentenced to 7-to-16 years in prison on guilty pleas to cocaine-related charges. Perez purchased cocaine in Philadelphia, as well as from other major Reading dealers. Perez, Rafael Serpa (Cuban), and Juan Rodriguez (Dominican) would provide each other with cocaine when their supplies ran low.

• Anibal Ayala, 28, is a mid-level cocaine dealer who has traveled to Philadelphia—with George Perez—to obtain cocaine. Ayala's main cocaine outlets were the Oakbrook and Glen-side housing projects. Ayala was arrested in March 1988 by the Reading police on charges of theft, receiving stolen property, and conspiracy. He was also arrested by the Wyoming police on drug violation charges. He was convicted but failed to appear for his July 1989 sentencing. He is currently a fugitive.

• Willie Roman, 36, is involved in cocaine trafficking with several of his brothers—Miguel, Manny and Angel. Troy Damiano, 21, (son of Samuel Damiano, LCN associate and long-time Reading racketeer) was involved in cocaine trafficking with the Roman brothers. Willie and Miguel Roman began as street-level dealers; and within three to four years, increased their level of distribution. They have been known to sell high quality

cocaine (85 to 90 percent purity) in quantities ranging from \$20 bags to one-half an ounce. Their major source is in New York, but they have also been supplied by Cuban cocaine dealer Juan China of Reading. The Romans distributed cocaine from their residences in the 600 block of Bingaman Street.

York

Between September 1980 and May 1985, a heroin ring distributed more than 100 kilograms of the dangerous drug in the cities of York, Harrisburg, Lancaster, Lebanon, and Reading. Six members of the ring were indicted in January 1985, followed by a superceding indictment in May. Simultaneously with the first indictment, the Pennsylvania State Police arrested approximately 100 street dealers and heroin sellers who acquired their heroin from this organization.

The drug network originally was controlled by Enrique Pantin (also known as "Califuche"), who left the area and relocated in New York City following a series of drug raids by the State Police in South Central Pennsylvania. From there, he supplied heroin to his associate Carlos Padilla, who was based in York. Puerto Rican born, Padilla, 41, also known as "Polo," and with numerous aliases, originally settled in Massachusetts where his criminal history includes convictions for rape and heroin charges. He also has a 1982 heroin conviction in York.

Padilla purchased from three to five kilograms of heroin at a time from Pantin in New York City, and then transported it to York and Lancaster where it was cut, repackaged, and distributed to street level dealers. One sales location in York distributed 30 to 40 bundles (10 bags to a bundle) every two days. Heroin was exchanged for stolen merchandise by dealers in this organization.

Padilla was arrested in Lancaster in December 1986 at his 128 North Plum Street apartment, after being a fugitive for over a year. Additional charges of cocaine possession with intent to deliver were filed against

him. Padilla was convicted of the heroin and cocaine charges, and was sentenced to 15 years in prison without parole.

• Myrta Jordan, 47, one of several major local heroin dealers in York, was arrested in June 1986. One of her stash houses was raided in June 1986, and a large quantity of heroin originating from New York City was seized. Jordan was convicted in November 1987, and was sentenced to 6-to-12 years in state prison.

Erie

Hispanics originally came to the Erie region in the 1970s as migrant workers. In time, some settled in Erie; and their families and relatives also moved in from New York, New Jersey, and Puerto Rico. The development of a small Hispanic enclave also attracted criminal entrepreneurs who began to deal in drugs. The majority of Erie County's Hispanic population is Puerto Rican. Cocaine trafficking in the Hispanic community in Erie increased around 1987 as Puerto Rican drug dealers competed with other drug dealers, primarily Blacks, by offering better quality drugs at lower prices.

Competition has resulted in violent incidents related to rip-offs, thefts, and harassing the Hispanic cocaine operations. The violence has subsided, and Puerto Rican drug distributors increasingly have been employing a number of Blacks and other Hispanics as street-level sellers for their operations. Frequently as is the case with other Hispanic drug trafficking operations observed in the state, Erie Puerto Rican drug distributors have accepted stolen property in exchange for cocaine. Cocaine addicts commit burglaries and shoplifting to support their habit. The goods are then fenced by the drug dealers.

In November 1988, the Erie Police Department and the Attorney General's Region VII Task Force arrested 50 persons—Hispanics and Blacks—as a result of undercover buys in the Little Italy section and on the East Side of Erie, locations where Hispanic drug dealers plied their trade. Following this raid, the major Hispanic drug

dealers became more organized, and distanced themselves from street-level dealing, using Blacks and Hispanics to distribute their products.

In March 1989, arrest warrants were served at the Hickory Cafe. The arrests were the culmination of a month-long surveillance by Erie Police, Pennsylvania State Police, and Region VII Task Force members. During that time, police observed Black drug users and pushers standing outside the bar taking cocaine orders and then going inside. The orders were "filled" by Hispanic dealers, and the cocaine was delivered to the customers. After the increased law enforcement pressure at the Hickory Cafe, the Hispanics moved their drug operations to other Erie locations in the area of 12th and Parade Streets, such as the Coach and Four Bar, 732 Parade Street, and Kalata's Bar, 1306 Parade Street.

The following are several of the major Puerto Rican drug traffickers operating in Erie during the latter part of the decade.

• Rafael Burgos, 37, a drug trafficker, has a criminal history in Erie going back to 1975, when he was 21. He was arrested in September 1988 on charges of cocaine possession, criminal attempt, theft, prohibited offensive weapons, and possession of an instrument of crime. He was sentenced in January 1989 to 11½ to 23 months in prison on the weapons offenses. He was also arrested in January 1990 for possession with intent to deliver cocaine. He was convicted in September 1990, and was sentenced to 7-to-16 years in prison. Burgos was operating in the Little Italy section of Erie, distributing ounce quantities of cocaine to dealers.

An associate of Burgos, Noel Ortiz, 39, of Paterson, NJ, frequently traveled with Burgos to New York to purchase large quantities of cocaine. Ortiz, also born in Puerto Rico, has a history of violent crime in the Bronx section of New York City going back to 1970, which includes convictions for drug possession, attempted robbery, assault, and aggravated assault.

• Fernando Rodan Gomez, 35, at one

time was associated with Burgos. After the arrests of Burgos and Pablo Montalvo (another prominent cocaine dealer), Gomez became a major local drug trafficker, traveling to New York City or Paterson, NJ, to obtain his supply. Gomez has a 1983 conviction for retail theft in Erie, and was arrested for drugs in November 1988 and January 1989. He pled guilty to the November 1988 charges and was sentenced in September 1989 to three consecutive terms of 12-to-60 months in prison. He also pled guilty to the January 1989 charges and was sentenced to 3-to-15 years prison.

Pablo Montalvo, 58, has arrests going back to 1954 for assault and battery and driving under the influence; he pled guilty to November 1988 charges of possession and delivery of cocaine, for which he was sentenced to 11½ to 23 months in prison. In October 1989, his sentence was suspended to parole and two years probation. Montalvo obtained his supply from Buffalo, NY, and from New York City.

• Ernesto Perez Gonzales, 31, is a former dealer for Montalvo who emerged in the late 1980s as a multi-kilo cocaine dealer. He was arrested in January 1990—along with Burgos and Jose Delgado—in a reverse sting operation conducted by the Pennsylvania Attorney General's Bureau of Narcotics Investigation. A deal to buy one kilogram of cocaine from undercover agents was set up with a Cuban drug wholesaler—now in jail. Gonzales and Burgos provided the money, and Delgado made the necessary connections. Gonzales was convicted in September 1990. He presently is a fugitive. Gonzales has drug sources in Buffalo, NY and Paterson, NJ. Gonzales has also been supplied by a Dominican from the New Jersey area, who sometimes traveled to Erie to deliver the cocaine to Gonzales.

Summary

Puerto Rican organized crime in Pennsylvania involves some illegal

gambling, but is limited primarily to narcotics trafficking, which was the money-maker for most crime groups in the state during the 1980s. Because of their status as U.S. citizens, they are a valued connection for other Hispanic groups who use them for distribution of various drugs. They participate in drug networks from the streets to mid-level trafficking. They operate in large and small cities throughout Pennsylvania.

CUBAN ORGANIZED CRIME

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SYNOPSIS

- **Cuban organized crime has been nourished by a favorable cultural ethos and by contacts with American LCN and other organized crime groups.**
- **Two waves of Cuban migration included significant numbers of Cuban criminals: the one following Fidel Castro's rise to power in the early 1960s; the other when Castro released hardened criminals held in Cuban prisons to join the "Mariel boatlift" in 1980.**
- **Cubans have had a longstanding involvement in importation of marijuana and cocaine into the U.S., and dominated the traffic in both these drugs until Colombians seized control of cocaine trafficking in the 1970s.**
- **Cubans continue to work closely with Colombians, and are major wholesalers of cocaine.**
- **Cuban drug groups are based on kinship or marriage ties, and on ties established in prison.**
- **Cubans are often involved as members or even leaders of multi-ethnic groups that include other Hispanics, and sometimes Black-Americans and whites.**
- **Compared to other Hispanics, Cuban groups are less likely to include women, particularly in leadership roles.**
- **Drug trafficking, particularly in cocaine, constitutes the principal organized crime activity of Cuban groups in Pennsylvania.**
- **Cuban role in drug trafficking within most regions of the Commonwealth is disproportionate to their relatively small numbers in the total population, and Cubans serve both as local and as out-of-state suppliers.**

CUBAN ORGANIZED CRIME

Like some other Latin American nations, Cuba's traditions of political repression and social unrest nurtured the development of organized crime groups, and its proximity to Florida facilitated the development of ties between Cuban and American crime groups. The Cuban population is predominantly (over 70 percent) white, and includes not only those of Spanish heritage but also large numbers of citizens whose ancestors came from Middle Eastern and Slavic countries. A lesser number of white Cubans trace their ancestry to Great Britain, Canada, Ireland, France, and the United States. As a result, many Cubans do not have distinctively Spanish surnames.

Cuban Migration

Although the vast majority of Cuban immigrants to the United States have become law-abiding, productive citizens, two different waves of Cuban migration brought significant numbers of Cuban criminals to the United States. The first occurred after Fidel Castro's rise to power in 1959. This group included many wealthy representatives of organized crime, who had risen to prominence under the corrupt regime that preceded Castro. The second wave, the so-called "Mariel boat lift" in 1980, included many street criminals hardened by years of internment in brutal Cuban prisons.

Cuban involvement with American organized crime goes back many decades. During the 1930s, La Cosa Nostra helped to transform Cuba into a playground resort for the rich, an environment hospitable to the proliferation of organized crime activities such as casinos, prostitution, and drug trafficking. The original arrangements with Cuban dictator Fulgencio Batista were negotiated by mobster Meyer Lansky, a close friend and

associate of Charles "Lucky" Luciano. Many Cuban criminals became wealthy as a consequence, in part, of their American LCN associations. Cuban smugglers imported marijuana and cocaine from Colombia, and Cubans supervised Colombian manufacture of cocaine hydrochloride from coca paste. Cuban drug traffickers not only satisfied the demand within Cuba, but also became the principal suppliers of cocaine and marijuana for the United States.

When Fidel Castro's revolutionaries succeeded in overthrowing the Batista government in 1959, American and Cuban criminals joined the exodus of refugees. Most relocated to Mexico or to the Miami and New York City areas in the United States. Utilizing their LCN connections and established smuggling routes, Cuban crime groups within the U.S. were able to expand their drug trafficking activities, particularly as the market for cocaine began to grow dramatically during the 1960s and early 1970s. During this period, Cubans controlled much of the importation of cocaine and marijuana into the United States. By the mid-1970s, Colombians wrested control of the cocaine market from the Cubans through a brutal wave of murders. Although Cuban criminal entrepreneurs no longer control the cocaine trade, they continue to associate closely with Colombians and are still numbered among the top cocaine wholesalers being supplied directly by the Colombian cartels in this country.

Criminals among the "Marielitos" came from a totally different world than the wealthy "mafiosi" who had supported Batista. What had begun as a humanitarian "rescue" apparently turned into an effort to rid Cuba of "undesirables," including much of the population of Cuba's prisons. As U.S. immigration officials began to realize what was happening, many of the Cuban immigrants were rounded up and placed in federal facilities until

their status could be determined. Such determination has not been easy, and the "limbo" status of interned Cubans continues to be a source of controversy.

Marielitos in Pennsylvania

In Pennsylvania, about 19,000 Mariel Cuban refugees were processed between 1980 and 1981 at the Fort Indiantown Gap military camp northeast of Harrisburg. Hundreds were able to gain release through sponsorship by residents including other Cubans and Colombians, of Central and Eastern Pennsylvania. Some of those released became involved in crime.

For several reasons, Marielito Cubans have been more visibly involved in organized crime in the Commonwealth during the 1980s than Cubans who had immigrated prior to 1980. First, relatively few Cubans coming to the United States during earlier waves of immigration chose to settle in Pennsylvania, and the earlier waves had a smaller proportion of known criminals. Second, most Marielito criminals arrived with fewer established U.S. criminal connections than the LCN associates who fled Cuba just after Castro's revolution. This "disadvantage" means that they must enter at lower levels of organized crime—levels that are more vulnerable to law enforcement. Third, the controversy surrounding the Marielito episode and the processing through military and/or prison camps have created a stigma regarding the very term Marielito, and that notoriety increases their visibility.

The Mariel "mystique" is enhanced by the tattoos borne by many Cuban convicts. Tattoos identifying criminal specialty (e.g., drugs, enforcers, weapons, kidnaping) are often located

on the wedge of skin between thumb and forefinger or on the upper arm. Tattoos are also found on eyelids, the inner lower lip, instep of the foot, or almost anywhere else on the body. Other tattoos have significance for adherents of religious cults such as the Santeria, Abaquá, or Brujeria. Some within the Cuban criminal subculture believe that certain rituals of these cults can protect them from arrest, can insure success of their criminal enterprise, or can guarantee an afterlife.

American prison officials have had to segregate Cubans from the general prison population because of their violence, their ability to become prison gang leaders, and their success in developing prison drug trafficking networks.

Crime Networks

Cubans have shown an opportunistic ability to blend into local Hispanic populations, and to cooperate with other Hispanic criminal operations. It is common to find Cubans active in multi-ethnic operations which involve Puerto Ricans, Colombians, Dominicans, and even Blacks and/or whites. This pattern of multi-ethnic cooperation is necessitated, in part, by the relatively small number of Cubans in the Commonwealth. Other aspects of inter-Hispanic cooperation involve the practices of exchanging drug supplies with other Hispanic groups or charging lower prices to Hispanic customers.

The hardened criminals among the Marielitos have reputations for physical toughness, extreme violence, and lack of conscience. This image has helped them gain access to established Cuban crime networks in New York and New Jersey. Relying on the Cubans' reputation for toughness and violence and their silence when arrested, Colombian cartel members have employed Marielitos as couriers and enforcers. Some of the Cubans demonstrated a shrewd ability to start at the bottom and to work their way up quickly. For example,

some began with property crimes, exchanged stolen goods for drugs and/or weapons in New York, and then returned to their communities in Pennsylvania to sell the drugs—mostly cocaine, and some heroin.

As with other organized crime groups, ties based on prison associations and/or kinship play a major role in Cuban crime organizations. Brothers, cousins, in-laws, and other relatives are often recruited into major or minor roles, depending upon age, skills, and strength of ties. Women—wives, lovers, sisters—may be used as couriers to transport drugs, money, or stolen property. However, Cuban culture is more strongly patriarchal than some Hispanic cultures; and women seldom, if ever, are found in leadership roles in Cuban crime networks, as sometimes happens with Colombian or Puerto Rican operations.

Close cooperation between Cubans and Colombians can be seen in Philadelphia and other cities. For example, the cocaine operation of Cuban brothers Francisco Blanco-Hidalgo, 35, and Lazaro Hidalgo, 38, and their associates has been centered in Lazaro's night club El Dorado at 4641 North 5th Street, Philadelphia, just doors away from several Colombian night clubs and centers for drug trafficking such as La Cumbia and La Posada. A number of other variety stores, bars, and restaurants in the city have also been used as distribution points by the brothers. In addition to El Dorado, Lazaro Hidalgo was the owner of three other Philadelphia properties, located at 2546 Kensington Avenue, 2917 North Mutter Street, and 4358 North Orianna Street. Near the El Dorado, El Kibuk, another Cuban restaurant (4537 North 5th Street, Philadelphia), also serves as a major cocaine distribution center.

Lazaro was arrested in New Jersey on February 10, 1988, en route to Philadelphia from New York City with approximately 20 kilos of cocaine; on January 31, 1989, he was sentenced to 12 years confinement. Lazaro's brother, Francisco Blanco-Hidalgo, was arrested outside the El Dorado

after selling two kilos of cocaine to an undercover agent on October 27, 1990. Two other Cubans, Adriano Rivas, 38, and Oscar Sanchez, 28, were arrested with him.

In addition to the Philadelphia area, Cuban drug trafficking operations (operations that included Cubans as well as Puerto Ricans or other Hispanics) have been identified in Lancaster, Harrisburg, Lebanon, Reading, Johnstown, Pittsburgh, and Erie. Cuban operations in the Commonwealth are exemplified by a number of groups in Central Pennsylvania that often have ties to other Hispanic groups and to each other.

For example, in Lancaster, a number of Cubans have been involved in cocaine trafficking in cooperation with Colombians and Puerto Ricans. Julio Guzman-Rivas, 38, a Mariel Cuban, was sponsored by a Colombian residing in the Lancaster area. Guzman soon became acquainted with Colombian drug traffickers active in the Lancaster area, including the Vargas brothers Abelardo, Alonso, and Luis, all members of a group led by Benjamin Giraldo, also a Colombian. Through his Colombian connections, Guzman was able to establish himself in cocaine trafficking.

Several other Mariel Cubans in the Lancaster area also became involved in drug trafficking, including Alan Jesus Peyno, Juan Torres, Ramon Veitia Enchenique, Pascual Martinez Friol, and Rolando Ubaldo Martinez. Relationships among the Cubans (and between Cubans and other Hispanics in the area) have been characterized by both cooperation (sharing sources, exchanging supplies, family ties) and modest competition for territory. When Peyno was arrested, his operation was taken over by Rolando Ubaldo Martinez and Pascual Martinez Friol.

After the arrest of two of the Vargas brothers and the flight of Benjamin Giraldo, the Lancaster Cubans established connections with Cuban suppliers. For example, Gilberto Brito, a Cuban from Queens, NY, was a major supplier for Cuban traffickers in the Lancaster area. The Lancaster Cubans also developed

direct connections to Brito's Cuban source in Florida, Francisco Coffigny, also known as Francisco Coffigny, 45, of Fort Lauderdale.

In Lebanon, Carlos Bazabe was one of the major cocaine suppliers during the mid-1980s. A Marielito with limited criminal experience in Cuba, Bazabe settled originally in New York, and first came to Lebanon to act as godfather at the baptism of the child of his good friend, Omar Diaz, also a Marielito from Cuba.

There Bazabe fell in love with Gloria Battle, a Puerto Rican and the sister of Diaz' wife. He soon moved in with her in Lebanon. Within a short time Bazabe had established a distribution network in Lebanon and nearby communities, drawing on ties to Florida—his initial cocaine source—and to New York and New Jersey.

A practitioner of the religious cult of Santeria, Bazabe established a shrine in his home, and engaged in a variety of rituals and disciplines designed to win protection from arrest and certain favors from a saint. Some of the rituals involved the use of blood, feathers, and the body parts of chickens. Other Santeria disciplines included such practices as shaving his head and wearing only white clothes for an entire year. The protection did not work; Bazabe was arrested and incarcerated in 1986. While in jail, Bazabe and Luis Felix Velasquez, another Cuban, inmate, organized a drug ring that distributed cocaine within Dauphin County Prison. The scheme used drugs supplied by Gloria Battle and brought into the prison on the body of Velasquez' girl friend Noreen Border (nee Frescatero), 31.

Despite their relatively small representation in the overall population of the Commonwealth, Cuban organized crime groups have made their presence felt in most regions of the state, either as local suppliers or as out-of-state suppliers for other Pennsylvania crime groups. Their ties to Florida and New York are also illustrated in the following sampling of cases from around the state:

- **Bensalem** — Cubans Joaquin Morgado, Bensalem; Pedro Casellas, of New York; and Ignacio Benito Diaz,

of Miami, were arrested in 1987 for selling six kilos of cocaine to undercover agents.

