



State of New Jersey
Commission of Investigation

ORGANIZED CRIME IN BARS

OCTOBER 1992

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State of New Jersey
COMMISSION OF INVESTIGATION

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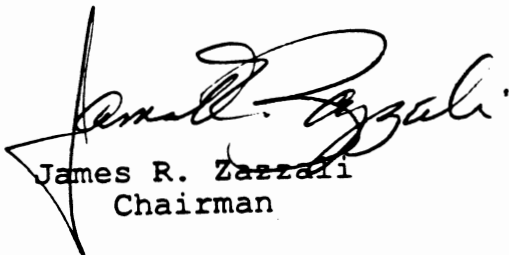
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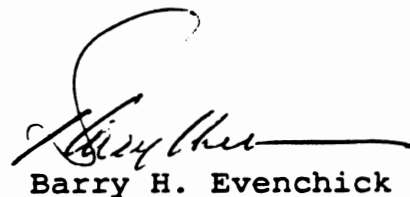
October 1992

Governor James J. Florio
The President and Members of the Senate
The Speaker and Members of the General Assembly

The State Commission of Investigation herewith formally submits, pursuant to N.J.S.A. 52:9M, a report and recommendations on its investigation into organized crime in bars, including its public hearing held on February 18 and 19, 1992.



James R. Zazzali
Chairman



Barry H. Evenchick



Kenneth D. Merin

*Commissioner William T. Cahill Jr. did not participate in this matter.

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INTRODUCTION

It shall be the duty of the commissioner [of alcoholic beverage control] to supervise the manufacture, distribution and sale of alcoholic beverages in such a manner as to promote temperance and eliminate the racketeer and bootlegger. N.J.S.A. 33:1-3 (1933)

In 1920, the United States embarked on a grand moral experiment by prohibiting the manufacture and sale of alcoholic beverages. The experiment, known as Prohibition, was embodied in the 18th Amendment to the Constitution. Prohibition's repeal in 1933 was an acknowledgement that the experiment had failed. But the repeal was also motivated by a recognition that the only group to profit from Prohibition had been organized crime. In fact, it can be argued that Prohibition was an important economic breeding ground for organized crime as we know it today.

It was for that reason that the New Jersey Legislature made it clear in 1933 that "racketeers and bootleggers" and others of ill repute were not welcome in the newly legalized alcoholic beverage industry at any level. Despite this statutory admonition, a handful of the nation's biggest bootleggers became legitimate, then created some of the largest distilling companies in the world — companies that are still giants in the industry today. So while bootleggers themselves are no longer in the industry, their corporate offspring are.

Just seven years ago the Legislature restated the 1933 policy and the mission of the state Division of Alcoholic Beverage Control (ABC) regarding the industry and the underworld:

To protect against the infiltration of the alcoholic beverage industry by persons with known criminal records, habits or associations N.J.S.A. 33:1-3.1(5).

Pursuant to that statute, the ABC adopted a regulation designed to provide more detailed guidance to licensees:

No licensee shall allow, permit or suffer in or upon the licensed premises the habitual presence of any known prostitute, gangster, racketeer, notorious criminal, or other person of ill repute. N.J.A.C. 13:2-23.5(a).

* * *

It was against this background that the State Commission of Investigation began its inquiry into

the reverse.

I, you know, hid the money but there's a lot of things you can do with it. I mean a lot of things. It's an office, it's a place for people to meet. It's a place where people can locate you, to meet new people, funnel money. It's a place where you can hide money, steal money. It's multiple ways to use it. It depends on the individual and how he wants to use it.

Because it is not illegal for an organized crime figure to own a business so long as that enterprise operates within the law, many mobsters own businesses openly and law enforcement normally cannot touch them. But a liquor license is a privilege granted under specific conditions requiring, among other things, a threshold of integrity and freedom from criminal associations. Government has an affirmative obligation not to grant liquor licenses to persons who do not meet the statutory criteria. Agencies that ignore this obligation are not complying with the law and do a disservice to society.

Although municipal police normally conduct background investigations on applicants for liquor licenses, some municipal officials have argued that their police are too busy with street crime and other public safety matters to pay attention to who owns licensed beverage establishments in their towns. And besides, they ask, who cares whether or not a mobster owns a local bar? The argument is a specious one. The Commission firmly believes that any effort against organized crime, which is responsible for much of the drug trafficking in our society, ultimately will have an impact on street crime.

Attacking organized crime through the regulatory process is but one of many methods that can be employed in the constant battle against this public menace. It proved successful in Atlantic City with

the creation in 1977 of the Joint Task Force by which the State ABC, with the assistance of the county prosecutor's office and the State Police, took over from municipal officials the authority to investigate applications for liquor licenses before approval by the city. Although organized crime has been in Atlantic City for years, as it has been in most of the state's urban areas, the Joint Task Force has kept it out of the liquor business there simply by vigorous and thorough investigations of the backgrounds of applicants for licensure.

* * *

At its public hearing, the Commission staff released data regarding more than 20 licensed premises that were controlled either openly by organized crime figures or by undisclosed owners who should have been disqualified from licensure because of their organized crime connections or their criminal records. This report will cover not only those establishments but also some not previously mentioned. Obviously, there are yet more bars reputed to be controlled by organized crime but which the Commission staff could not investigate because of limitations of time and resources.

This report will also deal with administrative deficiencies at the State Division of Alcoholic Beverage Control that have permitted licensees, including organized crime figures, to avoid regulatory sanctions.

Finally, appended to this report is the text of a statement issued by the Commission in March recommending a state takeover from municipalities of much of the authority to issue liquor licenses.

held

one of the three most powerful positions in any LCN (La Cosa Nostra) family, responsible for advising the boss, controlling the capos, one of the chain of command who could authorize murders and make the major decisions of the family — in the thin air of conclaves of bosses, Commission meetings, making and breaking bosses, the LCN boardroom.

And most of these decisions were made at Casella's.

In his testimony, Lenehan was describing the period leading up to the investigation, trial and conviction of Manna, Casella and other figures in the Genovese crime family. Lenehan noted that Manna's usual haunts were the street corners of Manhattan's Little Italy, but in the late 1980s New York became a "swirling arena of law enforcement pressure" and Manna returned more often to the relatively safe haven of Hudson County and Casella's.

In 1987, the FBI, despite the difficulties already described, succeeded in planting listening devices in Casella's. Monitored together with the State Police, the Division of Criminal Justice and the IRS, the devices revealed the extent to which the restaurant was used by Manna and his associates. It had become evident, Lenehan testified, "that by early 1988 the legitimate business enterprise of Casella's was virtually non-existent and it had effectively become little more than a typical mob social club." He also likened the restaurant to "the board room of the New Jersey operations of the Genovese family."

The Commission's protected witness, a former northern New Jersey associate of the Bruno/Scarfo family, also testified about Casella's:

Q. How did Bobby Manna use Casella's Restaurant?

A. Well, it was a meeting place for anybody who wanted to see him or, you know, from

other families or his own family, whatever.

Q. Did you ever have a sit-down at Casella's Restaurant?

A. Yeah, I had a sit-down with a customer that they had taken from me by one of his controllers, Bobby Manna's controllers, and [I] went there with Freddie Salerno in a sit-down and they gave him back.

Q. Who was the subject of that?

A. Petey Cap. Petey Cap is with Bobby Manna and he's in the gambling business, and he had stolen one of my runners.

Q. How was that dispute resolved?

A. It was ruled in my favor and Bobby told Petey Cap, make sure that he got back to me.

Q. Is Petey Cap, Petey Caporino?

A. Yes.

Q. Do you know Alfred Salerno, Freddie Salerno?

A. Yes.

Q. What position in what family was he?

A. Bruno/Scarfo family, he was a soldier.

Q. He was murdered in 1980. Do you know why?

A. Well, supposedly Freddie Salerno and Tony Bananas did (killed) Angelo Bruno, and also over a giant number package in Jersey City, two million dollars a day, numbers.