- **Johnstown** — Marielitos Rolando Chenard, 37, his wife, Miroslava, 36, and several other relatives operated out of Chenard's business, The Juanita Restaurant. They supplied several street-level dealers until their arrest in 1986. Rolando is still in prison, while Miroslava moved to New York City after serving a short sentence.

- **Pittsburgh** — Cuban cocaine supplier Ramon Sosa, in Florida, was one of the principal suppliers for Pittsburgh LCN-related networks operated during the early 1980s by LCN associates Norman and Michael Farber and Joseph Rosa. (See Chapter 3)

- **Pittsburgh** — Milagros Lopez, 29, a Cuban woman from Miami, supplied Pittsburgh drug trafficker John Budesky. Budesky, who had supplied cocaine to the Pagan Motorcycle Gang, was convicted in 1987; Lopez was convicted in 1989.

- **Erie** — Usbaldo Lara, 44, a Mariel refugee in Florida, whose American Cuban wife had relatives in Erie, supplied Colombian cocaine to Erie drug dealer Brian O'Sullivan. In March 1990, Lara received a sentence of 15 to 40 years imprisonment.

- **Poconos region** — Cuban Gustavo "Little Daddy" Fernandez led a network of 33 Cubans and Americans who imported over 50 tons of marijuana until 1981, using air, sea, and land transportation. Fernandez, 58, who was serving a 50-year federal prison sentence in Oxford, Wisconsin, escaped in March 1990. His criminal career in the United States began in 1954, when he was arrested as a stowaway by the FBI. He was deported to Cuba, but subsequently returned. Fernandez was again arrested in 1961 in Miami for violation of immigration laws, and in 1979 for battery on a federal law enforcement officer.

Summary

The Mariel boatlift of 1980 brought a new wave of Cuban refugees to the United States. Included in their midst were thousands of Cuban criminals from Castro's prisons, and some of these Marielitos contributed significantly to the organized crime problem in Pennsylvania during the 1980s. They were assimilated rapidly into Hispanic communities in Pennsylvania and easily established networks with other Hispanic criminals in Pennsylvania, New York, New Jersey, and Florida. The criminal expertise of both recent and earlier Cuban criminal immigrants poses a threat disproportionate to their relatively small numbers.

OTHER HISPANIC GROUPS

OTHER HISPANIC GROUPS

Other individuals and groups with Latin American origins are also involved in criminal activities in Pennsylvania, especially in drug trafficking. Hispanic criminal entrepreneurs with operations in the Commonwealth have included nationals of Peru, Venezuela, Argentina, Honduras, Chile, Panama, and Aruba. As with the other Hispanic groups previously described, these Latinos meld easily into Hispanic neighborhoods. Many have established independent operations, while others have become natural associates of the more established Colombian, Puerto Rican, Dominican, and Cuban groups already active in Pennsylvania drug markets. The following sampling illustrates the involvements of other Latino nationals in criminal activities in Pennsylvania.

● **Pedro Alejandro Salazar-Haro, 33, Peru.** Also known as Pedro Salazar, this native of Peru entered the country illegally through Mexico; and in 1978 he arrived in Allentown, where he had relatives. Salazar and family members own a grocery store in Allentown located at 440 Hanover Avenue. Bypassing the Colombian cartels, Salazar imports multi-kilo shipments of cocaine directly from Peru through Miami, Florida.

Salazar's organization is estimated to comprise 21 persons including three brothers Abel, Jorge, and Luis Pito; his Puerto Rican common-law wife, Amanda Morales, 31; and his sister, Elba (or Elva) G. Pizzaro, 43, and her husband, Domingo Pizzaro. Abel Salazar was arrested in 1986 for drug possession. Following a dispute with local racketeer George Sam, Salazar left the Allentown area for about a year and left the cocaine operation to his brothers and associates until his recent return.

● **Dr. Jose J. Isea (deceased), Venezuela.** Isea and his associates operated from the State College area and had also been active in Harrisburg and other areas of the country. Between 1983 and 1989 this enterprise distributed large quantities of cocaine in

Central Pennsylvania and elsewhere in the country. Isea's operation included, among others, two sons-in-law, Manuel Jose Bajares-Acicar, 32, who served as a comptroller for the organization, and Jose Fortoul, 26, who directed the distribution network in Pennsylvania. In early 1990, federal authorities indicted Isea, Acicar, and Fortoul, and two others, another Venezuelan, Guillermo Antonio "Pedro" Arquienes, 37, and a U.S. citizen, Kenneth Wion, 44, of Spruce Creek. Isea fled prosecution and reportedly died in Venezuela. The others are pending trial.

● **Felix Antonio Juardo, 43, Panama.** Also known as Felix Jurado, he has been involved in narcotics trafficking in the Reading area since the 1970s. In 1986, Juardo was involved in a cocaine deal with Reading marijuana and cocaine trafficker Vincent Santarelli, a well-known racketeer from Reading.

● **Daniel Agurto, 35, and Gabriel Pulgar, 44, Chile.** Agurto and Pulgar were arrested in Allentown with one kilogram of cocaine in October 1989. Pulgar pled guilty and was sentenced to three to ten years in prison. Agurto also pled guilty and was sentenced to three to six months in prison.

● **Francisco Perez, 22, Aruba.** An independent drug dealer aligned with the Dominicans in Reading, Perez was born in Aruba, a small island just off the Northern coast of South America, near Venezuela and Colombia. Perez was arrested with Dominican drug dealers, Roque Leon, 35, and his wife Julia Raynosa, 30, when the three tried to complete a cocaine transaction with undercover agents. Leon and his wife fled while on bail. In April 1990, Perez was sentenced to 10 to 20 years in prison.

● **Mexican influence.** Relatively few Mexicans have been apprehended or identified as criminal violators in Pennsylvania. Their influence in Pennsylvania is nevertheless documented in a drug trafficking case involving ring leader William Elroy

Wilt, 29, a Pennsylvania native of Coburn, near Lewistown, and 15 others in the Central Pennsylvania county of Mifflin. Wilt and his associates were arrested in 1988 for their participation in distributing cocaine and marijuana originating from Mexico. Also arrested were his sources in Colorado, including one of the five mid-level managers of the Felix-Gallardo Mexican organization. The major distribution targets of this Mexican-American organization included Boston, Atlanta, Seattle and Chicago. Wilt, who cooperated with authorities, was sentenced to eight months' imprisonment and three years' probation in April 1990.

Summary

High levels of demand for cocaine continue to attract new players. Natives of the various Andean nations of South America (especially Bolivia, Peru, Ecuador, and Chile) are well-positioned to obtain cocaine from the source without going through the Colombian cartels. Natives of Mexico and various Caribbean nations can easily become involved in the cocaine trade due to their location along major transshipment routes. Latinos from many backgrounds find it relatively easy to blend in with existing Hispanic populations in the state and elsewhere in the United States, and they are generally well-received by the more established Hispanic criminal groups.

HISPANIC ASSESSMENT

ASSESSMENT

In comparison to other ethnic groups, Hispanic organized crime achieved almost exponential expansion during the 1980s, and commanded a prominent position in the drug trade within the Commonwealth. The decade witnessed a proliferation in the number and ethnic diversity of Hispanic organized crime groups, a shift to narcotics trafficking as the dominant activity, and an expansion of their influence beyond the Hispanic community. The same factors underlying the increased threat from Hispanic organized crime during the 1980s, will influence trends of the 1990s.

The drug market—particularly for cocaine—was a major factor behind the increased threat of Hispanic groups during the 1980s, and it will be a principal determinant of the level of the Hispanic threat during the 1990s. Although some Hispanic crime groups—chiefly Puerto Rican—had been active in the state for decades, their influence had been largely confined to gambling operations within the Hispanic community. Cocaine allowed existing Hispanic crime groups in the Commonwealth to diversify. Expanding drug markets in the state attracted numerous new Hispanic groups of diverse national origins—comprised of individuals principally from Colombia, the Dominican Republic, and Cuba, but also including natives of Peru, Bolivia, Venezuela, Argentina, Chile, Honduras, and Aruba.

Immigration from Latin America is another important factor impacting the Hispanic threat. New York City has been the principal port of entry in the Northeast for migrants from the Caribbean region and from South America; now the migration flow has "fanned out" to neighboring states like New Jersey and Pennsylvania. Even though Hispanic communities in the Commonwealth are relatively small compared to those in New York or the Southwest, they have been large enough to permit Hispanic crim-

inals to "blend in" and to minimize their visibility. Recent liberalization of U.S. immigration law is likely to accelerate the growth of the Hispanic population in Pennsylvania. This growth, in turn, may continue to provide opportunities for Hispanic crime groups.

However, Hispanic drug operations are less confined to their own ethnic communities than appears to be the case for Black or Asian groups. This pervasiveness springs not only from the fact that those with light complexions can easily "pass" in the majority culture, but also from Hispanics' competitive advantage in cocaine trafficking. Colombian dominance in controlling the supply of cocaine is advantageous not only to Colombian groups, but also to other Hispanic groups. Although Puerto Ricans, Colombians, Dominicans, Cubans, and others all have a strong sense of their unique ethnic identities (and sometimes even manifest signs of inter-ethnic conflict), they share (and feel) common linguistic and ethnic bonds with Hispanics from other backgrounds, especially in comparison to Anglos or other non-Hispanics. Hispanic drug traffickers therefore generally offer lower prices to other Hispanics. This "discount" gives Hispanics an edge in rising to mid-level positions in the distribution chain, since non-Hispanic traffickers must come to them.

Culture and history also offer certain advantages to Hispanic crime groups. Existing patterns of criminal organization in countries like Colombia and Cuba mean that some Hispanics bring highly developed criminal skills with them to the United States. Even where this is not the case, Hispanic traditions of family and entrepreneurship facilitate the development of both legitimate and criminal enterprise. Extensive kin networks and traditions of strong family loyalty are invaluable to a growing criminal enterprise.

Since much of the current Hispanic

threat derives from drug trafficking, major shifts in supply or demand could alter the picture radically. The movement of mid-level Colombian and Dominican suppliers into Pennsylvania may have been motivated in part by growing demand in the Commonwealth, but also by market saturation in New York. Saturation of markets in cities of Eastern Pennsylvania could have several effects. Increased competition might lead to greater violence among groups seeking market dominance similar to the "cocaine wars" fought between Colombians and Cubans during the 1970s, and between rival Colombian organizations within the Florida and New York markets. It might also lead to further westward drift, with small cities of Western Pennsylvania seeing an increased influx of groups comparable to that which occurred in the Lehigh Valley during the 1980s.

The effects of increased competition might well differ between groups of external origin (Colombians, Dominicans) and groups more bound to the United States (Puerto Ricans, Cubans). If profit margins in the United States become unacceptable because of competition, market saturation, or a change in the legal status of drugs, foreign groups may shift their focus to European countries or wherever illegal drug markets show continued potential for expansion. Already Colombians have bought large pieces of land in Spain. The European population is significantly larger and denser than the United States' population. The changes in Eastern Europe and the unification of Germany make travelling and drug smuggling there easier. Reports indicate that the Colombians' next big marketing venture will be the European market. That switch in focus may ease the pressure to buy in the United States.

More "settled" groups—such as Puerto Rican groups with community ties established over several generations—may seek to diversify their legal and illegal enterprises; and the

profits from drug operations provide considerable venture capital for this diversification. In their native lands, Hispanic criminal groups (particularly the Colombians) have developed quite varied criminal portfolios including extortion; theft and fencing networks; smuggling of art, gems, and arms; corruption; and other areas of illicit enterprise.

On the other hand, if Hispanic operations seek to expand into other types of illegal markets, they may be at a competitive disadvantage in relation to traditional organized crime. Hispanic gambling operations were traditionally confined to their own communities. If they attempt expansion of gambling or other illegal business beyond their own communities in markets other than drugs, they may encounter barriers. Much would depend upon factors such as social status, fluency in English, and complexion.

The effectiveness of Hispanic organized crime groups in today's U.S. environment may be reflective of the narcotics boom, but also it reflects their entrepreneurial ability to move assets out of the United States and, therefore, out of danger of forfeiture to U.S. law enforcement. So long as they control the source of a major drug used worldwide, and can launder the proceeds of that traffic in an effective manner, the Hispanics will retain prominence in the criminal community.

CHAPTER

10

ASIAN ORGANIZED CRIME

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SYNOPSIS

- **Asian organized crime has become more noticeable during the 1980s and is expected to continue growing. There is growing concern because of Asian prominence in heroin importation, the pending immigration of Asian criminals from Hong Kong, and expansion of New York-based Asian groups into Pennsylvania.**
- **Asian organized crime in Pennsylvania has included Chinese, Vietnamese, and Korean criminal activity.**
- **The most serious form of Asian organized crime in U.S. and in Pennsylvania involves Chinese groups--that range from international triads, to indigenous tong associations and to street gangs of recent origin.**
- **Asian organized crime activity in Pennsylvania has been seen mostly in Philadelphia and Pittsburgh. Three tong associations whose leadership is significantly influenced by Chinese criminal elements have branches in these cities.**
- **Tongs exist chiefly for business and social affiliation but they typically include a mix of legal and illegal activities. A particular tong's involvement in illegal activities is strongly shaped by the inclinations of the tong leader.**
- **A number of highly mobile Chinese and Vietnamese gangs -- comprised largely of young adult males -- have been sporadically active in Pennsylvania during the 1980s. Their main crimes are extortion and robbery.**
- **A significant amount of Asian criminal activity is directed at the Asian community.**
- **Parallels exist in the cultural ethos that underlies Asian (especially Chinese) organized crime and La Cosa Nostra. There also are some important differences.**
- **Cultural differences between Asians and Americans make it difficult to investigate Asian organized crime. Asian residents are reluctant to report crime incidents to authorities because of fear, distrust and misunderstanding of government, and reluctance to discuss affairs with non-Asians.**
- **Asian organized crime will continue to be a significant threat in the Asian community but not in the Commonwealth as a whole, so long as it limits its operations to the Asian community and that community remains small.**

ASIAN ORGANIZED CRIME

Asian organized crime became increasingly visible during the 1980s. Law enforcement attention has focused on overseas Chinese Triads which control a sizable share of the international heroin trade; on indigenous tong groups and district associations which sometimes combine crime with civic and commercial interests; and on Asian street gangs which engage in extortion, robbery, and occasional drug dealing. By 1990, Senator Joseph R. Biden, Jr., was warning that Asian Triads, "...will be the dominant organized crime force in this country by the middle of this decade.... Given the extensive criminal activities of these Triads—drugs, gambling, extortion, and the like—the prospect of a new 'super Mafia' in the 1990s is a daunting one."¹

The growing concern with Asian organized crime stems from several factors, including high rates of Asian immigration during the past two decades; fears that the next wave of Asian immigration may include significant numbers of international criminals; Asian prominence in the importation of Golden Triangle (Southeast Asian) heroin; and evidence that Asian organized crime groups based in New York City may be seeking to expand their influence in Pennsylvania.

The Crime Commission's inquiry into Asian organized crime is particularly timely. Pennsylvania has a relatively small, but growing, Asian population. During the last decade, the Commonwealth experienced heightened activity on the part of criminal organizations with Chinese and Vietnamese origins, although the extent of this criminal activity was not nearly as serious as the Asian crime that has plagued New York City or the West Coast.

Asian organized crime has a rich and complex history and includes groups with roots in Korea, Japan, China, Vietnam, and elsewhere in Asia.² In most parts of the United States, the

most serious Asian organized crime has involved Chinese groups, including the international Triads that originated in China in the seventeenth century, the U.S. tong associations whose heritage extends back to the immigrant self-help organizations of the nineteenth century, and street gangs of relatively recent origin.

In Pennsylvania, too, Chinese groups have been the most influential within Asian organized crime, even though the Chinese population in the Commonwealth is smaller than that of other Asian groups. Although there is no evidence of direct Triad involvement in the state, Triads have an indirect impact on the Pennsylvania drug trade through their substantial role in the importation of Southeast Asian heroin. Triad representatives in New York supply heroin to Dominican, Cuban, and other groups active as mid-level distributors. Leaders of local Chinese tong associations have a more direct impact on crime in Asian communities through their operation of traditional Asian gambling casinos, investments in massage parlors, and involvement in extortion rackets.

During the last decade, Chinese street gangs from New York and elsewhere have been involved in local extortion rackets and robberies. A number of Vietnamese and Viet Ching³ gangs have also been active locally. Vietnamese gangs have a reputation for greater violence than gangs from other Asian groups, perhaps because of Vietnamese exposure to violence and weapons during the Vietnam War and in post-war refugee camps.

Asian organized crime in the state has been less visible than that of some ethnic groups because it is directed mainly against persons of similar ethnic background and because the residents of Asian neighborhoods are often afraid to report incidents of organized crime to authorities. Distrust of government and reluctance to discuss affairs with non-

Asians stem from confusion over U.S. governmental processes, as well as from prior experience with exploitation and governmental oppression in their native lands. Such diffidence also constitutes a self-protective adaptation to the cultural, linguistic, and sometimes racial barriers encountered in this country; but it often leaves Asians vulnerable to exploitation by criminal organizations from their own ethnic group—in much the same way that earlier waves of Irish, Jewish, and Italian immigrants were preyed upon by criminal organizations from the same ethnic backgrounds.

Demographics

Quotas for Asian immigrants were repealed by the Immigration and Nationality Act of 1965, and the subsequent quarter-century has witnessed a massive increase in the Asian population of the United States. Asian immigration was further accelerated by the end of the Vietnam War and by the flight from poverty and oppression in the Philippines, Southeast Asia, North and South Korea, and the People's Republic of China. Further large-scale political or economic upheaval similar to that which has occurred in recent years in China and the Philippines can be expected to trigger further waves of emigration to the United States.

The planned 1997 takeover of Hong Kong by communist China raises the specter that the projected immigration increase from that British colony may well include some of the 70,000 members of criminal Triads who live in Hong Kong. Federal law enforcement officials believe that patterns of electronic money transfers from Hong Kong into banks on the West Coast and in New York City (both large American commercial banks and Chinese-owned and Chinese-operated banks) may include significant illegal drug profits of Triads and other Asian organized crime groups; and these transfers may indicate that such

groups may already be establishing a base in this country by transferring some of their assets.⁴

Numbering nearly six million, persons of Asian ancestry now constitute the third-largest minority in the United States (behind Blacks and Hispanics). Another 400,000 illegal immigrants are particularly vulnerable both to home-grown Asian organized crime groups and to local branches of Triads such as Sun Yee On and 14K. Persons of Chinese ancestry are the most numerous, followed by Filipinos and Vietnamese. The total population of Asian origin is expected to reach 10 million by the year 2000.

Compared to states like New York and California, Pennsylvania's Asian population is relatively small (between 130,000 to 140,000). Most have settled in the Philadelphia area. Koreans constitute about half of Philadelphia's Asian population, followed by Chinese, Vietnamese, and Cambodians. About 8000 Asians reside in Pittsburgh and its environs. Significant Vietnamese communities are also found in Lancaster and Allentown.

Philadelphia's picturesque Chinatown comprises about eight square blocks in the center city area, with a population of about 4,000. Significant concentrations of Chinese are also found in West and South Philadelphia. Koreans have settled primarily in the Logan and Cheltenham areas, while Vietnamese neighborhoods are located in South and West Philadelphia.

Triads & Heroin

As noted above, Chinese Triads influence the organized crime scene in the Commonwealth largely through their prominence in the smuggling of heroin into this country, especially into the New York City and East Coast markets. They are believed to be responsible for the importation of a large proportion of the "China White" heroin brought into New York. Triad leaders have close connections with heroin producers in the Golden Triangle, and federal law enforcement

officials believe that such contacts will enable Chinese groups to continue their dominant role in heroin importation.

In China, as in Sicily or Colombia, organized crime was spawned and nurtured by political fragmentation and oppression. Chinese Triads originated in the mid-17th century as secret societies dedicated both to the overthrow of the Ching Dynasty that had been installed by Mongol invaders and to the restoration of the former Ming Dynasty. From underground revolutionary bands with established headquarters and networks of lodges and chapters, the Triads' activities evolved from political change to a variety of rackets. As successive rebellions failed, Triad members were among the waves of emigrants who fled to Hong Kong, Taiwan (then Formosa), Indochina, and North America.

Today, Triads function largely as criminal organizations that flourish in Hong Kong and Taiwan. An estimated 50 Triad groups exist in Hong Kong alone, with an estimated membership of some 70,000. They are engaged in extortion, gambling, loan-sharking, prostitution, drug trafficking, and labor racketeering. In recent decades, the Triads capitalized on the reduced availability of Turkish heroin (formerly imported into the United States through the LCN-Sicilian "French Connection"), and they filled the vacuum with large shipments of virtually uncut "China White" from the "Golden Triangle" area of Southeast Asia.