Q. How much a day?

A. Two million.

Q. Did you ever drive Freddie Salerno to Casella's Restaurant?

A. Yes.

Q. For what purpose?

your signature at the bottom?

A. Yes, ma'am.

Q. The date indicated is June 19, 1990. Is that the date on which you accepted the application?

A. That's the date I accepted the moneys and the application, yes.

Q. Who presented the application to you?

A. I have no idea. It could have been his wife, it could have been —

Q. Whose wife?

A. Mr. Casella's. It could have been —

Q. Which Casella —

A. It could have been a manager —

Q. Which Casella? There are two listed as owners. Martin and Frank.

A. Martin Casella.

Q. The application indicated the trade name to be Casella's Restaurant. Do you know whether that's true or not?

A. It's — as far as our records are concerned, it's still Casella's Restaurant, yes.

Q. The premises operates under the name Pascale's. Are you aware of that?

A. That — he has been informed that he had to amend his license to make it — change the trade name.

Q. Who was informed?

A. Mrs. — I believe it's Mrs. Casella because she came in recently and I told her that as long as the trade name, Casella's Restaurant, is no longer being used, that she has to submit the license to make it Pascale's.

Q. When did you tell her that?

A. It was right around the renewal period time. It must have been around the renewal

period time.

Q. How did you know that the premises were operating under the name Pascale's?

A. I travel through the city. It's only a mile square. When I come in from out of town, I usually make the turn on — on Jackson Street. I come through Jackson Street and then I shoot right up.

In fact, Hoboken officials told Mrs. Casella she had to amend the license because agents from this Commission informed Hoboken officials that the name on the bar had been changed.

The questioning of Serrano continued:

Q. Martin Casella is listed as the 90 per cent owner and president of the corporation —

A. That's correct.

Q. — that holds the license. Are you familiar with the fact that Martin Casella is also known as Motts Casella?

A. Yes, ma'am.

Q. Do you know that in 1989 Motts, or Martin Casella, was convicted in federal court —

A. Yes, ma'am.

Q. — on racketeering charges? Why was this application approved?

A. Here again, it's — it's a good question. Seeing that there was a Mr. Frank Casella who was vice-president and he was the person who signed it, the application was accepted.

Q. Frank Casella is listed as a ten percent owner.

A. Right.

Q. Again, I ask you: You have a convicted

Since 1974, Blavat has been the owner of record of a restaurant and night club in Margate called Memories where he frequently performs his disc jockey show playing "oldies" records. He also appears at other clubs in southern New Jersey and Pennsylvania. The financial arrangements for his appearances at the three other New Jersey clubs violated ABC regulations because he received all or a portion of cover charges in cash as well as a percentage of liquor sales. Such funds were not recorded on the books of the licensees either as income or payments. While the licensees were disciplined by the ABC, Blavat himself was never cited because its regulations do not apply to entertainers.

Blavat has allowed Memories to be used as a regular meeting place and hangout for the Scarfo family, contrary to ABC regulations. According to Thomas DelGiorno, in 1984 he had been assigned by boss Nicodemo Scarfo to murder crime family member Salvatore Testa but was having trouble setting him up for the kill. DelGiorno testified that because Memories was the only place Testa visited regularly and appeared to be relaxed, he asked Scarfo if he could commit the murder there. But he said Scarfo told him not to do it. Scarfo told him, " 'I use that. I go in there all the time. I meet guys in there. I don't want to ruin the joint.' "

In a statement submitted to the Commission at the public hearing, New Jersey State Police Superintendent Justin J. Dintino, a nationally recognized expert on organized crime, said of Blavat:

Blavat was an associate to, and a chauffeur for, the late Philadelphia crime boss Angelo Bruno. He has also been identified as an associate to Nicodemo Scarfo. Throughout his professional career, Blavat has openly associated with members and associates of the Bruno/Scarfo family, including John Martorano, the late Frankie "Flowers" D'Alfonso, Joseph Merlino, Salvatore Merlino and Tyrone DeNittis.