Although Triad societies reportedly control importation of much of the Southeast Asian heroin that enters the United States, a number of independent ethnic Chinese are also engaged in smuggling heroin out of the Golden Triangle and into New York. Such independent traffickers tend to be Chinese entrepreneurs who work with indigenous organized crime groups on specific ventures.

At present, Triad influence in this country stems primarily from their dominance over trafficking in Southeast Asian heroin and from their links to indigenous tongs and street gangs.

Involvement of Chinese organized crime in narcotics is longstanding and has been a subject for law enforcement concern for more than five decades. Nearly 40 years ago, a report of the Kefauver Committee (Special Committee to Investigate Organized Crime in Interstate Commerce) noted:

"The Bureau of Narcotics has had particular occasion to deal with interstate crime organizations in specialized forms. One of these types was the Chinese tong. . . . Some of these have been found to be perverted as covers for organized crime, particularly gambling and narcotics distribution. The Bureau of Narcotics reported [1937 Annual Report] that an investigation disclosed the use of a Chinese tong as a cover for a widespread narcotic traffic ranging through most of the large cities in the country."⁵

Although no full-fledged Triad organization exists in the United States, individual Triad members do engage in criminal ventures in the United States, either alone or in conjunction with American-Chinese crime groups. Among the Triads with active United States connections are the Sun Yee On (the largest and most violent of the Hong Kong Triads), 14K, Wo Hop To, Wo On Lok, and Leun Kung Lok.

The Chinese Triads and other organizations that now dominate heroin importation on the East Coast operate primarily as shippers and wholesalers. They buy the raw product, process it, arrange for its trans-shipment, and, finally, turn it over to mid-level distributors. Reportedly, Chinese traffickers work through other groups—especially LCN and, in recent years, Dominicans and Cubans—who distribute the product to retailers. Chinese organizations are the primary source of heroin for a number of Dominican and other mid-level heroin distributors in Pennsylvania.

Indigenous Tongs and Street Gangs

Chinese tongs were first reported in the United States in 1845. The tongs

began as fraternal organizations and as legitimate mutual aid societies for Chinese immigrants brought to the United States as contract railroad laborers. Many were formed as a means of protection from white racists who periodically raided "Chinatown" areas, sometimes murdering Chinese residents while local authorities remained indifferent. Some leaders maintained Triad ties, however, and pursued the control of vice activities in American Chinatowns.

By the turn of the century, a series of bloody tong wars evolved out of feuds for control of Asian gambling, prostitution, and other vice activities. During the 1920s and 1930s, another round of tong wars resulted in the executions of at least 100 tong members. In the late 1970s, tong wars again broke out in New York and San Francisco. These wars resulted in violence in communities which had been relatively free of violence, and they alerted law enforcement to the revived vigor of organized criminal activity in the Asian communities.

Today, tong groups exist openly and are based chiefly on business affiliations, as well as civic and social activities. Tong membership is restricted to males. Most tong members have few, if any, criminal involvements; they join tongs for much the same reasons that their non-Asian counterparts join local Rotary Clubs or Kiwanis—to develop business and social contacts. Tong officers are elected annually, and formal meetings are held three or four times a year.

However, many tongs include a mix of legal and illegal activities. Often a particular chapter's involvement in organized crime activities is strongly shaped by the predilections of the tong leader. Some tong leaders are deeply involved in criminal conspiracies, while others are not. Tongs sometimes include Triad members with criminal contacts and expertise who have emigrated from China. Representatives of Triads or other criminal groups also may seek liaison with local tong groups, particularly if they are known to have criminal inclinations.

The use of tongs for criminal pur-

poses was documented by a recent (August 1990) federal indictment charging two former presidents of the National On Leong Chinese Merchant Association—including Yu Lip Moy, also known as Kein Wee Moy, of Monroeville—with operating a nationwide gambling operation. Also named as defendants were four chapters of the On Leong Merchant Association and T.C. "Eddie" Chan, a leader of organized crime in New York's Chinatown before he disappeared in 1984.

Three of the major tongs, the Hip Sing, the On Leong, and the Tsung Tsin are headquartered in New York City and maintain branches in Philadelphia. Certain elements in these tongs are involved in illegal gambling, as well as in other vice activities and extortion rackets. Gambling activities are generally confined to the tong building or lodge or to other tong-owned property. The tongs in Philadelphia, as in New York, use Asian street gangs to protect their illegal activities or to harass rivals.

Asian street gangs are, compared to tongs or triads, a relatively recent development. They began to appear in some United States cities after 1965, when liberalization of immigration laws brought an influx of young Asian immigrants. The latter, often unskilled and lacking fluency in English, tended to cluster in the Chinatowns of major cities. Friction with American-born Asians led many of the shunned "FOBs" (Fresh Off the Boat) to form gangs for self-protection, comradeship, and economic gain. The Wah Ching street gang appeared in San Francisco around 1968, and it has since evolved into a highly-sophisticated and versatile criminal organization. The Ghost Shadows were first seen in New York around 1972.

Many Chinese street gangs developed tong affiliations while others remained independent. Those aligned with the tongs earned income by protecting the tongs' gambling operations and other illicit activities. The gangs also profited from involvement in extortion, theft, and drug trafficking, independent of tong sanction.

The current major Chinese street gangs and their tong affiliations are listed in Table 10.1.

The end of the Vietnam war brought a new flood of Asian immigrants, and gangs of Vietnamese and/or Viet Ching (ethnic Chinese from Vietnam) have gained a reputation for ruthless violence unmatched by other Asian gangs. Korean gangs are well organized and less conspicuous than Chinese or Vietnamese gangs, but they are involved in much the same activities.

Cultural Ethos

The interplay of the Triads, the tongs, and the street gangs provides a loose framework for understanding Chinese organized crime. But it is the underlying cultural ethos that appears more crucial to the survival and continued influence of Chinese organized crime. Many of the cultural themes within this ethos parallel those of Italian-American organized crime, although there are significant differences as well. (A later section addresses LCN/Chinese similarities and differences in greater detail.)

The cultural ethos underlying Chinese organized crime evolved out of historical conditions of oppression and exploitation which nurtured distrust of government, loyalty to family or clan, social banditry (including extortion), and violence. According to one expert on Chinese organized crime, members of Triads, tongs, and street gangs are all considered part of the "Dark Society" or Jiang Hu, a world in which:

"a powerless and detached person can become connected to a legendary and honorable society....involved in the exploitation and intimidation of the rich and powerful, and in the provision of illegal services.... Members of the subculture believe they are simply living in an alternative way—a way that is justifiable because it redistributes wealth in an imperfect society."⁶

Members of this subculture regard one another as brothers who must

Table 10.1

Chinese Street Gang-Tong Affiliations

Gang	Tong Affiliation
Flying Dragons Ghost Shadows Ping On Gang Tung On Gang	Hip Sing Association On Leong Merchant Association On Leong Merchant Association Tung On Association and Tsunng Tsin Association

defend each other against outsiders, even when a brother has committed a heinous crime. In cultural milieus where immigrants have difficulty assimilating either into the dominant (alien) culture or into the elite Chinese overseas culture, the Jiang Hu subculture has a special appeal.

The same oppression and disorder that fostered the Jiang Hu subculture also conditioned people at large to expect exploitation as part of the social order. Street gangs and tong leaders take advantage of this cultural acceptance through extortion or "protection rackets." In many Asian countries, shakedowns are viewed as an inevitable cost of business. Shortly after his arrest on bribery charges in May 1985, Philadelphia Chinatown businessman Stephen T. Pang said he was just following an "old Chinese custom" when he began making payoffs to a Redevelopment Authority official and a district attorney undercover agent, hoping for a land swap for property near the proposed Center City convention center.

Community respect for Chinese racketeer-businessmen is cultivated by activities designed to court the "goodwill" of local residents. For example, Asian crime groups will take a leading role in providing scholarships for poor students or in offering classes to help immigrants learn English and other skills. At the same time, however, they simultaneously exploit and manipulate members of the Asian community to their personal advan-

tage.

Power is also a source of respect, and Asian organized crime figures gain "face" through skillful manipulation of symbolic manifestations of power. For example, businessmen-racketeers may organize "civic" functions and invite prominent figures in law enforcement or politics. Within the Asian community, the attendance of such figures may be seen as evidence of the organizers' power to influence politics and law enforcement. The power of tong leaders is also enhanced—rather than tainted—by their ability to mobilize the force of violent street gangs.

There is no single Asian subculture or criminal subculture. Great cultural and linguistic differences exist among Chinese from different regions of China; and even greater disparities separate Asians from Korean, Vietnamese, Thai, Cambodian, Filipino, or any of a dozen other ethnic origins. Nevertheless, the dispersion of ethnic Chinese to other Asian countries in the course of past waves of emigration has provided one source of contact. Moreover, communication and cooperation among Asian organized crime groups of very different backgrounds have been facilitated by the stereotypes held by non-Asians who tend to be blind to the differences. And those same stereotypes also hamper law enforcement efforts to understand both similarities and differences among the groups and the nature of any ties or interpenetrations that may exist.

New York Influence

As with many aspects of organized crime in Pennsylvania, the New York influence increasingly pervades Asian organized crime in the state. With the largest Asian population on the East Coast, New York City is home base for powerful Chinese criminals whose operations extend to other regions of the United States, including Pennsylvania. Major Chinese tongs, street gangs, and Triad representatives are headquartered in New York; and the city also serves as a hub for the activities of transient Vietnamese street gangs and other Asian organized crime groups.

Proximity to New York, as well as its relatively small population and limited business development, make Philadelphia's Chinatown especially susceptible to the New York influence. Most of the criminal groups and major criminal figures in Philadelphia either originated in New York City or have close ties to Chinese criminal groups in the city. With no indigenous Chinese street gangs in Philadelphia, New York-based street gangs view Philadelphia's Chinese community as an easy target for extortion and robbery, as well as a temporary haven from law enforcement authorities in New York.

The Crime Commission's investigation has documented examples of the relationship between New York-based Asian organized crime and organized crime in Pennsylvania.

- Dominican and other mid-level heroin distribution groups in Pennsylvania obtain their supplies from Chinese importers in New York City.

- Three of the major tongs, the Hip Sing Tong, the Tsung Tsin Association, and the On Leong Merchant Association are headquartered in New York City and maintain branches in Philadelphia. The Hip Sing and On Leong Tongs also have branches in Pittsburgh.

- Chinese street gangs from New York City have extended their criminal activities and influence into the Philadelphia area. Some of these have loose affiliations with the New York tongs that have Philadelphia branches—such as the Ghost Shadows (On Leong), Flying Dragons (Hip Sing), and Tung On Boys (Tsung Tsin)—or they have come at the behest of local tong leaders. Other New York-based gangs active in Pennsylvania during the 1980s have included the Mott Street Gang, the Canal Street Gang, Gum Sing, the White Tigers, and the Born-to-Kill Gang.

- Local tong leaders have sought assistance from their New York headquarters to deal with harassment by New York gang members affiliated with a rival tong.

- Several Asian organized crime figures now influential in Philadelphia acquired their initial experience in New York street gangs, including John Tom (Flying Dragons) and Dai Q. Lu (Mott Street Gang).

Philadelphia Tongs & Chinatown

In Philadelphia, some leaders of the Hip Sing Association, the On Leong Merchant Association, and the Tsung Tsin Association serve as power brokers within the Asian community; and they oversee a variety of legitimate and illegitimate business ventures. Prior to the 1980s, the dominant criminal involvement was casino gambling that offered traditional Asian games. As the popularity of casino

gambling declined in Asian neighborhoods during the 1980s, some association members expanded their criminal involvements to include investments in massage parlors and the use of Asian street gangs to extort money from rivals.

Casino Gambling

Most of the Chinese community tolerates gambling as a harmless form of recreation for the hard-working population. In Philadelphia's Chinatown, much of this gambling takes place on tong premises or on other tong-owned property. Tong-sponsored casinos offer a variety of traditional Chinese games. The games include Chinese poker, usually played with seven or 13 cards, and pai gow, a form of blackjack played with an Oriental deck. Another major gambling activity is fan tan, a game in which 40 or 50 buttons or beads are dumped on a table and players wager on how many will remain after a dealer removes the buttons in series of four, until four or fewer are left. With some games, such as mah-jongg, the players bet against each other; and the house takes a cut (5-10 percent) of each winning pot. In other games, like fan tan, pai gow, and blackjack, the players bet against the house, which may take a percentage of the players' winnings in addition to its own winnings. Many of these tong associations are small and have small, illegal gambling casinos where members and their friends gamble. Mah-jongg and 13-card poker are the most prevalent forms of gambling in these establishments. The association usually receives a 5 percent commission on all bets; and this income is sometimes an essential ingredient in the tong's regular operating budget, much like the regular bingo games sponsored by churches and civic groups.

More significant, however, are those tong associations that are involved in the operation of "high stakes" gambling. Although the tongs receive rent, or occasionally a percentage of the gambling action, most of the gambling profits go to the casino's

financial backers, who are usually tong members. In return for a share of the profits, these backers or "shareholders" invest money and become the "bank." They are responsible for hiring casino employees, managing casino operations, providing credit to customers, and collecting gambling debts. They often employ the services of a street gang to prevent robberies by rival gangs or to help with collections.

Three "high stakes" casinos have been identified in Philadelphia's Chinatown. One casino operated at 927 Race Street and was associated with the On Leong Merchant Association. Another casino operated intermittently at the location of the Hip Sing Tong at 938 Race Street. The largest illegal casino is located at 926-930 Winter Street, local headquarters of the Tsung Tsin Association. These casinos are generally open to Asians only.

Over the past several years, the most successful casino in Philadelphia's Chinatown has been that of the Tsung Tsin Association, operating under the auspices of its former president Wai Sin Yeung. One of the financial backers has been Yu Chiu Chang, also known as John Chang, an important crime figure in Chinatown. Casino shareholders have used members of the New York Tung On Gang to protect their games; still, this has not prevented the casino from being robbed twice within a 13-month period, most recently in July 1990.

In 1987, Ken Chan, president of the On Leong Merchant Association, used tong property at 927 Race Street to establish and operate the Big City Casino. As part of its operation, the local branch had to pay 15 percent of its net profits to the national On Leong headquarters in New York City. For a time, Chan employed the protective services of a Viet Ching gang headed by Dai Q. Lu. Lu's gang was a splinter group of the Ghost Shadows. Extension of too much credit to players, failure to collect debts, and other poor management practices led to closure of the casino in November 1988. Chan had to appear before the national On Leong

Board in New York to answer allegations that he was stealing money from the casino. An effort to "save face" prompted Chan to hire members of the Born-To-Kill (BTK) street gang to intimidate debtors into paying up.

Another casino that has lost ground in recent years is that of the Hip Sing Association. Min Ling Tom, also known as John Tom or "Fish," the English-speaking secretary of the tong, operated the casino from the tong's first floor at 938 Race Street. Although high stakes gambling events still occur on an occasional basis, the casino has become inactive, and Tom has turned his attention to other ventures (Tom's activities are described at greater length below).

A number of factors account for the apparent decline of "high stakes" gambling casinos in Philadelphia's Chinatown. Legal casinos in nearby Atlantic City feature traditional Chinese games and Asian entertainment. Increased gang activity in Chinatown (ironically, some of it sponsored by casino backers) has raised concern about security at the casinos. Also, Philadelphia's relatively small Chinatown may lack a sufficient population base to support three illegal casinos. Nevertheless, the Tsung Tsin casino continues to attract high-rollers. Cash and jewelry, worth as much as \$100,000, were taken from the casino and its patrons in the July 1990 robbery.

Prominent Chinese Crime Figures

Several criminal entrepreneurs, mentioned above in connection with tong casinos, are also influential Chinatown businessmen who function as ably in legitimate society as they do in the underworld. Each is connected to one of the major tongs, and their involvement with the illegal casinos has enhanced their underworld reputations. All operate a variety of legal enterprises, and at the same time they finance criminal

activities, oversee criminal operations, and act as middlemen between the Chinese underworld and the political and business establishment.

• **Min Ling Tom**, also known as John Tom or "Fish," 39. Born in Canton, China, Tom emigrated to the United States at the age of 12 (1963) and settled in New York, later moving to Philadelphia. A member of the Flying Dragons street gang while in New York, Tom capitalized on the close relationship between the Flying Dragons and the Hip Sing Association. He has held the elected position of English-speaking secretary with the tong for 10 years. Through his company, Dynasty Development Corporation, Tom opened the Teahouse II coffee shop and video arcade at 1015 Race Street in 1985. In 1987, he was involved in the short-lived Silver Palace Restaurant at the Quality Inn at 1010 Race Street. Tom currently serves as treasurer and general manager of UE Enterprises (Phili), Inc., a videotape store specializing in Chinese movies and tapes of broadcasts from Hong Kong. UE Enterprises is a licensee of Hong Kong TV Broadcasts, Ltd., a company connected with the powerful Wah Ching, an infamous Chinese organized crime group based in California.

In addition to operating the illegal casino for the Hip Sing, Tom's criminal activities have included extortion rackets. The Commission has documented that for several years Tom has collected monthly extortion payments of \$1,000 or more from several prostitution operations—some of them affiliated with rivals like John Chang—including the Oriental Figure Salon, 128 N. 9th Street; Dynasty Massage Parlor, 46 N. 10th Street; Tokyo Garden Health Spa, 216 N. 13th Street; the Natural Garden Health Spa, 1201 Race Street; and 908 Beauty Studio (also known as Happing Health Club), at 908 Arch Street.

Building on his business success, his influence with the Hip Sing Association, and his close contacts with the Philadelphia and New York Flying Dragons, Tom has developed a reputation as a power broker within the

Asian community. This reputation was enhanced by a clever demonstration of apparent power to use the police for his own ends. Tom became involved with a retired Philadelphia police officer by the name of Richard Pagliarella in a shake-down of Chinatown massage parlors. Pagliarella identified himself to the operators as a member of the police department and threatened to shut down the parlors unless they paid money to "Fish," otherwise known in Chinatown as John Tom.

• **Yu Chiu Chang**, also known as John Chang, 34. Born in Foochow, China, Chang settled in Philadelphia in 1976; and he has become a criminal rival of John Tom. Chang is a member of the Tsung Tsin Association and has been one of the financial backers of the Tong's successful casino operation. Chang augmented his power base by affiliating with Dai Quoc Lu (also known as "Wing Lee"), who had assembled a Viet Ching gang, formerly in the service of Ken Chan. In early 1989, a few months after the closure of the Big City Casino, Chang and Lu became hidden partners in the 908 Beauty Studio (subsequently a target of John Tom's "police" shakedown). Although Chang was the principal financial backer (having invested about \$80,000 to renovate and furnish the parlor), Hoang Trich "David" Tai, was fronted as the owner; Chong Cha "Mimi" Miller managed the business; and the property has been owned by Chang's brother, Eugene Yo Chao Cheung. Through Lu's gang, Chang has been extorting up to \$2000 per month from other massage parlors in the city, targeting some of the same parlors hit by John Tom. On November 27, 1990, Chang, Tai, and Miller were indicted on charges that they paid \$1,300 in bribes to an IRS undercover agent to evade federal business and personal taxes on income gained from the 908 Beauty Studio.

Chang's business interests have included part ownership of a wholesale food distributor, M.J. Food Company, 206 N. 9th Street; partnership (with James Luit Chu) in the Ocean Garden Restaurant, 942 Race Street;

and operation of laundromats in South and West Philadelphia. Chang also owns commercial property in Guatemala and has been active in buying and selling numerous properties in the Philadelphia area over the past decade.

● **Ken Hoi Chan, 33.** Chan and his family emigrated from Foochow, China, and settled in the Philadelphia area in 1972, when Chan was a teenager. Chan's base of operations has been his family-owned business, the Joy Tsin Lau Restaurant, 1026 Race Street. He sought to enhance his stature in the community by serving two terms as president of the Philadelphia branch of the On Leong Merchant Association, in 1987 and 1988.

While president of the tong, Chan became one of the major financial backers of the "Big City Casino," located on tong property at 927 Race Street. During the same period, he also opened the Haven Health Club (later renamed the Natural Garden Health Spa). Chan has confided that his girlfriend knew how to "work a whorehouse" and had expressed aspirations to control prostitution in Chinatown. He attempted to protect his criminal interests first through use of Dai Q. Lu's street gang and later through an arrangement with members of the "Born-to-Kill" street gang.

However, Chan either underestimated his criminal rivals, or he lacked the criminal acumen to profit from his illicit enterprises. In late 1988, the casino folded, and Chan was forced to sell the massage parlor. Dai Q. Lu's gang defected to John Chang; and the BTK gang members, hired to collect gambling debts for Chan, began to extort from Chan himself. Chan filed charges, and three of the gang members Hoi Tieu, Hung Lam, and Cuong Diep were convicted in June 1990. Nevertheless, despite his failures, Chan has demonstrated the resources and desire to be a continuing presence in Chinatown's criminal milieu.

Chinese Street Gangs

A number of mobile Chinese and Vietnamese gangs were sporadically active in Pennsylvania during the 1980s, including the Flying Dragons, Ghost Shadows, Tung On Boys, the Mott Street Gang, the Canal Street Gang, Gum Sing, the White Tigers, and the Born-to-Kill Gang. As noted earlier, some gangs have strong tong affiliations, while others are independent.

Gang membership is restricted to males. The age of most gang members ranges from the late teens to the mid-twenties; occasionally leaders are in their thirties. Gangs have only weak cohesion and tend to spawn splinter groups over time. The predominant crimes are extortion and robbery, with targets in Chinatown that include both legitimate, especially restaurants, and illegitimate businesses, such as, massage parlors and gambling casinos.

Extortions by Asian gang members are often subtle and indirect. In Chinese culture, *li shi* or "lucky money" is given in red envelopes to family and relatives on special occasions. The custom derives from a ceremony in which money is placed in the mouth of a paper dragon to buy its benevolence. Gangs distort the custom by approaching businessmen and politely requesting "lucky money," in a red envelope as a "gift." Another ploy is to politely request a "loan" or "traveling money" that both the giver and taker know will never be repaid. Restaurant owners are especially vulnerable to intimidation. Gang members can disrupt business during peak hours by occupying numerous tables or by causing a disturbance. Gang members may enjoy an expensive meal, then leave without paying. Also, the presence of gang members in a restaurant can have a chilling effect on business in the whole neighborhood as customers become fearful of patronizing locations frequented by young hoodlums.

Asian businessmen often yield to

gang demands, for a variety of reasons:

● Asians from homelands with oppressive governments and powerful crime groups are culturally conditioned to look on extortion as an inevitable business expense.

● Asians often misunderstand the United States bail system. They assume that criminals must have the power to bribe the police when they reappear on the street so soon after arrest.

● In addition to being inhibited by language and cultural barriers, Asians sometimes feel that they will "lose face" by discussing community problems with "outsiders."

● Asian merchants fear their businesses will suffer if extortion incidents are publicized.

The Ghost Shadows and the Flying Dragons are among the tong-affiliated street gangs in New York City who maintain close relationships in Philadelphia. The Ghost Shadows gang—organized in 1971 by immigrants from Taiwan, Hong Kong, and Malaysia—is affiliated with the On Leong Tong in New York City. The Flying Dragons are affiliated with the Hip Sing Tong, which is headquartered in New York City and is led by Ong Hon Shew (also known as "Benny Eng," and "Uncle Seven"), an 80-year-old immigrant from Harbin, China.

New York gang members come to Philadelphia for a variety of reasons. Some make only brief stays—to hide temporarily from New York law enforcement scrutiny or to make quick scores from robberies, before returning to New York or moving on. Others have settled in Philadelphia's Chinatown, or make frequent visits, because they believe the small size and relative peace of the local Chinese community is an attractive alternative to the competitive and dangerous world of Chinese street gangs in New York. They maintain their contacts with gang members in New York and elsewhere and are able to call on them when necessary.

New York gang crimes in Philadelphia's Chinatown began to attract major attention in 1983. In the sum-

mer of 1983, members of the New York-based Flying Dragons began to extort weekly tribute from Chinese merchants in Chinatown. Shortly before 5:00 a.m. on the morning of August 14, 1983, three of the gang members entered the Ho Sai Gai Restaurant at 10th and Cherry Streets and demanded money. Their demands were either misunderstood or refused by the young Chinese-American manager Jade Wong, a recent Penn State graduate. She was shot as she attempted to phone the police, and she later died in the hospital.

The shooting of Jade Wong shocked and enraged the local Chinese community, and the murder investigation brought to light for the first time other reports of previous extortion attempts at Chinatown businesses. Although subsequent gang activities have been less violent, they have become more frequent. Ah Thank Lee and Cam Ly, members of the Flying Dragons, were convicted of Jade Wong's murder. Chang T. "Benson" Leong, a third suspect, was recently arrested but has not yet been tried. In another case, Lee was convicted on extortion charges involving a New York City restaurant.

The Tung On Gang, headed by Clifford and Steven Wong from New York, was one of the first New York-based gangs to establish an ongoing presence in Philadelphia. In New York City, the gang is affiliated with both the Tsung Tsin Association and the Tung On Association, which have established an alliance. The Tung On Association has established a close relationship with the Sun Yee On Triad in Hong Kong, a Triad heavily involved in heroin trafficking. In Philadelphia, Tung On gang members have been affiliated with the Tsung Tsin Association and, in the past, they have been used to protect its illegal casino. This affiliation did not prevent the gang members from robbing the casino in 1989, an incident which demonstrates that Tong-gang relationships are mercurial and less subject to tong control than is sometimes believed.

A series of extortions from Chinese businesses, massage parlors, and

illegal casinos of the Hip Sing and On Leong associations began in early 1987, with the arrival of three New York Tung On gang members, Chin Chu Liang, also known as "Andy Leung"; William Chan, also known as "Alligator"; and Thanh Lam, also known as "Rock and Roll." Upset by the extortions, members of the local Hip Sing Association and the On Leong Merchant Association went to New York City and complained to their national headquarters.

As a result, members of the New York Flying Dragons beat Andy Leung and warned him not to bother members of the Hip Sing Association in Philadelphia. Leung ignored the threat and continued his extortion even after being wounded in a shooting incident. Leung and his brother were arrested, but extortion charges were later dropped when fearful witnesses refused to testify. Leung was eventually shot to death in New York City. Nonetheless, under the leadership of Thanh Lam, Tung On gang members continued to visit Philadelphia periodically to collect extortion money from Chinatown restaurants.

One of the independent gangs operating in Philadelphia's Chinatown is comprised mainly of Viet Ching from California, New York, and Texas, and is led by Dai Q. Lu. A former member of the Mott Street Gang in New York City, Lu also spent time in California before coming to Philadelphia in 1987. After recruiting his gang members, Lu was first employed by Ken Chan to guard and staff the Big City Casino.

After the casino closed in late 1988, Lu and his gang became aligned with John Chang in the operation of the 908 Beauty Studio, which became one of the gang's hangouts (see Figure 10.1). Lu and his gang then undertook the systematic extortion of Chang's competitors, such as the Red Dragon Spa and the Dynasty Massage Parlor, collecting as much as \$2,000 per month. Massage parlors were not the gang's only targets. On October 22, 1990, Steven Luong and William Ho, members of Lu's gang, were convicted of charges related to the attempted extortion of \$2,000 from

the owner of the Lilly Chau Restaurant in South Philadelphia in November 1989. Luong and Ho each received prison sentences of one to five years.

Increasingly, Asian street gangs in the Philadelphia area have turned to robbery as a fast route to lucrative profits. Some massage parlors are twice victimized—they are extorted and robbed by the same gang. At the same time that Dai Lu's gang was extorting "protection" money from the Oriental Figure Salon and the Dynasty Massage Parlor, Lu had them robbed six times in a 15-month period. He disguised his role in the robbery by recruiting out-of-town gang members. Finally, six gang members, Chem Wei, Hoa A. Luong, Nhuan Lu, Hoa Lay, Dong V. Chong, and Tri T. Luong were arrested on March 26, 1990, for an attempted robbery at the Dynasty Massage Parlor. Five other gang members were arrested on April 7, 1990, for attempted extortion at the same parlor.

Recognizing that many robberies of massage parlors and casinos are never reported, Table 10.2 lists 17 robberies (mainly of massage parlors) known to have occurred between September 1986 and November 1990. Most of these robberies occurred during the 12-month period starting in December 1988, and involved four to seven well-armed gang members.

Vietnamese Gangs

Vietnamese street gangs, consisting of members in their late teens and twenties, have established themselves in most cities with sizable Vietnamese populations, including Philadelphia. The Vietnamese gang phenomenon dates back to the massive influx of Vietnamese refugees following the fall of Saigon and the end of the Vietnam War in 1975. These refugees included some criminals who had operated in Vietnam prior to and during the war. There is little evidence of an organized crime tradition in Vietnam as there is in the Chinese and Japanese underworlds.

Figure 10.1

JOHN CHANG'S CHINATOWN GANG

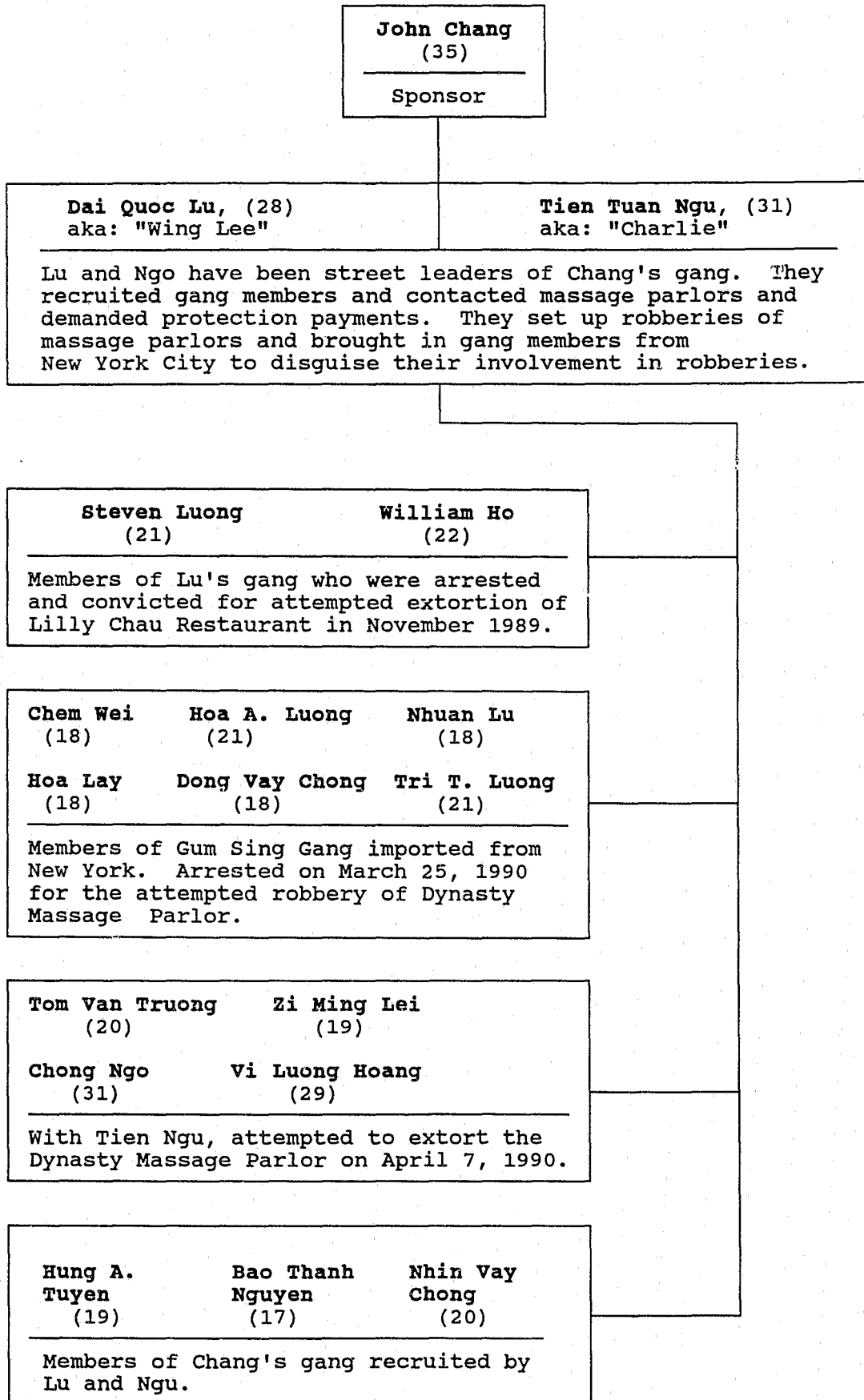


Table 10.2

Asian Gang Robberies: 1986-1990			
Date	Target	Gang	Take
9/6/86	Chinese Delight Restaurant Wayne, PA	Unidentified Chinese Gang	\$1,500 plus jewelry
11/12/86	Oriental Figure Salon Philadelphia	Unidentified Vietnamese Gang	\$17,000 plus jewelry
11/15/86	Vietnamese merchant Philadelphia	Hao Thruong Vietnamese Gang	\$20,000
12/6/88	Dynasty Massage Parlor Philadelphia	Dai Lu's Chinese Gang	Unknown
1/89	Dynasty Massage Parlor Philadelphia	Unidentified Gang	\$40,000 plus jewelry
6/17/89	Tsung Tsin Association Casino Philadelphia	Unidentified Gang	\$20,000 - \$50,000 plus jewelry
6/20/89	Oriental Figure Salon Philadelphia	Tung On Gang	\$8,000 - \$40,000 plus jewelry
6/29/89	Home Invasion South Philadelphia	South Philadelphia Vietnamese Gang	Jewelry, stereo, and automobile
8/6/89	Dynasty Massage Parlor Philadelphia	Dai Q. Lu's Chinese Gang	\$2,000 - \$3,000 plus jewelry
8/7/89	Oriental Figure Salon Philadelphia	Dai Q. Lu's Chinese Gang	Unknown
8/17/89	Dynasty Massage Parlor Philadelphia	Dai Q. Lu's Chinese Gang	\$1,000 plus jewelry
8/19/89	Oriental Figure Salon Philadelphia	Unidentified Asian Gang	Cash and jewelry
11/6/89	Orient Studio Philadelphia	Flying Dragon and Dai Q. Lu Gang Member	Arrested During Attempt
3/25/90	Dynasty Massage Parlor Philadelphia	Gum Sing Viet-Ching Gang	Arrested During Attempt
7/9/90	Tsung Tsin Association Casino Philadelphia	Unidentified Vietnamese Gang	\$50,000 - \$100,000 plus jewelry
9/2/90	Home Invasion Telford, PA	Unidentified Vietnamese Gang	\$200, five VCRs, and an automobile
11/1/90	Home Invasion Willow Grove, PA	Unidentified Asian Gang	\$1,200 plus video tapes

Vietnamese language and culture have been strongly influenced by Chinese values and traditions. Some Vietnamese are ethnic Chinese (Viet Ching) who have been assimilated into existing Chinese criminal organizations. The Flying Dragons Chinese street gang in New York City, for example, has a Vietnamese contingent. Similarly, Dai Q. Lu, himself a Viet Ching, had experience with a splinter group of the Ghost Shadows before assembling his own gang. Vietnamese gangs are reputed to be more violent than the Chinese gangs, and they sometimes are recruited into Chinese crime networks for that reason.

Some Vietnamese gangs are indigenous, recruiting members from the local community, where they maintain social ties. Other Vietnamese gangs are highly mobile, traveling from one Vietnamese community to another to commit criminal acts, and using safe houses shared by members of other gangs. Their mobility makes them difficult to control. Both types of gangs prey predominantly on Vietnamese and other Asians.

One authority on Vietnamese gangs has classified three distinct groups based on their level of organization and structure: formal, informal, and casual.⁷

- A formal gang has a strong, well-established leader with a cadre of reliable members who exert their influence over a geographical area and/or criminal activity.
- An informal gang is less organized. It often has a charismatic individual, referred to as an "elder brother," who directs gang activities; but the gang's influence is limited by its lack of organization and stable membership.
- A casual gang has no defined leader. It is composed of members who periodically band together to plan and carry out criminal activities.

In Philadelphia, the primary criminal activities of members of Vietnamese gangs include extortion, residential burglary, robbery, auto theft, narcotics trafficking, and assaults. Some members are drug addicts who are involved in criminal activity to support their drug habits. Gang members use

"direct" and "indirect" methods to extort from Asian-owned businesses in Philadelphia. Using the direct method, gang members approach merchants, demand payments, and threaten violence or property damage if their demands are not met. Using the indirect method, gang members, with no intention of repaying, repeatedly "borrow" money from merchants. The affected merchants realize that the loans will not be repaid but comply to avoid violence. Sometimes gang members repeatedly run up "tabs" in restaurants and then leave without paying their bills.

Several loosely-knit Vietnamese gangs have been identified in the Philadelphia area. One gang, led by Hao Huu Thruong, operated in South Philadelphia and had approximately 30 members. The gang was involved in robbery, extortion, and theft. In December 1986, six gang members were arrested. Five were charged with aggravated assault in the stabbing of a Vietnamese man at a community-sponsored dance in West Philadelphia in November 1986. Three gang members also were arrested for robbing guests of approximately \$20,000 at a birthday party given for the daughter of a local Vietnamese merchant.

A Vietnamese gang currently operates in West Philadelphia in the area of the University of Pennsylvania and has about 20 members. This group is known today as the West Philly Woo Boys and is involved in extortion, residential robberies, and auto theft. Another Vietnamese street gang, consisting of about 25 members, has been operating in the vicinity of the Italian Market in South Philadelphia. The gang is engaged in extortion and auto theft. In March 1986, three Vietnamese minors from the South Philadelphia street gang, and another from Arlington, VA, were apprehended in Mercer County, NJ, and charged with operating a stolen vehicle and with illegal possession of two pistols.⁸

Transient Vietnamese gangs have also plagued the Philadelphia region. Four young Vietnamese armed with hand guns and a rifle robbed a mas-

sage parlor (Oriental Figure Salon) in Chinatown in November 1986, netting \$17,000 in cash and jewelry. They were arrested later the same day in Connecticut. Those arrested included Loc Buu Duong, Tieu Van Bach, Hung Viet Vo, and Dong Tien Huynh, all in their twenties. Duong, Bach, and Vo were convicted and sentenced to 8 to 14 years in prison. Charges against Huynh were dismissed.

Local gang members are mobile, and travel to Vietnamese communities in New York City, Boston, and the Washington, DC, area. These mobile Vietnamese gangs select extortion victims as they travel. On August 19, 1989, the owner of a Vietnamese food store in Telford complained to police that his store windows had been shot out by four Vietnamese gang members who had attempted to extort him. The next day, after the store owner found his car and van vandalized, he paid the gang members \$200. Two days later, the gang returned for an additional \$2,000 in "protection." After making a \$300 down payment, the store owner notified the police, who arrested the gang members when they returned for the balance five days later. Subsequent investigation revealed that various gang members were wanted for robbery and weapons violations in Florida and Texas.

In 1990, Cuong Le Vang, Son Duy Dao, and Hoa Van Tang pled guilty to extortion charges and received prison sentences. Vang, Tang, and another gang member, Chau Ngog Pham, were subsequently turned over to police in St. Petersburg, FL, where they were wanted on charges of committing a robbery in August 1989.

Korean Prostitution

Oriental massage parlors have become an increasingly common feature in and around Chinatown in Philadelphia and in the Pittsburgh area. According to Ko-lin Chin, an authority on Asian organized crime, only a single massage parlor existed in Philadelphia's Chinatown in 1984.

Currently, there are at least six such parlors in Chinatown, and seven others elsewhere in Philadelphia. These and parlors in the Pittsburgh area are listed in Table 10.3. Parlors in the heart of Chinatown cater exclusively to an Asian clientele, while others, on the fringe, serve mainly non-Asians.

For the most part, these parlors are staffed—and sometimes owned and operated—by Korean women. The extent to which Korean prostitution is organized, and by whom, is unclear. However, there is ample evidence of a nationwide network through which Korean prostitutes operate, often moving both intracity and intercity, and working out of massage parlors and bars. Many Korean prostitutes enter the United States as the wives of American servicemen stationed in South Korea. Sometimes these servicemen are paid to participate in sham marriages for the sole purpose of bringing Korean women into this country as legal immigrants. Often the women are unaware that they are to become prostitutes until they are intimidated into prostitution after their arrival. Others enter prostitution willingly, attracted by the money. Once here, the women obtain divorces and are placed in various massage parlors and bars. The U.S. Immigration and Naturalization Service is currently investigating several marriage brokers who paid G.I.s \$10,000 to marry Korean women so that they could enter the United States and engage in prostitution. Some women are able to save enough to invest in their own operations (most of the parlors listed in Table 10.2 are owned or operated by women), and some women have been able to move from ownership of massage parlors to ownership of legitimate businesses.

In late 1985, Kyong Chu Graham, the ex-wife of a U.S. serviceman, was able to leave a New York City massage parlor and open the Dynasty Massage Parlor at 46 North 10th Street in Philadelphia. By 1987, Graham was able to purchase the Seoul Garden Restaurant at 4746 Spruce Street with Chung Leung

"Tony" Tang, a business partner of her future husband, Yick Man "Dickson" Wong. Graham sold Dynasty Massage Parlor later the same year. On November 27, 1990, she and her husband, Dickson Wong, were indicted on charges of paying \$8,000 in bribes to an IRS undercover agent, in order to evade federal taxes on income derived from the operation of the Dynasty Massage Parlor.

The Garment Industry

During the past decade, Asians have assumed a greater role in the garment industry of the Northeast. In New York City's garment district, Chinese have taken over many of the businesses; and Philadelphia and other Northeastern cities have experienced a "spillover" effect. Some businessmen in the garment industry make huge profits by running illegal "sweatshops." By hiring illegal immigrants desperate for work, these manufacturers are able to pay subminimum wages with few, if any, benefits. The lack of opportunities for unskilled Asian immigrants makes them easy prey. Some Asian entrepreneurs further augment their profits by evading payroll taxes. By paying workers in cash, both employers and workers avoid payment of social security, income, and other payroll taxes.

The existence of such practices in Philadelphia was disclosed in an indictment on November 27, 1990. Yick Man "Dickson" Wong and Chung Leung "Tony" Tang, Chinese owners of Master Enterprises, Inc., were charged with paying \$24,000 to an undercover IRS agent in order to evade federal taxes. According to the indictment, Wong and Tang bribed the agent so they could file fraudulent returns to evade payment of taxes, interest, and penalties owed by Master Enterprises, 1016 Cherry Street, and its subsidiaries and subcontractors Sing Lee Fashion, Inc., Sun Anna Garment, Inc., and Tempo Fashion, Inc.

Tang, Wong, and Wong's wife, Kyong Chu Wong (formerly Kyong Graham—see above), were charged

with paying another \$16,000 in bribes to evade taxes due in connection with several other businesses, including the Mayflower Restaurant owned by Tang, the Seoul Garden Restaurant owned by Tang and the Wongs, and the Dynasty Massage Parlor, which was owned and operated by Kyong Wong from 1985 to 1987.

Associations between Asians in the garment industry and La Cosa Nostra can be expected, since La Cosa Nostra exerts significant leverage within the industry through its control of trucking. In May 1989, Peter Chan, owner of a South Jersey trucking firm, escorted New York businessman Joseph Gambino and two of his employees around several Asian sewing shops in Philadelphia. Joseph Gambino is the brother of Thomas Gambino, a caporegime in the Gambino Family in New York, and the son of Carlo Gambino, the late Family boss. The purpose of Gambino's visit was to obtain trucking and/or sewing business from sewing shops in Philadelphia's Chinatown. The request to escort Gambino and the others came from Gary Chan, Peter's brother and the owner of a clothing company in New York. In October 1990, the Manhattan District Attorney's Office indicted Thomas and Joseph Gambino, the two employees who accompanied Joseph Gambino during his Philadelphia visit, and four Gambino-controlled trucking firms on charges of enterprise corruption, extortion and coercion. The defendants were charged with controlling the trucking of garments in and around New York City through extortion, coercion, and monopolistic practices.

The LCN Comparison

Asian organized crime operates on many levels, from the Triads at the international level, through tongs with nationwide connections, to itinerant gangs. There are considerable linkages among these different types of groups, and individual criminals often hold membership in groups at

Table 10.3

Asian Massage Parlors		
Massage Parlor	Location	Principal(s)
Dynasty Massage Parlor	46 North 10th Street Philadelphia	Chong Ae Yi Chan Yeo Gibson
Red Dragon Spa formerly: Oriental Figure Salon	128 North 9th Street Philadelphia	Yong Sun Ko
908 Beauty Studio a/k/a: Happing Health Club Arch Beauty Studio	908 Arch Street Philadelphia	Oe Pok Spencer
Natural Garden Health Spa formerly: Haven Health Club	1201 Race Street Philadelphia	Ae Cha Kang Anderson OK L. Lo
New World Oriental Health Spa	1211 Race Street Philadelphia	Yong Sun Ko Yu Hwa Barnes
Tokyo Garden	216 North 13th Street Philadelphia	Sung Jah Bryant Kang In Anderson
Bangkok Health Spa	1017 Spring Garden Street Philadelphia	Sang Ki Chun
Chopstick Spa, Inc.	1241 Vine Street Philadelphia	Kim Freeman Unmi Stringfellow
Dahsan Health Club	3527 Cottman Avenue Philadelphia	Sung Jah Bryant
Oriental Paradise Studio	2024 Chestnut Street Philadelphia	Sohu Welshans
Oriental Delight	1812 Ludlow Street Philadelphia	Muhamad Rocman
Orient Studio	1437 Vine Street Philadelphia	Kum Ok Lowery Unmi Stringfellow
Song of Orient Health Spa	524 South 3rd Street Philadelphia	Song Suk Garrett
Japanese Health Spa	6091 Steubenville Pike Robinson Township	Samantha Collette Yidong Ha
Oasis Leisure Spa	7500 Grand Avenue Neville Island	Chong Kim
Shogun Health and Fitness Spa	2013 Penn Avenue Pittsburgh	Pok Chong Jones
Tokyo Health Spa	3340 Library Road Castle Shannon	Su Cha Kim Walls

different levels. This web of connections has inspired observers to speculate about the possibility that Asians may develop into a "super-Mafia," capable of controlling many aspects of organized crime in this country and around the world. It is appropriate, therefore, to consider some of the similarities and differences between Asian organized crime and La Cosa Nostra, and to assess the possibility that Asian organized crime may develop into a threat that rivals or even surpasses that of traditional organized crime. Obvious parallels can be found in the cultural ethos that underlies both Asian and Italian organized crime:

- In both China and Italy, a heritage of political fragmentation and governmental oppression led to the formation of fraternal and protective societies that emphasized secrecy; ritual; a strong hierarchy; and family, ethnic, and group loyalty.
- Both cultural traditions exhibit distrust of government, tolerance for "shady" business practices, acceptance of extortion as a cost of business, and acknowledgment that payments to public officials may be a useful tool in promoting and protecting their activities.
- Both cultivate good will within their local communities, while simultaneously exploiting those communities.
- In both Chinatown and Little Italy, organized criminal elements seek peaceful coexistence with both law enforcement and the community at large.
- In contrast to Colombian and other groups that specialize in a single activity such as narcotics trafficking, both Asian organized crime and La Cosa Nostra display considerable diversity in their criminal involvements, centering around gambling as a reliable source of profits, but also involving drug trafficking, prostitution, extortion, and numerous other rackets.
- Finally, both have extensive national and international contacts and networks that offer considerable potential for expansion.

Notable differences also exist, and

many of these suggest limits on the extent to which Asian organized crime in America could grow to rival La Cosa Nostra in size of threat or influence within the sphere of organized crime. First, in comparison to LCN, there are fewer full-fledged career criminals among Asians. Many Asian organized criminals are businessmen first, who dabble (sometimes heavily) in illegal activities and who then plow their illicit gains back into their legitimate businesses. These "racketeer-businessmen" may also be community leaders. In contrast, although LCN mobsters may combine business interests with their racketeering, the great majority are full-time career criminals who would rarely be considered community leaders (even though they may be "respected").

Second, with the exception of drug trafficking, Asian organized criminal groups limit almost all their activities to the Asian community. In the early years, Italian groups in this country first established their operations within their own communities, but then they quickly branched out. Confinement to their own community is a trait Asian organized criminals share with Black crime groups. For the latter, racism is undoubtedly one of the major obstacles to expansion, but choice—some would say "clannishness"—appears to be a greater factor in the limitation of Asian organized crime to Asian communities.

Third, Asian organized crime groups seldom, if ever, involve non-Asian associates. While Italian/Sicilian culture differs somewhat from the dominant Anglo-North European culture of the United States, Asian culture and language differ even more markedly from the mainstream. This greater cultural divergence may account in part for what appears to outsiders to be greater "clannishness"—*i.e.*, for the dual phenomena of Asian organized crime remaining within Asian neighborhoods, and eschewing the use of non-Asian associates. This conclusion is supported by the relative ease of cooperation among Asian criminals of

different ethnic backgrounds, and by the expansion of Chinese organized crime to other oriental groups within the Asian community.

Fourth, while the hierarchical organization of Triads may appear to parallel the LCN hierarchy, Asian organized crime groups in general are more loosely structured, fluid, and decentralized. Asian groups also lack clear-cut mechanisms for succession of leadership and mediation of disputes such as the LCN "sitdown" and "Commission." However, there is evidence that national tong associations occasionally contribute to dispute settlement, and they may have potential for evolving settlement mechanisms within tongs.

Finally, although family, ethnic, and group loyalty are important to both Asian organized crime and LCN, Chinese organized criminals (*e.g.*, Triad members and tong racketeers) do not have a network of families, as does LCN. Networks of tong racketeers, for example, are based more on personal and business ties. The importance of family in Asian culture is nevertheless reflected in the fictional kinship ties established within street gangs. The gang leader is regarded as "elder brother," and the gang is structured along the lines of the extended families which exist in the Asian community, sometimes giving them connections across the country and in Europe and Asia. Family ties are also important within the Asian business community, including the "underground" banking system sometimes utilized for the transfer of drug money. This "native" banking system, run almost exclusively by Chinese, is independent of the commercial banking sector and operates through networks of gold shops, trading companies, and money changers located in different countries and run by members of the same family.

Despite numerous similarities to traditional Italian organized crime, it would appear unlikely within the foreseeable future that Asian organized crime will become a serious rival to La Cosa Nostra, let alone surpass it. So far Asian crime groups have

not demonstrated an inclination to expand their operations beyond the Asian community. Even more important, perhaps, is the impact of RICO. Because of RICO, and the greater power it gives law enforcement authorities for combatting criminal organizations, it is much more difficult—perhaps impossible—for any ethnically-based crime organization to achieve the kind of dominance manifested by LCN in the last half-century. (This projection assumes that law enforcement intelligence systems are vigilant to Asian organized crime's presence.)

Assessment

Asian organized crime clearly poses a serious threat in many parts of the world, and in some parts of the United States—most notably New York City and the West Coast. However, the level of threat may be overstated in recent claims that "Asian organized crime will end up being the No. 1 organized crime problem in the next few years," and that Asian groups "will make the Sicilian Mafia look like a bunch of Sunday School kids."⁹ The available evidence does not support the view that Asian criminal networks at the present time pose a serious organized crime menace in Pennsylvania, especially when compared to a number of other groups in the state.

A number of factors combine to limit the threat of Asian crime groups outside Asian communities:

- Asian crime groups in Pennsylvania have so far limited their activities to Asian neighborhoods.

- The profit potential is limited by the relatively small size of the Asian population and by types of criminal activities. Gambling has traditionally been the chief money-maker, but it is declining. Where once there were four large gambling casinos, only two still operate. Legalized gambling in Atlantic City has attracted Chinese gamblers. Some elderly Chinese continue to play, but their numbers are dwindling.

- Access to Asian heroin importers in New York would offer Asian criminal groups the potential for huge profits; but, for whatever reasons, Asian groups in the state appear to have made no attempt to move into heroin distribution (except for small amounts made available through massage parlors by Asian street gangs).

- Traditional tong leaders, as community leaders, may be reluctant to introduce criminal activities—such as drugs—which would seriously jeopardize the Asian community itself.

- Cultural and language barriers may limit the inclination or the ability of Asian crime groups to victimize non-Asians or to cultivate non-Asian criminal associates.

At the same time, the exploitation of fellow-Asians by Asian crime groups is deplorable and requires continuing attention from law enforcement agencies. A number of factors handicap authorities in providing better protection to Asian communities:

- There exists a culturally-ingrained distrust of authority and government on the part of Asian populations and a failure to understand the United States bail system and other aspects of the justice system.

- Asian communities exhibit a certain cultural tolerance for extortion and protection rackets.

- Law enforcement authorities lack an understanding of Asian customs and languages—and the multiplicity of Asian cultures.

- The cultural multiplicity and the unique features of some aspects of Asian organized crime may limit the utility of law enforcement techniques developed from experience with different crime groups.

- The secrecy underlying Asian criminal groups makes them difficult to penetrate.

- Memberships of Asian criminals in more than one criminal organization make it difficult to identify which group is involved in a particular offense when a criminal is arrested. This confusion permits the group to continue or to reestablish the operation even when major players are removed.

- It is difficult for law enforcement to infiltrate the maze of secret financial transactions carried on through the underground banking system and the network of ethnic-based commercial contacts.

While the threat of Asian organized crime to the Commonwealth at large seems limited, a number of factors could cause that situation to change:

- Asian criminal groups in Pennsylvania are well-positioned to become major players in the heroin traffic, should they choose to do so.

- Declining profits from gambling and other traditional ventures of Asian crime groups may lead them to turn to drug distribution as has been the case of gambling operations in the Black and Hispanic communities.

- While some Asian criminals are constrained by their positions as community leaders, street gang members have the potential to develop into full-fledged career criminals. Some gangs may mature into sophisticated and diversified criminal operations, like the Wah Ching on the West Coast.

- Asian communities within the United States are changing rapidly under the impact of the heavy influx of new immigrants from different regions and with different customs. The economic structure is responding to the arrival of aggressive entrepreneurs from Hong Kong and Taiwan. Such rapid change is likely to create strains within the social order. Both old and new residents will be subjected to stresses. While the results are difficult to estimate, it is certain that the structure of criminal opportunity will be altered in unpredictable ways.

- Competition among Asian crime groups may motivate some to extend their activities to victimize non-Asians, particularly as they become more acclimated to American culture at large. This competition may increase with the expected influx of new Asian immigrants over the next few decades.

- Many Asian immigrants are illegal aliens. While tides of Asian immigration have always included illegals, current illegals tend to be even poorer

and less educated than those of the past. Many arrive owing large sums to the smugglers who brought them. Some may, therefore, be at risk to turn to crime to repay those debts, while others may be vulnerable to exploitation by "sweat shops." Labor racketeering constitutes a possible lucrative area for expansion on the part of Pennsylvania's Asian criminal groups.

● Successful prosecutions that result in the imprisonment of Asian criminals may—ironically—serve to harden their criminal identities and to provide opportunities for "networking" with criminals from other ethnic backgrounds. Contacts made in prison are thought to be one factor underlying the mutually profitable association between Asian heroin importers and Dominican distributors which has developed in the past few years. In similar manner, some of the younger, more "Americanized" Asian criminals now being sentenced may be able to capitalize on prison contacts with organized criminals from other backgrounds.

Organized crime investigators are only beginning to unravel the web of Asian organized crime. The Crime Commission's assessment of Asian organized crime in the Commonwealth is an important first step toward delineating the nature and extent of the threat within Pennsylvania's Asian communities and within the state at large. Many questions remain.

It is necessary for law enforcement to increase its understanding of the size, structure, and operations of the Triad societies, tongs, street gangs, and other oriental organized crime groups. We need to know more about the roles and relationships that exist within and among these organizations, and about the nature and extent of their involvements in and control over drug trafficking, prostitution, gambling, extortion, and other rackets. Also, additional knowledge is needed regarding the manner these criminal activities mesh with legitimate business and community activities. We need to develop a better grasp of how customs and practices vary among Asian cultures and among

different criminal groups.

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CHAPTER

11

CHESTER, PENNSYLVANIA: RACKETEERING AT THE LOCAL LEVEL

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CHESTER, PENNSYLVANIA: RACKETEERING AT THE LOCAL LEVEL

The principal focus of the 1990 *Report* has been to describe varied crime groups or "enterprises," often-times ethnically-based, that have thrived in the Commonwealth in the 1980s. Some of those groups were "outsiders" who intruded into the state, but most were "home-grown" and indigenous to the local community. Most organized crime is localized, in fact, and indigenous to the community in which it exists. As far back as 1951, The Kefauver Committee concluded:

"The Accardos, the Guziks, and the Costellos who direct big city syndicates have their counterparts in smaller cities. Territories may be more restricted, but the modus operandi of the small-town racketeers is virtually a carbon copy of that followed by big city mobs."

In the 1960s, John Gardiner wrote about a city he called Wincanton—in reality Reading, Pennsylvania—which was rife with crime and official corruption. Gardiner found that for decades organized crime elements worked closely with mayors, city council members, police officers and chiefs, and judges.¹

Between 1987 and 1989, the Crime Commission examined another Pennsylvania city "rife with crime and official corruption"—Chester, Delaware County. In public hearings held in December 1988 and February 1989 (in Media), the Commission revealed how gambling, drugs, and other racketeering activities flourished in Chester with the support and cooperation of local officials. The hearings also revealed how former mayor John Nacrelli, a convicted racketeer, has remained a powerful and influential figure in local politics and in the local "rackets."

Government programs and services have been undermined in Chester by a tradition of corruption and abuse of office extending back to the 1960s. Public trust was negotiated for private

advantage. This triad of criminals, corrupt politicians, and rogue law enforcement officers produced an alliance which fed off one another and which entrenched itself in the governmental system. In fact, it became the governmental system. The racketeering activity within Chester is pitched against a social and economic background that makes the city particularly vulnerable to criminal exploitation and cynical political manipulation. Chester is a minority community where a large number of people cannot find employment. Moreover, these already economically disadvantaged people have a larger tax burden to bear and less services available to them because of the ingrained cost of public corruption.

Historical Aspects

The Crime Commission's previous ten-year report, *A Decade of Organized Crime: 1980 Report*, synopsised an investigation into political corruption in Chester during the 1970s. The primary subject of that report was Mayor John H. Nacrelli, now 61, whose term in office extended from 1968 to 1979, at which time he was found guilty of taking bribes from a Chester gambling racketeer Frank Howard Miller. In return, Nacrelli protected the racketeer's workers from police harassment and arrest. Nacrelli shared in monthly protection payments of \$4,000.²

Nacrelli was sentenced to six years in prison. Miller pled guilty in July 1978, to charges of investing gambling proceeds into legitimate enterprises, and was sentenced in July 1979 to 13 months in jail. Later, in 1981 Miller was indicted in a separate case on gambling and conspiracy charges. Several of his lieutenants and some of those working with his

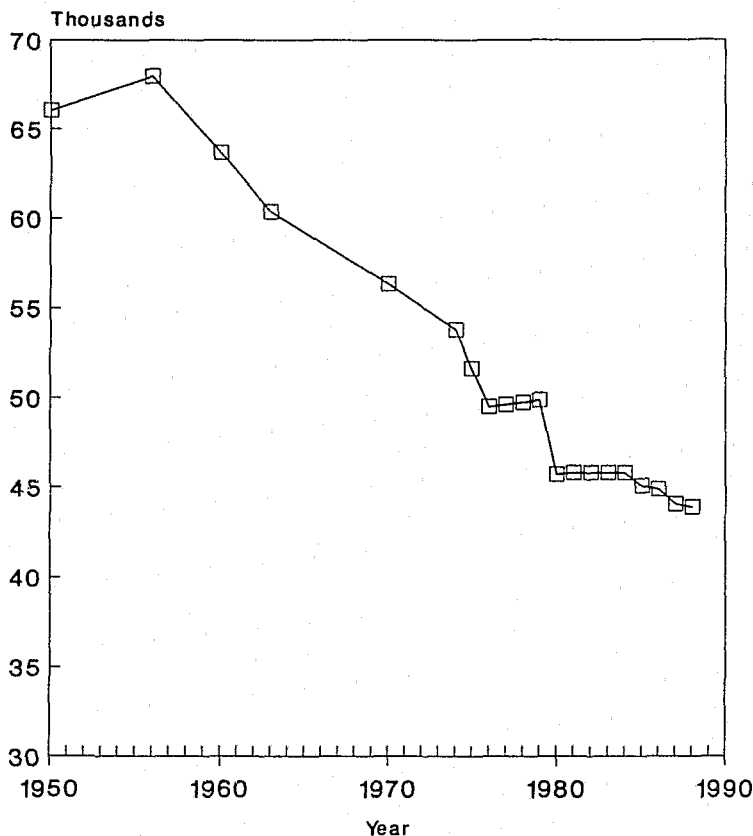
close associate, Herman Fontaine, were also arrested and convicted. As a result of these convictions, the corruption-for-protection conditions relating to numbers gambling in Chester disintegrated. The new mayor, Joseph Battle, adopted a strong position against gambling. The city government ordered a comprehensive evaluation of the police department. In 1981, the vice and narcotics squads were merged into a single unit. Nacrelli returned to Chester in early 1982, after serving only two years of his original sentence. He became associated with several enterprises including video gambling and managing a bar. Once again he demonstrated his dominance on Chester's political scene.

Demographics

Chester was a booming industrial city until the middle of the 1950s. In 1956, its population was 67,988; since then it has declined steadily to an estimated 1988 population of 43,852. (Figure 11.1) The large population decline began in the 1960s and turned parts of the city into depressed ghettos, where neighborhood disintegration and a declining economy have fostered a fertile ground for exploitation, crime, and apathy. Years of autocratic government, corrupt practices, and compromised law enforcement have exacerbated the decay of Chester.

Concurrent with the population decline was a significant change in Chester's ethnic makeup. (Figure 11.2) In 1950, 21 percent of Chester's population was Black. By 1960, that percentage had increased to 33 percent. In 1970 and 1980, the percentages were 45 percent and 57 percent, respectively. The actual number of Blacks living in Chester almost doubled between 1950 and

Figure 11.1
POPULATION OF CHESTER: 1950 TO 1988



Sources: Pennsylvania Statistical Abstracts; Pennsylvania Department of Commerce; UCR, Pennsylvania State Police

1980; yet the percentage of the population they formed has almost tripled due to a 63 percent reduction in the Caucasian population in the city during the same time period.

A significant factor associated with the city's socioeconomic decline has been the substandard level of education in Chester. In the 1950s, the average Chester resident completed only 8.6 years of school compared with the average of 12 years completed by Delaware County students in general. That substandard level of achievement has continued; in the 1970s the average for Chester was 8.9 years. In the mid-1980s, Chester had the highest drop-out rate of students in the state—8.35 percent. Truancy was high, with an average

of 18 to 20 percent absenteeism. Chester led the state's cities of over 25,000 population in teenage pregnancies, with 61.5 percent of all babies being born out of wedlock. Other problems included teacher absenteeism, the highest course failure rates in the state, and fiscal mismanagement.

According to a 1959 study, the city reached its industrial maturity at about the same time its population peaked in the mid 1950s.³ By the 1960s, the number of industrial jobs was declining. These jobs had used a largely unschooled work force. It was impossible for most workers to gain employment in other fields, and the problem of an unemployable labor force endures to this day. Between

1950 and 1980, the number of manufacturing jobs in Chester dropped by 58 percent. The reduction of job availability was one reflection of fewer manufacturing companies in Chester. This decline resulted in a shrinking tax base. And, as the city's tax-generated revenue dropped, it saw a significant increase in funding needs for social services because of the growing number of poverty and near-poverty level families among its citizens.

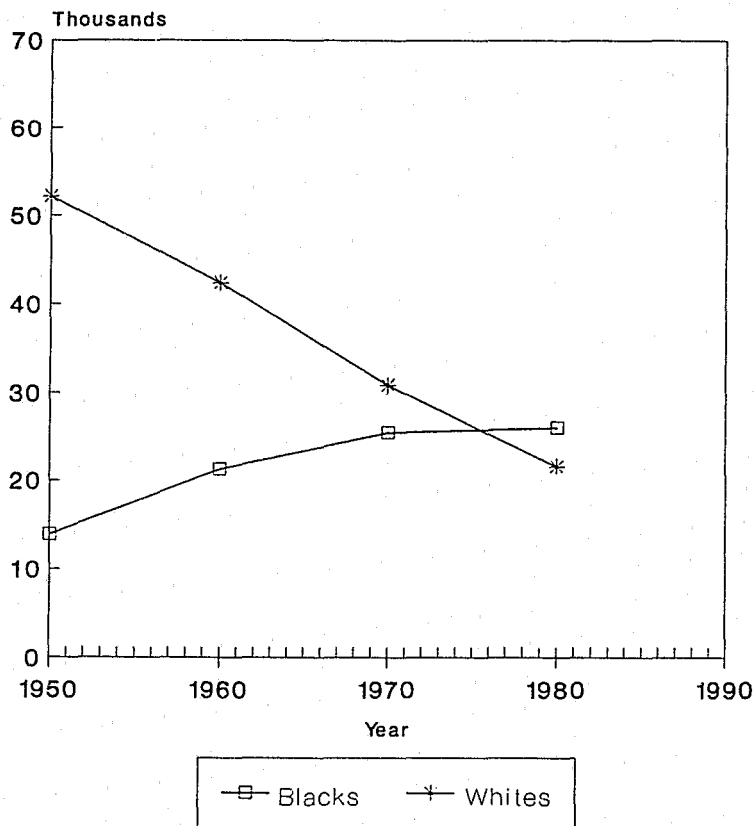
Family income in Chester rose from an average of \$16,000 in 1950, to \$18,000 in 1960, and to \$22,000 in 1970; but it dropped to \$17,250 by the 1980 census.⁴ Twenty-two percent of the Chester families polled in 1980 were at or below the Pennsylvania family poverty level of \$7,412. The unemployment rate mirrored these changes. In 1950, that rate was 11 percent. In 1960, it dropped to 10 percent; and in 1970, it was five percent. By 1980, the unemployment rate in Chester was over 12 percent.

Crime rates in Chester are equally telling. Between 1974 and 1988, Chester experienced a 121 percent increase in its reported crime rate. Comparatively, the crime rate for Delaware County barely increased during that same time period. The statewide increase in crime rate during that period was 6.3 percent. (Figure 11.3) Some crimes, such as robberies and aggravated assaults, showed exceptionally large increases in Chester.

Chester Police

The Crime Commission investigation of Chester in the 1970s uncovered the complicity of then-Police Chief Joseph Bail, Sr., in gambling and political corruption in the city. The police were used to arrest the competitors of the numbers-running combine led by Frank Miller and Herman Fontaine. Those who enforced gambling laws against the Miller-Fontaine empire were punished. One policeman testified, during Mayor Nacrelli's

Figure 11.2
**CHANGES IN CHESTER'S ETHNIC
 DISTRIBUTION: 1950 - 1980**



Sources: County and City Data Book,
 U.S. Census Reports

trial, that he had raided a dice game in 1974 which he believed to be controlled by Miller and Fontaine. The Chief of Police criticized the policeman and demoted him from patrolman to turnkey.⁵

In 1977, William Hoopes was appointed police chief. During May of that year, he organized a vice squad which conducted raids resulting in the arrests of many of Miller's numbers writers. At Nacrelli's trial, Hoopes testified that three months after his handpicked vice squad had been formed, Nacrelli suggested that it be disbanded. Hoopes ignored his suggestion. In August of 1977, Miller offered money to one of the vice squad members in return for the policeman's ignoring his gambling

operation. The policeman reported it to his chief and to the FBI. He later arranged with the FBI to record a conversation between himself, Miller, and Fontaine, during which the latter two gave him additional protection monies.

In 1979-80, a comprehensive management study of the Chester Police Department was undertaken by Bartell Associates of State College.⁶ The study described the poor condition of the department and identified "the almost total lack of managerial control (as) the root of the problem." The consulting group recommended a complete reorganization of the department. It recommended that the "span of (management) control" be lessened from 11-18 employees to 5-6 emplo-

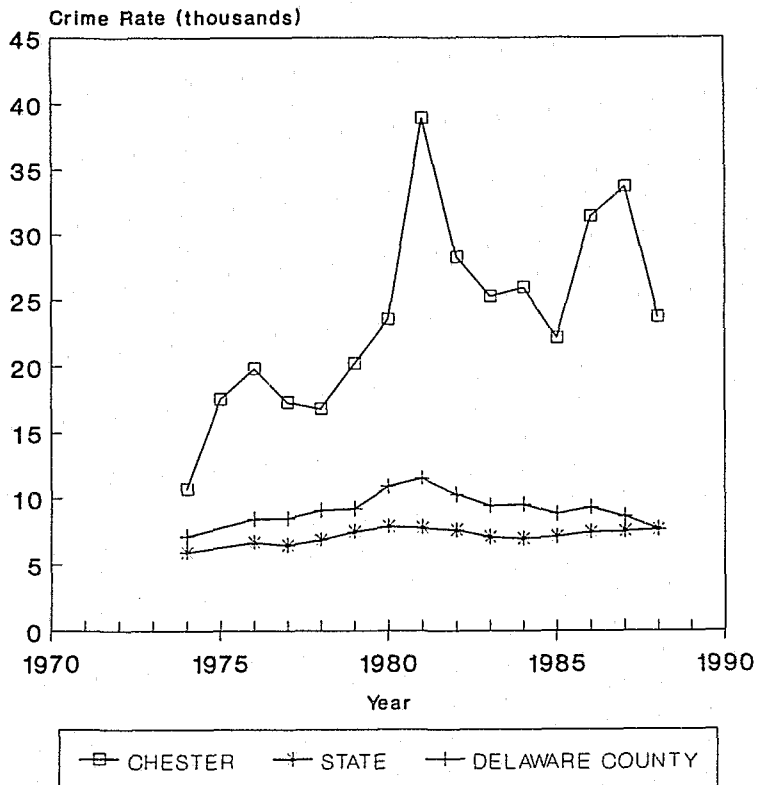
yees.⁷ The study also uncovered a severe morale problem within the department. It also highlighted a large number of complaints or internal investigations lodged or initiated during the 1970s. An extremely high turnover rate of policemen was also cited—74 people had retired, had quit, or were let go out of 151 police employees. (Police departments traditionally keep most employees from entry to retirement.)

Evidence suggests that no significant reforms were implemented following the study. The Police Department was not reorganized despite an urgent recommendation to that effect. Additional personnel were not hired until 1988.

Narcotics

Through its investigation, the Crime Commission determined that vast amounts of cocaine trafficking had been occurring in the William Penn, Ruth L. Bennett, McCafferty Village, and Lamokin Village housing projects in Chester. This in itself is not an unusual occurrence; many housing projects around the country have become overrun by drug traffickers. Several cities have taken measures to intercept drug activities in such areas through community policing and police cooperation with tenant associations. Chester, however, had a different approach in the early 1980s—*i.e.*, non-enforcement. According to police officers, the Battle administration had an unwritten policy of staying out of the worst drug trafficking project, specifically, William Penn. Mayor Willie Mae Leake testified that when she became mayor (in 1986), she put police in the projects. Former Mayor Battle told her, "When I was mayor, I told them to stay out of the William Penn Project... After all, those people don't pay taxes and they don't vote." Since Mayor Leake's appointment (which also coincided with heightened enforcement of narcotics across the country), narcotics arrests in Chester have risen by 310 percent.

Figure 11.3
**CRIME RATES* FOR CHESTER, DELAWARE
 COUNTY, AND STATE: 1974 - 1988**



Source: Uniform Crime Reports,
 Pennsylvania State Police
 * per 100,000 people

The Crime Commission's investigation uncovered several narcotics organizations operating within the City of Chester. One of those is headed by Willie "Brother" Price, 56, who is noted elsewhere in this section as a loanshark. He is associated with JP Amusements, a video gambling machine distributor which John Nacrelli represented at one time.

Price is the principal Black racketeer in Chester. He heads a narcotics organization which includes:

- Warner Brooks, 38, 792 East 24th Street;
- Anthony Brooks, 35, 1009 Central Avenue;
- Philip Brooks, 35, 909 Pennell Street;
- Marcel Harmon, 27, 1410 West 6th

Street; and

- Carl Brown, 34, 728 Concord Avenue, all of Chester.

Price has insulated himself from direct involvement with narcotics through his nephews, Warner, Anthony, and Philip Brooks, and through his son, Marcel Harmon, all of whom traffic in significant amounts of cocaine and heroin in Chester. The Brookses were involved with major narcotics suppliers Frank Saunders, 60, of Chester, and James "Ricky" Nelson, 36, of Philadelphia. Saunders has been identified as supplying significant amounts of cocaine in Virginia, Georgia, and Washington, DC. Saunders also supplies cocaine to distributor Horace Lee Calhoun, 27, and to Demetrios Church, 23, both of

Chester.

Other major narcotics dealers identified in Chester include:

- Frank E. Potter, 36, 620 East Ninth Street — cocaine and heroin;
- Elias Torres Marquez, 42, 801 McIlvain Street — cocaine;
- Gilbert "Sniff" Higgs, also known as Gilbert Waples, 46, 1315 West Second Street — cocaine;
- Larry Hudnell, 40, 1521 Rothwell Terrace — cocaine; and
- David Brightwell, 39, 205 Tilghman Street — heroin.

Price is also involved, as was noted before, in loansharking operations in and around Chester. He has been known to conduct his loanshark transactions in the following locations:

- Taurus Flavors, his sandwich shop, on West Seventh Avenue, Chester;
- Penn Shipbuilding, Chester;
- Scott Paper, Chester;
- BP Oil, Marcus Hook; and
- Congoleum, Marcus Hook.

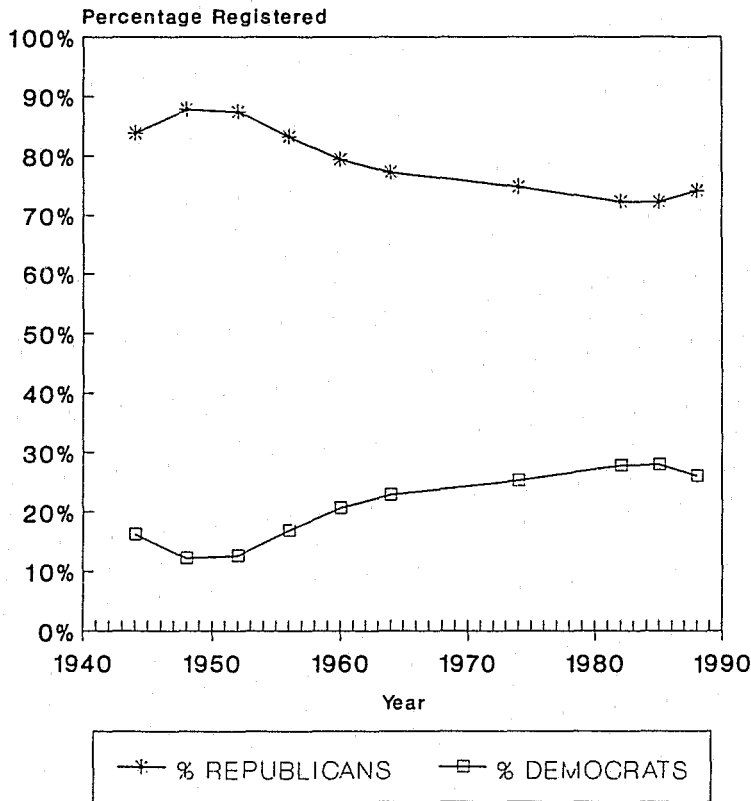
Price's rates vary from 25 to 50 percent on the dollar, usually for one-week periods. He typically requires collateral (title to property, vehicle, or jewelry) which becomes his if the borrower defaults on the loan. In testimony before the Crime Commission, he admitted to owning at least 10 automobiles. One customer suffered broken ribs at Price's hands because of an unpaid loansharking debt.

Political Climate

A one-party political machine has dominated Delaware County since the 1930s. Chester has been governed by a single-party administration since 1866, except for the election of three opposing-party mayors. In 1989, the ratio of registered Republicans to Democrats was about three to one. (Figure 11.4)

An interesting feature of the mayoralty in Chester is that three successive mayors were nominated by their predecessors and appointed by City Council, and then subsequently won elections to continue their tenure.

Figure 11.4
POLITICAL ALIGNMENT OF DELAWARE
COUNTY VOTERS: 1944 - 1988



Sources: Pennsylvania Statisticals
Abstracts; Pennsylvania Department
of Commerce

Nacrelli was nominated by James Gorbey, who resigned to become a Common Pleas Court judge in Delaware County. Nacrelli had been director of accounts and finance. Nacrelli nominated city solicitor Joseph Battle, a distant cousin, as mayor in April 1979, when Nacrelli was ordered to resign his position after his racketeering conviction. Joseph Battle's hand-picked candidate, Willie Mae James Leake, was appointed mayor in January 1986, after Battle was elected sheriff of Delaware County in November 1985. Leake had been Mayor Nacrelli's receptionist, and became a Chester City Council member during Battle's mayoralty. Battle is currently a Common Pleas Court Judge in

Delaware County.

As Mayor from 1968 to 1979, John Nacrelli's control over the political affairs and government of Chester was almost total. In the law enforcement sector, Nacrelli suspended and arranged for the discharge of a police officer who arrested his daughter, Kathleen Nacrelli (along with a suspected member of the Pagan outlaw motorcycle gang), for possession of marijuana and other controlled dangerous substances. He also demoted a police chief in retaliation for that chief's testimony against him at his first racketeering trial in 1978 (a mistrial).

While Mayor, Nacrelli screened applicants for the Comprehensive Employment Training Act (CETA)

program to determine their political affiliation.⁸ He communicated with the superintendent of the Chester-Upland School District to place non-professional patronage employees.

Even after his conviction, sentencing and resignation from the mayoralty, Nacrelli continued to act as chairman of the Republican Party until he went to prison in March 1980. During that period, Nacrelli continued to review job applications for the CETA program and continued to request patronage positions in the schools. He hired a clerical employee, Doris Bell, for the Chester Republican Committee to take care of committee business while he was away in federal prison. He arranged to have Mrs. Bell fired in August 1983, when she and her husband, Richard Bell, who was a board member of the Chester-Upland School District, refused to cooperate with Nacrelli's patronage activities. By then, Nacrelli was out of prison and informally back in charge.

Gambling

For decades, the City of Chester had been considered a mecca for organized crime. Vice activities—gambling, loansharking, and narcotics trafficking—have served as some of the few stable revenue-producing, albeit illicit, industries in Chester. Santo "Chester Sam" Idone was the reigning overseer of the rackets in Chester during the 1970s. He was made a "caporegime" of the Angelo Bruno Cosa Nostra Family in Philadelphia in 1974. As caporegime, he oversaw the Philadelphia LCN Family interests in organized gambling and loansharking in Delaware County. Idone, now 70, was born in Bagnara, Province of Calabria, Italy. He immigrated to the United States in 1936. He lived in Fort Lee, NJ, until 1942. That year, he entered the U.S. Army and, while in the Army, became a naturalized U.S. citizen. After his discharge in 1946, he moved to Chester. Until his January 1990 conviction for racketeering, which brought a 20-year sentence, his

current addresses included 1136 44th Avenue N.E., St. Petersburg, FL and 123 Meadowbrook Lane, Brookhaven, PA. His conviction was the result of a 1989 federal indictment on illegal gambling, extortion, and racketeering charges handed down against him and his associates, Mario Eufrazio, Gary Iacona, and Francis Peticca (additionally, Idone was involved in a mob murder). They operated a video poker gambling and loansharking business in Chester, which the FBI investigated in 1986; in 1987-89, the Crime Commission also investigated this criminal enterprise in Chester.

Idone worked for decades with Mario "Murph" Eufrazio, 62, a close criminal associate who is not known to be a made member of La Cosa Nostra. Eufrazio was born in Chester and lived there most of his life. He moved to 43 Klains Lane, Palermo, NJ, in 1981 and continued to travel regularly to Chester, in order to collect his share of gambling and loansharking profits. Eufrazio was sentenced to 10 years' imprisonment for his January 1990 racketeering conviction along with Idone, Iacona, and Peticca.

The Commission's investigation in the 1970s revealed that most of the gambling activities in Chester were controlled by either the Idone-Eufrazio operation or by the Miller-Fontaine operation. Numbers and other gambling rackets continued to be operated in Chester, even after the conviction of Nacrelli, Miller, and accomplices. Enforcement efforts dismantled the Miller-Fontaine operation after the two testified against Jack Nacrelli. The Idone-Eufrazio operation went unscathed. Idone retained control of gambling activities in Chester and Delaware County through Eufrazio and Gary Steven Iacona, 46, of Chester/Parkside. Gary Iacona was sentenced to six years' imprisonment in the January 1990 racketeering conviction.

The interest of criminal entrepreneurs in video poker machines began in Chester in the early 1980s. This market grew popular with local bar owners, who supplemented their income through the fifty-fifty split on

revenues generated which they were offered by video poker vendors. Also various loan arrangements between vending machine distributors and tavern owners were common. These loans were repaid to the distributors out of the taverns' share of machine profits. Between 1981 and 1986, the following vending machine companies were among those operating in Delaware County and in Chester and were aggressively placing machines in various locations:

- **Star Amusements**—was registered by Gary Iacona, doing business as Star Vending.

- **JP Amusements**—was registered by James Iacona, 44, and Willie Price; but operated by Joseph Iacona, Jr.; Willie Price is a known loanshark and narcotics financier.

- **F. & D. Amusements**—was registered by Frank Eufrazio and Daniel "Danny" Eufrazio, 36. They are Mario Eufrazio's sons.

- **Wilkinson Vending**—was bought by Edward "Boots" Zaffiri, 65, and his brother Lee; Edward served as a front for Gary Iacona's interests.

- **Action Vending**—was registered by Alfonso Sanbe, 36. Sanbe is a local construction contractor with ties to a New York La Cosa Nostra Family.

- **Leco Vending**, also trading as **Automatic Vending**—is a long-established company from Chester, operated primarily by Ron Lee, 47. The company shares premises with Alfonso Sanbe's Action Vending and employs Sanbe's father Nicholas.

- **Benton Marketing**—Huntingdon Valley, was operated by Mark Seleznov, 42. The activities of this business in Chester were terminated abruptly in 1983 after a fire bombing incident involving a sales representative's vehicle. The incident was meant as a message to get out of Chester.

The majority of the vending companies in the Chester area were under the control of Santo Idone and Mario Eufrazio through the Iaconas or Eufrazio's son, Danny. That control was made complete through the negotiations of John Nacrelli and reinforced, in 1986, through Idone's mediation.

Nacrelli's Influence

Nacrelli has retained and continues to exercise enormous influence and political power over Chester's government. He has continued to exercise virtual control over the Chester City Republican Executive Committee since his release from prison. He has usurped mayoral prerogatives relating to patronage, caucuses, and fund raising. He has been running a "shadow government" in Chester. Shortly after Nacrelli's release from prison on March 19, 1982, his first order of business was to reaffirm his control over local politics and municipal affairs. In April 1982, Nacrelli occupied an office at the city Republican Party's headquarters in Chester on a daily basis.

At the time, Mayor Joseph Battle was Republican chairman, and Betty Nolan was vice-chairman. Nolan resigned her office in June 1982. Doris Nacrelli, Nacrelli's wife, became vice-chairman of the Republicans. Mayor Battle testified that he was rarely present at committee meetings and that he was informed, after the fact, of Doris Nacrelli's election. According to Battle, "...Betty Nolan, through discussions with Nacrelli, (emphasis added) voluntarily resigned... and Jack's wife was to assume those duties."⁹ Also according to Battle, the committee shortly thereafter agreed to retain Dorjac, Inc., Nacrelli's consulting company, to "reorganize" the committee. Dorjac was paid \$1,000 in September 1982, and July 1984. Nacrelli stated that Dorjac received a similar amount from the committee in 1983.

There was a prohibition against Nacrelli's holding appointed or elected office (for five years) in any level of government as a result of his conviction. However, testimony has indicated that upon his return from prison, he reaffirmed his control over the school district, over Chester's City Council, and over other various boards. Although he could not hold office, he effectively resumed his political power through direct action or through associates.

Nacrelli made all decisions concerning issues of patronage with respect to city agencies, county employees, and state employees residing in Chester. He maintained control over the jobs of patronage employees of the city, the Chester-Upland School District, the Chester Housing Authority, and the Chester Redevelopment Authority. He regularly convened meetings of the Chester City Council before its bi-weekly public Friday meetings. He received the agenda of the council from the mayor's secretary Betty Nolan. Doris Bell, who had been hired by Nacrelli to manage the Republican Committee during his stay in prison, testified that Nacrelli instructed her specifically not to invite Mayor Battle to these Republican caucuses. Former Mayor Battle later said, "...I operated pretty much on a need-to-know. I mean, if they felt they had to tell me, they told me."¹⁰

Nacrelli's control over the affairs of the school district was such that he was in the habit of ordering the directors to attend meetings in his office at headquarters, in order to dictate patronage and agenda matters. Both before and after his conviction, Nacrelli furnished the school superintendent with the names of individuals for non-professional patronage positions. Nacrelli was directly involved in making decisions regarding job applications for CETA, a federally-funded jobs program in Chester. Between Nacrelli's conviction and imprisonment, he, not Mayor Battle, received original job applications, screened them, and then selected or rejected them.

Another example of Nacrelli's influence was the Mayor's Christmas Party. The Mayor's Christmas Party Fund was created in 1980 by Nacrelli's political supporters to help defray his legal expenses when he was indicted and brought to trial. Tickets were sold for \$20 to attend a "gala" party. The subsequent Mayor's Christmas parties were fund-raising events, the proceeds of which were earmarked "for whatever areas the mayor felt needed his financial support." The greater majority of the proceeds received for the event in

1980 and 1981 were in the form of cash. A Republican committee employee, Edith Criscuolo, 63, allegedly stated that Nacrelli was turning in only the checks, and that she was afraid he was keeping the cash proceeds. Criscuolo, who still works for Nacrelli, later denied making these statements before the Crime Commission. Other persons giving testimony to the Commission corroborated that she had voiced concerns about Nacrelli's alleged acts.

The Christmas party tradition has continued. Police officers testified to selling several hundreds of tickets each year for the party both while at work and during their non-work hours.

Recycling vs. Incineration

Nacrelli's influence has extended into the late 1980s, as evidenced by his involvement in the Delaware County Waste Energy Project. The city signed a host community agreement in January 1989, for this "trash-to-steam" facility. This action was taken after years of interest in and work toward a competing city resource recovery project which was supported by Mayor Willie Mae Leake. Leake had been an ardent supporter of a city trash recycling project after taking office in 1986. The project's history reflects an unusual level of compensation for the city attorney handling the matter. The underwriters, Matthews & Wright, Inc., of New York and Boca Raton, FL, obtained a \$335,000,000 bond issue in August 1986, for which they received a fee of \$14,600,000. That fee was described as "nearly triple the industry average, according to industry statistics." City special counsel Christopher Gorbey, 39, who urged the use of this firm and who had no prior history of bond counseling, received a fee of \$335,000 from the city, which is a "substantial" fee by industry standards. Christopher Gorbey and his brother, Timothy Gorbey, 41, who was a Chester City

Councilman in October 1986, approached fellow councilman Stephen McKellar, 34, attempting to bribe him regarding the city recycling project. McKellar testified before the Crime Commission that Timothy and Christopher Gorbey tried to ensure that he would continue voting in favor of the project and made unspecified monetary promises to him.

Nacrelli, apparently, was on the opposite side of the city recycling project; he favored a Delaware County "trash-to-steam" project. He also spoke to McKellar. The Gorbey's later claimed that "McKellar failed to second a motion to hire a project manager for the city project because if he did, Nacrelli threatened to withhold GOP support for him in his reelection bid the following year." McKellar denied the Gorbey's allegation, but said, "Jack Nacrelli, I value and respect his opinion." McKellar further said Nacrelli knew nothing of the trash projects and did not provide him with guidance.

However, an electronically intercepted conversation shows otherwise. At Iacona's Auto Center on November 11, 1986, Tim Gorbey and Joseph Iacona, Jr., discussed the problem that Gorbey was having with Nacrelli regarding the Chester City trash recycling plant. Gorbey asked Iacona to tell Nacrelli that he and his brother, Chris, had not gone to the U.S. Attorney's Office about Nacrelli's illegal activities. Further, Gorbey told Iacona that McKellar had told Mayor Leake that Nacrelli had threatened McKellar so he would not vote for the recycling plant. In that conversation, Gorbey stated:

"I know enough about Jack Nacrelli...to put Jack in jail for a long time, and Jack knows enough about me to hurt me badly."¹¹

McKellar's voting pattern on the city project shifted dramatically in 1988. Earlier, he had supported the city project consistently, with the exception of voting "no" on one resolution. Since January 1, 1988, he has voted "no" or abstained from voting on all but one resolution. He was re-elected to a four-year term in November 1987. The Delaware County trash-

to-steam project and the Chester City trash recycling project were clearly competing enterprises. Nacrelli was against the city project from the start, as he testified before the Crime Commission that he "suggested that they not float bonds..." for the project.

The developers of the Delaware County trash-to-steam project were faced with a major problem. The bondholders for the Chester City trash recycling project threatened to file a lawsuit if the Chester City Council supported the Delaware County project. The insurance company claimed that if the City of Chester did anything to support the Delaware County project, the city project's bonds could lose their tax-free status. Jack Nacrelli was first called in during January 1988 to resolve the problem between the city council and Delaware County. Ground-breaking ceremonies for the county waste energy plant were held in December 1988. This incident indicates that Nacrelli is more effective at running the City of Chester's business than its elected leadership. Government in Chester is Jack Nacrelli.

Nacrelli's Role in Gambling

Out of prison, on parole, Nacrelli, through his consulting company, Dorjac, Inc., began representing JP Amusements, a video poker machine business operated by Joseph Iacona, Jr., and Willie Price. Nacrelli's task was to secure business "stops," as they are called in the vending industry, by placing video poker machines in the bars and taverns of Chester. Nacrelli testified before the Crime Commission that he only represented JP Amusements from about February or March of 1983 until September 30, 1983. However, other testimony contradicts that statement.

It was common knowledge that the video poker industry was the newest form of illegal gambling. Inasmuch as Nacrelli's representation of this industry could have been construed as

a violation of his probation, Nacrelli sent a letter to Joseph Iacona, Jr., in October 1983, advising Iacona that "as of September 30, 1983, both myself and Dorjac, Inc., have ceased to represent J/P Amusements." Despite this "disclaimer", tape-recorded conversations from 1986 revealed that Nacrelli was receiving \$500-a-month from the video gambling enterprises of Iacona and Eufrazio. Nacrelli testified before the Commission that he did not receive payments, directly or indirectly, from Iacona's video poker machine businesses after October 1983. Nacrelli also appears to have been involved in the extortionate side of the video gambling business during 1983. Three tavern owners testified before the Commission that they were approached by the former police chief, William Hamilton, before or after their initial contact by Nacrelli. Hamilton was a 26-year Chester police veteran who was appointed police chief in March 1979. He resigned five months later for health reasons. Essex Kelley, 61, owner of Kelley's Bar in Chester, said that Hamilton tried to persuade him to take Benton video poker machines out of his bar and put JP Amusements machines in. When Kelley declined the offer, Nacrelli called him to get him to take the JP machines. When Kelley still refused, he began experiencing problems with his tavern. He was closed down twice by Chester's city inspectors.

According to Kelley, Hamilton visited his bar with two men, one of whom Kelley recognized as Randolph Dixon, 60, another retired Chester policeman. Former Chester Police Chief Richard Conway testified that Hamilton was involved with Nacrelli and Dorjac, Inc. Conway also stated that Hamilton and Dixon were close friends. Dixon was also, Conway stated, a good friend of "Brother" (Willie) Price.

The End of Benton Marketing

Benton Marketing, a vending company located in Huntingdon Valley, started placing video poker machines in Chester around July 1982. In September 1982, Gary Iacona regis-

tered Star Amusements and started placing his poker machines in the Chester area. In February 1983, the Benton Marketing representative was asked by his tavern customers in Chester to remove all the poker machines which he had installed. This removal did not occur immediately. On March 23, 1983, the Benton sales representative was called to the Boots and Bonnet Bar at 1521 Townsend Street allegedly to fix some "trouble" with a poker machine. While he was in the bar, his automobile was fire-bombed.

As a result of the fire-bombing, the salesman called his boss Mark Seleznov. When Seleznov arrived at the bar, he asked the owner Nate Ellis, 67, to talk to "somebody," referring to his competition in the video poker business. In testimony, Ellis said Seleznov may have asked him to call Nacrelli. Nacrelli later confirmed that he spoke with Seleznov along with Joseph Iacona, Jr. Seleznov's sales representative told the Commission that the people at the bar said "...we got to take the (poker) machines out because these guys, they mean business. And if we don't take it out, they will torch our place or they will cut our water and electricity out...(Nacrelli) let us know that he's — I mean anybody can see that, you know, he's the boss there (in Chester)." Testimony indicated that after this conversation with Nacrelli and Iacona, Seleznov said that he was going to remove himself from the video poker business.

Territorial Disputes

In 1984, Nacrelli approached Ron Lee of Leco Vending, the largest vending machine company in Chester, which had been established in 1939. Nacrelli arranged for Leco and Automatic Vending to place the Iaconas' video poker machines in its stops. However, in late 1985 Alfonso Sanbe, of Action Vending (which was co-located with Leco/Automatic) decided to enter the video poker machine business. Sanbe and Lee contacted the Gold Room Bar, 520 Edgemont Avenue, Chester, and offered the bar

owner a substantial loan. The Gold Room was a "stop" controlled by the laconas and Daniel Eufrazio. Sanbe challenged Eufrazio and lacona. He vandalized their poker machines and intruded upon their poker machine locations. Sanbe was then assaulted by two men working for Gary lacona—Frank Peticca, 50, and Jerry Dennis, 53—in an attempt to intimidate him. Sanbe sought help from a friend who was incarcerated at a federal prison with New York Gambino LCN Family member Louie Milito (deceased), of Staten Island, NY. Milito ultimately had the dispute relayed to John Gotti, the "boss" of the Gambino Family. Gotti authorized contacting the Philadelphia LCN Family to look into the problem. (See Chapter 4.) Santo Idone later mediated the dispute between Sanbe and Eufrazio. Sanbe was told to take his machines out of Eufrazio's "stops." (See Chapters 4 and 5 for more detail.)

City Contracts

An investigation into the bidding of contracts for servicing city vehicles demonstrated a pattern of irregularities that have benefited James and Joseph lacona, Jr., both of whom had interests in illegal video poker machines. Cost overruns on contracted work have averaged 92.7 percent from 1984 to 1988, yet no city oversight to end such overruns has been established. While it is clearly a city responsibility to monitor and manage its finances, it is noteworthy that the beneficiary of its neglect is the lacona family.

Joseph lacona, Sr. (deceased), and his sons James and Joseph lacona, Jr. had serviced city vehicles since May 1982. The work performed by the laconas resulted from contracts awarded to lacona's B.P., 1457 Kerlin Street, for service to city vehicles, fuel storage, and fuel vending. lacona's B.P. (now lacona's William Penn Station) is owned by James lacona, who was also the original investor for, and co-founder with

Willie Price, of JP Amusements. The Crime Commission determined that in two specific instances, the contract was awarded to the laconas after a competing bid had been rejected by the city council.

In the first case, Chester Auto Repairs, 716 West 10th Street, submitted the only bid on February 17, 1982, in response to an advertisement by the city for bids regarding service to city vehicles. According to city council minutes, this bid was rejected on March 17, 1982. The city council justified its rejection of the bid by claiming that the amounts were too high and moved to re-advertise for new bids.¹² On April 14, 1982, Chester Auto Repairs and lacona's B.P. submitted bids, which were opened and referred for tabulation and recommendation. The contract was then awarded to lacona's B.P. on May 12, 1982, and was signed on May 28, 1982. According to city council minutes, the contract was for a period including "the balance of the calendar year 1982 and for the full calendar year 1983, ending December 31, 1983."¹³

In a second case, Mano's Texaco Service, 916 Kerlin Street, submitted a bid on November 28, 1984, along with lacona's B.P. Both bids were rejected, and Chester re-advertised for a three-year contract, "because this would mean greater savings in the long run," according to the city council minutes. Eventually lacona's B.P. was awarded the contract on April 3, 1985. In both cases, the bids submitted by Chester Auto Repairs and Mano's Texaco Service were rejected after they had been opened at the public council meeting. When the city asked for re-bidding on the same contract, lacona's B.P., now the only competitor of Mano's Texaco Service, had knowledge of the previous specific item amounts bid.¹⁴

The advantageous knowledge given to the laconas is obvious when one compares the specific bid items of Mano's Texaco Service and lacona's B.P. that were submitted in November 1984. In this bid, Mano had lower prices than lacona on almost every item. In the re-bid offer, lacona had

lowered his item prices to amounts lower than those itemized by Mano on his original contract bid. The Commission examined several elements of the lacona's contracts with the city since 1982. In particular, work orders, invoices, and paid bills relating to the contracts for the five years 1984 through 1988 were analyzed.

The city contract included service and maintenance of Chester's fleet of vehicles—36 police, 11 fire, and 47 highway vehicles—in 1985. The analysis of lacona's service records revealed that the total cost overruns incurred by the city resulted from the constant addition of numerous small items. For example, the invoices show consistent billing of excessive fluid replacement for the police vehicles and the systematic charging of amounts in excess of contract specifications for servicing and maintenance. All vehicle parts were discounted at 15 percent instead of the 20 percent specified in the contract. Labor costs for several mechanical repairs were almost always grouped together, making it impossible to verify compliance with the specified contract agreements.

The actual cost to the city for lacona's B.P. contracts during this five-year period (1984-1988) was \$377,297.34. During that time, however, another lacona business, lacona's Auto Center, Inc., 601 Concord Avenue in Chester—identified as the center of operation for LCN capo Santo Idone's video gambling racket, was paid a total of \$58,163.25 for auto body work and major repairs to the city vehicles. This amount represents expenses which were 15 percent above the bid contract costs. Various electronically-intercepted conversations at lacona's Auto Center, Inc., were presented during the racketeering trial of Idone and his associates. In one conversation, Gary lacona was quoted as saying that padding the bills was "what the (city) contract's all about."

For this five-year period, the city paid the laconas, for services rendered, a total of \$435,460.59. The average annual income to the laconas from the city alone was \$75,459.47.

The average contracted to be paid to the laconas was \$39,157.40, for an average overrun per year of \$36,302.07, *i.e.*, over 92 percent of the contracted price. The city Accounts and Finance Department was aware of these cost overruns, since additional fund appropriations were routinely made to cover contract costs. It appears that no one in city government noticed this consistent pattern of excessive overruns on the contracts, which should have prompted the department to make efforts to control costs or to appropriate funds more realistically, or both. Neither Councilman Stephen McKellar, head of the Department of Parks, Public Property and Recreation—the department that solicited for these bids—nor deputy director of Accounts and Finance Department, Ralph Siano, 39, were aware of the cost overruns, according to their testimony. They also both claimed to be unaware of an alteration to the three-year contract signed in 1986 between lacona's B.P. and the city. The alteration changed an amount from \$23,179.25 to \$33,179.25 which provided an additional \$10,000 per year of the contract to the laconas.

The Commission also received testimony from Samuel Poliafico, 64. When the Manos and the laconas submitted their bids in 1984-85, Poliafico was city clerk and all bids were submitted to his office. When asked if he was aware of a bid that was let in 1984 for which lacona's B.P. received the three-year contract, Poliafico, now the city treasurer, invoked his Fifth Amendment rights against self-incrimination. The elected city controller, Reverend William "Rockey" Brown, III, testified that his duties are "basically to oversee the finances of the city." He explained that, "I get so many bills coming in there, and I don't get into the specifics because I have to worry about the fire department and the employees and all of that." Brown was not aware of anything peculiar with respect to the city contracts with lacona.

The Crime Commission also exam-

ined the fuel storage and vending aspect of the lacona contract. The city's fuel has been both stored and vended by lacona's B.P. since May 1982, but it is purchased by the city, not by the laconas, from another contractor. It is, therefore, important for the city to be able to determine and to monitor the quantity of its fuel dispensed by lacona's B.P.; however, when records were subpoenaed from the city's Accounts and Finance Department, it was determined that only "some" records, (primarily limited to 1985) were available. The city has not provided the Commission with gas slips. A memo from Ralph J. Siano, deputy director of Accounts and Finance, to assistant city solicitor Mary Tull, dated March 23, 1989, read in part: "as far as our records show Finance has never reconciled fuel used by city vehicles with fuel purchased. At this time the Finance Department is unaware of what other departments may or may not be doing with regard to reconciling gas used with gas purchased."

The problems and inconsistencies regarding lacona's city contract create the appearance that city government has failed to meet its oversight obligations, is engaged in bid-rigging, and/or is grossly incompetent. The city has provided every opportunity for the laconas to profit extensively on these contracts. The laconas retained the city contract until the end of 1990.

Conclusions

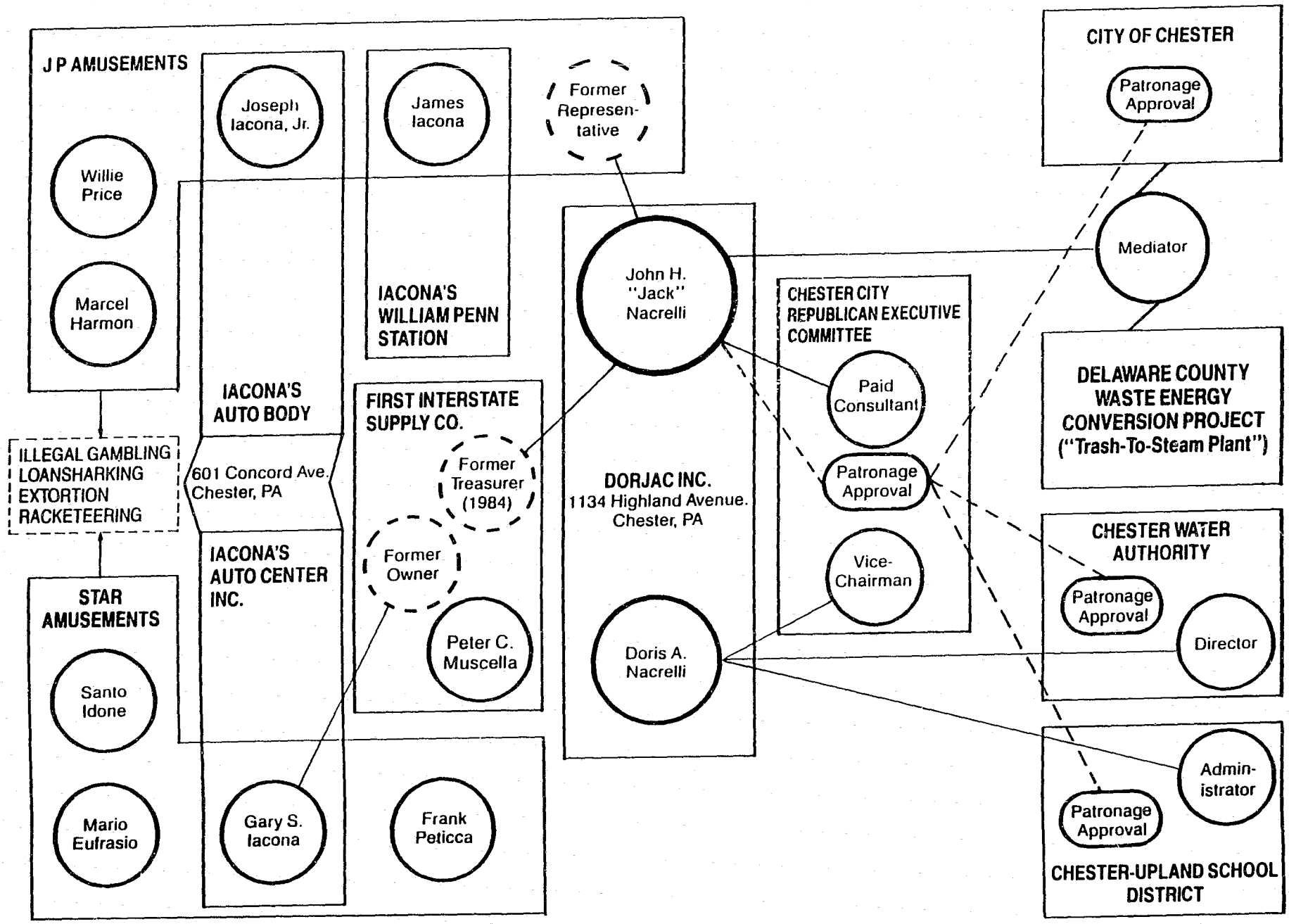
The 1979 racketeering conviction of ex-mayor Nacrelli disrupted the numbers gambling rackets in Chester. Ten years later, the federal racketeering convictions against Bruno/Scarfo LCN capo Idone and his associates substantiated earlier findings of the Crime Commission that numbers gambling had been outpaced by video poker gambling. Narcotics trafficking is rampant; Chester's economy is in disarray, and its crime rate is one of the highest in the nation. The municipal vehicle service contracting is in the hands of relatives of a convicted

racketeer. Political infighting over the competing Delaware County and Chester City waste projects has affected the political structure in Chester. Allegations of wrongdoing are presently under investigation by county authorities. The shadow of John Nacrelli as power broker in Chester's governmental affairs and criminal rackets is still strong, despite his conviction and imprisonment. (Figure 11.5)

Unofficially, Nacrelli has continued to run local government and political affairs and to manipulate political institutions for his and others' personal gains. The administration of local government has been seriously damaged by Nacrelli's pernicious influence. The ease with which Nacrelli employed his influence with one group of gamblers—the Miller-Fontaine numbers combine—in the 1970s, and with another group of gamblers—the Idone-Eufrazio video-poker racket—in the 1980s, illustrates the limits of the criminal sanction. The convictions of Idone and his accomplices have not ended the video poker machine business in Chester. Evidence was presented during their 1990 federal trial that illegal video poker gambling activity continued unabated. Idone and his accomplices have been replaced by competitors or new entrepreneurs. For example, Alfonso Sanbe admitted to the Crime Commission in late 1989 that he had 20 video poker machines outside Chester, but he would not say how many he controlled in the city itself. The Commission also found that the video poker business in Chester was dominated principally by Sanbe's Action Vending, Ron Lee's Automatic Vending and Leco Vending, and Mid-Atlantic Vending.

The Chester Project demonstrates what can be accomplished through an intelligence-driven investigative process. When complex patterns of organized crime and racketeering are exposed, necessary institutional reforms may result, and the quality of life for Chester's citizens may be improved.

11.5 JOHN NACRELLI: CHESTER POWER BROKER



ENDNOTES

1. John A. Gardiner. 1970. *The Politics of Corruption: Organized Crime in an American City*. New York: Russell Sage Foundation.
2. Pennsylvania Crime Commission, *A Decade of Organized Crime: 1980 Report*, St. Davids, PA, p. 105. See also testimony of Commodore Scott Harris at Nacrelli's 1979 trial, *U.S. v. John Nacrelli*, CR78-165, U.S.D.C., E.D. PA, January 19, 1979, pp. 13.185-13.186.
3. E.V. Schneider. 1959. *Analysis of Industry in the City of Chester*. (Chester City Planning Commission) p. 3.
4. Median family income values are expressed in constant 1982-1984 dollars (Standardized Consumer Price Index values.)
5. A "turnkey" is a police officer taken from street duty and put inside the police station to lock prisoners in their cells.
6. Bartell Associates, Inc. 1981. *A Management Study of the Chester City Police Department*. State College, PA.
7. *Ibid.*, p. 69.
8. Numerous witnesses indicated in their private testimony before the Commission in 1988 that if one were not a registered Republican in Chester, then government jobs and business opportunities were difficult to obtain.
9. Battle's deposition at Doris Bell's civil rights action, United States District Court, Eastern District of Pennsylvania, Civil Rights Action # 84-3679.
10. *Ibid.*
11. CR89-00021-02, 03, 04 U.S.D.C., E.D. PA, May 30, 1989, Exhibit A, Affidavit, p. 6.
12. In response to questions asked by Crime Commission agents regarding the vehicle service contract, City Councilman Edward Zetusky, currently director of the Accounts and Finance Department, replied, in writing, as follows: "Question: On March 17, 1982, the bid submitted by Chester Auto Repair(s) was rejected, why? Answer: The prices quoted for services and goods were determined to be excessive."
13. In November 1983, Chester City Council moved to advertise for bids for the city vehicle contract. The only bid received, opened on November 30, was from Iacona's B.P. On December 4, 1983, the bid was awarded for the period from January 1 to December 31, 1984, to Iacona's B.P.
14. In its April 1989 report, *Solid Waste Regulation*, the State of New Jersey Commission of Investigation discussed bid manipulation in these terms: "Under certain circumstances a municipality may enter into negotiations after two bid rejections...There have been allegations of sham rejections in order to allow favored bidders to resubmit with knowledge of their competitors' quotations." (pp. 58-59)

CHAPTER

12

A LOOK INTO THE NINETIES

A LOOK INTO THE NINETIES

"Progress, far from consisting in change, depends on retentiveness... Those who cannot remember the past are condemned to fulfill it."—George Santayana

In preparing its *1990 Report*, the Commission realized that an evaluation of Pennsylvania's response to organized crime was appropriate. To secure the necessary information to make an assessment, written surveys were distributed and personal interviews were conducted with representatives of various police and prosecutorial agencies in the Commonwealth. Upon examination the responses revealed near unanimity on a number of issues:

- Most law enforcement authorities draw a clear distinction between the problem of organized crime and narcotics.
- The drug problem has overwhelmed the criminal justice system, with few resources being devoted on a state level to the control of other organized crime.
- Most agencies have information systems, as opposed to intelligence systems, to address organized crime (or narcotics); and those that have intelligence systems, fail to incorporate intelligence analysts into the process.
- All agencies (with one exception) believe that organized crime control is primarily a state and federal responsibility.
- Most agencies surveyed believe that local political interests preclude them from addressing organized crime seriously.
- Electronic surveillance and the use of the Corrupt Organizations Act has been more frequent in the past decade (1980-1990) than during the decade before (1970-1980). These tools have been primarily used against persons/groups engaged in narcotics trafficking, and some significant gambling prosecutions emerged.
- The development of specialized task forces blending the skills of investigators, intelligence analysts,

attorneys, accountants, and other relevant disciplines to address the problem of organized crime is in an embryonic stage and needs further refinement and supportive resources.

- There is no strategic plan either at the state level, or applicable to affected jurisdictions, to address the problem of organized crime.

The Commission recognizes that evaluation of organized crime control efforts is fundamental to developing an effective program. Detailed and serious evaluations of organized crime control programs require an investment of time and money at a period in the state's history when both are in short supply. Nevertheless, as Pennsylvania enters the 21st century, the problem of organized crime is real; its containment must be treated seriously.

By assembling and analyzing what appeared to be discrete and seemingly unrelated events over a decade, patterns of organized crime emerged that might otherwise have gone unnoticed. This *1990 Report* has examined the scope and dimensions of organized crime in the Commonwealth. What has been revealed is that the "war" on organized crime has certainly not been won and serious problems must be addressed:

- Illegal gambling remains a stable and important revenue producer for organized crime and is directly related to other forms of racketeering activity (e.g., loansharking, extortion, narcotics, take-over of legitimate business).
- Drug trafficking is pervasive throughout Pennsylvania and involves La Cosa Nostra, Black, Hispanic, Asian, and an assortment of non-ethnic and independent groups.
- Loansharking remains a staple activity for organized crime groups and enterprises in Pennsylvania.
- La Cosa Nostra Families continue to operate in Pennsylvania, but other important criminal groups and enterprises are also operating in

various localities in Pennsylvania.

- There is a prevailing influence of organized crime in certain legitimate industries and unions in Pennsylvania. Others industries and unions remain vulnerable.

The decade of the nineties will be a critical period in Pennsylvania's efforts to contain organized crime. A number of initiatives must be pursued if Pennsylvania is to meet this challenge.

- An intelligence program is essential to any organized crime containment effort, and must be both strategic and tactical.¹ Analysts from a variety of academic disciplines must be utilized. Absent an intelligence-driven program, organized crime enforcement is essentially reactive and ad-hoc.
- A strategic plan to address organized crime must be part of any effort to contain its growth. This *Report* is an effort to provide a focus on the problem of organized crime, as a predicate for that planning effort.
- Strategic planning to address organized crime can be accomplished through a variety of mechanisms including a statewide council on organized crime. This council, utilizing intelligence collected by those agencies responsible for organized crime control, would shape control policies and encourage implementation.
- Measures of effectiveness must be articulated and implemented by agencies responsible for organized crime control in Pennsylvania.² Only when progress milestones are established can we be assured that law enforcement's efforts are effective.
- A variety of regulatory, civil, and criminal specialists are essential to address organized crime and should be utilized³ (e.g., investigators, attorneys, accountants, computer specialists, analysts, economists, criminologists, loss prevention experts, etc.).
- Organized crime is a unique form of criminality, and to contain it

requires unique investigative and prosecutorial expertise. Specialized training must be a part of any coherent organized crime control strategy.

- Investigative initiatives that focus on licit and illicit industries controlled or dominated by organized criminal elements should be accorded a higher priority. Market alteration and restructuring is critical to a lasting impact. Simply removing organized criminals through incarceration has a limited effect.

Legislative reforms are central to this process. The Legislature is capable of directing or providing for the imposition of longer-lasting, effective remedies on certain industries—legal and illegal. For example:

- The Legislature is considering measures to maintain the integrity of the environment and the solid and hazardous waste industry in Pennsylvania. House Bill 2643 and Senate Bill 1649 both seek to accomplish these purposes. Clearly, such legislation is needed to ensure the safe disposal of waste in Pennsylvania.

- The Legislature has enacted various gambling legalization measures. Any such measures need to recognize and address the reality of organized crime in the affected markets.

- Loansharking has resulted in organized crime take-overs of legitimate and illegitimate enterprises. Legislation is necessary to address the problem of loansharking in Pennsylvania.

- Select bail bonding representatives have been used by organized crime interests to capture or control illegal markets. Legislation to address fundamental reforms in bail bonding procedures should be considered.

- The check-cashing business in Pennsylvania is essentially unregulated. Increasing evidence has demonstrated that organized crime has taken advantage of this situation. Legislation to address this problem should be enacted.

- Repeated investigations of Chester, Pennsylvania, have shown that when a government is systemically corrupt, merely incarcerating racketeers does not eliminate racketeering. Legislation to address the problem of systemically corrupt units of government is needed.

Organized crime has changed quite dramatically in the past decade, yet it represents a continuing challenge to the criminal justice system. The *1990 Report* has appropriately identified both organized criminals and organized crime problems that affect the quality of life in Pennsylvania. By mobilizing and galvanizing public opinion about the threat they present,

the Commission believes an effective containment effort can be launched and successfully carried out. Hopefully, this *Report* will contribute to this effort.

ENDNOTES

1. See for example, Drexel E. Godfrey and Don Harris. 1971. *Basic Elements of Intelligence*. Washington, DC: U.S. Government Printing Office.

Justin J. Dintino and Frederick T. Martens. 1983. *Police Intelligence In Crime Control*. Springfield, Illinois: Charles C. Thomas.

2. See for example, Michael D. Maltz. 1990. *Measuring The Effectiveness Of Organized Crime Control Efforts*. Chicago: University of Illinois.

3. President's Commission on Law Enforcement and Administration of Justice. 1967. *Task Force Report: Organized Crime*. Washington, DC: U.S. Government Printing Office.

At present, most law enforcement agencies gather organized crime intelligence information with prosecution as the immediate objective. This tactical focus has not been accompanied by development of the full potential for strategic intelligence...prosecution based merely on individual violations that come to the attention of law enforcement may result in someone's incarceration, but the criminal organization simply places someone else in the vacated position.

1967 Task Force Report: Organized Crime

PENNSYLVANIA CRIME COMMISSION

PUBLISHED REPORTS: 1969-1989

- Task Force Report: Goals for Justice (1969)
- Task Force Report: Assessment of Crime and Criminal Justice in Pennsylvania (1969)
- Task Force Report: Corrections in Pennsylvania (1969)
- Task Force Report: Alcohol and the Criminal Justice System (1969)
- A Report on the Inquiry into Gang Violence in Philadelphia (1969)
- Criminal Justice Planning and Action in Pennsylvania (1969)
- Comprehensive Plan for the Improvement of Criminal Justice in Pennsylvania (1969)
- Report on Organized Crime (1970)
- Report on the Conditions of Organized Gambling and the Administration of Criminal Justice in Johnstown, Pennsylvania: 1970-1971 (1971)
- Report on the Investigation in Delaware County, Pennsylvania, with Particular Reference to Abuses in Bail Bonding: 1970-1971 (1971)
- Criminal Infiltration of Legitimate Business in the Philadelphia Area (1971)
- Report on Professional Crime In Pennsylvania (1972)
- Report on an Investigation of Liquor and Penal Code Violations and Enforcement Policies in the Locust Street "Strip" Section of Philadelphia (1972)
- Report on an Investigation into the Alleged Fixing of Certain Harness Races of Pocono Downs Track in 1971 (1972)
- Gambling and Corruption in Phoenixville (1973)
- Corruption in the Philadelphia Police Department (1973)
- A Case Study of the Second Class Township Code - Chartiers Township (1973)
- Investigations in Delaware County - Macing and Corruption (1973)
- Corruption in the York Police Department (1974)
- A Case Study of the Pennsylvania Election Code (1974)
- Migration of Organized Crime Figures from New Jersey into Pennsylvania: A Case Study of Syndicated Gambling in Bucks County (1976)
- Conflict of Interest and Self Dealing by Local Public Officials and Employees; Pocono Township, Monroe County and Marple Township, Delaware County (1977)
- The Administration of the Criminal Justice System - Liberty Borough and West Mifflin Borough (1977)
- Gambling and Its Effect Upon the Criminal Justice System - Patterns of Sentencing in Allegheny County Gambling Cases (1977)
- Absentee Voting Irregularities in Delaware County (1977)
- Fraudulent 'Cents-Off' Coupon Redemption Schemes (1977)
- Abuses and Criminality in the Bail Bond Business in Pennsylvania (1977)
- A Chester City Racketeer: Hidden Interests Revealed (1978)
- Interstate Shipment of Gambling Paraphernalia and its Distribution and Sale Within the Commonwealth (1978)
- Racketeering in the Casualty Insurance Industry (1978)
- Macing and Extortion in the Pennsylvania Department of Transportation (1978)
- Voting Irregularities in Philadelphia (1978)
- The Penn State Group: A Study in White Collar Crime (1978)
- Racketeering in the Commercial Loan Brokerage Industry (1980)
- A Report of the Study of Organized Crime's Infiltration of the Pizza and Cheese Industry (1980)
- A Decade of Organized Crime (1980)
- Annual Report (1981)
- Health Care Fraud: A Rising Threat (1981)
- 1981 Annual Report (1982)
- Assessment of Pennsylvania Crime
 - Pennsylvania Crime Statistics
 - Drug Smuggling at Westmoreland County Detention Center and Other PCC Investigations
- 1983 Report
- The Mob with the Changing Face
 - Narcotics for Jewels: The Anatomy of a Burglary Ring
 - Bars and Pubs: Safehouses for the Mob

1983 Report (continued)

- A Speedy Arraignment - the Sal Testa Shooting
- Abuses in the Coal Industry
- Motorcycle Gangs: Breaking Laws for Profit

1984 Report

- Pennsylvania Law Enforcement: A Time for Change
- Judicial Inquiry and Review Board Probe
- The Intermission Tavern Investigation
- La Cosa Nostra: An Update

Coal Fraud: Undermining a Vital Resource (1985)

1985 Report

- Garment Counterfeiting: A Multi-Million Dollar Rip-Off
- George Martorano: A Drug Kingpin with In-House Counsel
- Pizza Parlors: Safehouses for Drug Smugglers
- J.I.R.B.: Focusing on Pennsylvania's Judiciary
- La Cosa Nostra: Prosecutions on the Rise
- Trucking Firm with Criminal Past Hired to Transport PA LCB Liquor
- A Paper Company with Mob Ties Goes Bankrupt

1986 Report: The Changing Face of Organized Crime

- Status of Organized Crime in the Commonwealth: The Dynamic Character of Organized Crime in the 1980s
- Attack on Organized Crime
- Criminal Intelligence: The Proactive Weapon Against Organized Crime
- Assessing Law Enforcement's Needs and Ability to Fight Organized Crime
- Education for Prevention: Attacking the 'Demand Side' of the Illegal Equation
- Analysis and Recommendations Regarding the Crime History Record Information Act

1987 Report

- Illegal Drugs and Narcotics
- The False Promise: Gambling
- Update and Status of Organized Crime Groups

1988 Report

- Legislative Proposals and Law Enforcement Training
- Enhancing the Commonwealth's Effort Against Organized Crime
- Educating Law Enforcement in Racketeering Investigations
- Federal RICO: Attacking the Profits of Enterprise Crime
- Update and Status of Organized Crime Groups
- Asian Organized Crime: An Ignored Phenomenon
- Black Organized Crime: Typical Drug and Gambling Networks
- Jamaicans: An Increasing Threat
- The Continuing Presence and Growth of Hispanic Drug Networks in Pennsylvania
- Outlaw Motorcycle Gangs
- Pennsylvania's Pizza Connection Case
- Maintaining a Finger on the Pulse of Traditional Organized Crime
- The Roofers Union, Politics, and the Mob: A Symbiotic Relationship
- The Scarfo Family and P2P-Seeking Dominance of an Illicit Market

1989 Report

- Drug Markets and Drug Enforcement: An Overview
- The Video Poker Industry: A Benign Investment with Malignant Implications
- Racketeering in a Pennsylvania City: A Classic Case Study
- Update and Status of Organized Crime Groups
- Lessons to be Learned from Organized Crime Prosecutions

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