Although Blavat has no criminal record, Commission Special Agent Grant F. Cuzzupe cited in detail his long association with organized crime figures, which has been extensively documented by surveillances of numerous law enforcement agencies over many years. This documentation leaves the Commission with no doubt that Blavat truly is connected to the Bruno/Scarfo crime family.

When subpoenaed to appear at a private Commission hearing, Blavat answered questions pertaining to his show business career and his licensed premises, Memories, but he invoked his Fifth Amendment privilege on questions regarding his organized crime affiliations. And when he appeared under subpoena at the public hearing, Blavat refused to answer *all* questions.

The testimony of Agent Cuzzupe established that Memories has been frequented by members and associates of the Bruno/Scarfo organized crime group, including Nicodemo Scarfo, Larry Merlino and Phillip Leonetti, and that the sons of Scarfo and Merlino were arrested on the premises "after a violent altercation." DelGiorno confirmed that testimony:

Q. Did you ever go [to Memories]?

A. Yes, I did.

Q. Did you ever meet other members or associates of the Philadelphia family there?

A. We all hanged out there in the summer. We always went there, everybody, you know, everybody that had a place down the shore or everybody came down the shore. At one time during the weekend we'd stop over there to have a drink.

Q. Did you ever pay for your meals or drinks there?

A. No, not very often.

DelGiorno also described Blavat's longstanding affiliation with the Bruno/Scarfo family and his

Q. Did Blavat also assist Scarfo in a similar fashion with Scarfo's purchase of a vacation home in Fort Lauderdale, Florida?

A. Yes.... This was explained to me by Scarfo and his attorney, Bob Simone, that Scarfo had purchased this home in Fort Lauderdale and the way that he did it was to put so much money down and then form a corporation that was supposed to be leasing this home to individuals as a vacation spot, and he had around three or four guys—that he had them sign a lease for like three or four months a year. I think that they were pretending that they were paying 3500 a month rent, and what they would do is come down to give Scarfo the 30—well, they would give Scarfo a check for 3500 and he would reimburse them by giving them the cash and Blavat was part of it.

Q. Do you recall who any of the others were?

A. One was Bobby Stone and two other guys. I think—I really don't remember the other two names. I think he had four of them that were doing three months apiece.

Q. Did Blavat ever actually visit the Fort Lauderdale home to make it appear as though he was renting it?

A. Oh, yes, That's—that's why it's—that's how the story came about of how he explained it to me that—I had been—it had been explained to me how he purchased the home but never with—who was actually, you know, pretending they were leasing it but one—one weekend we went down there and it was on a Sunday and we had—we were all in his house and Spiker or one of them was making spaghetti and meatballs, and he said that Blavat was coming and Blavat came into the place around ten o'clock or something, ten-thirty that morning, eleven o'clock. He came in, said hello to everybody. He went over—he went, sat down

with Scarfo for a little bit talking to him. He went and he ate a meatball sandwich, came back to the table and said good-bye, so when he was leaving I asked Nicky, I said, "Where is he going?"

He said, "Back to Philly," so I said, "Wait a minute. You mean to tell me this guy flew to Florida to eat a meatball sandwich?"

He said, "No, no, no. He comes here because he's one of the guys that leases the house and he thinks that because he shows up that the surveillance will pick him up and if they ever ask him if he's really leasing he could say 'yeah'."

Scarfo's house and boat both have been repossessed by the bank.

* * *

As an entertainer Blavat has used a variety of locations to generate cash through his corporation called "Celebrity Showcase." In private hearing testimony, Blavat described this entity as the one "that handles Jerry Blavat, the entertainer. Celebrity Showcase is the corporation that books Jerry Blavat, and is paid, and then Celebrity Showcase pays Jerry Blavat a salary for his performance."

But the benefits from these arrangements go beyond the simple collection of a paycheck. Blavat and his employees literally take over an establishment when he is there. To a large degree, he has been able to violate ABC regulations with impunity. For example, Blavat used now deceased Bruno/Scarfo soldier Samuel Scafidi as an overseer or floor manager during his shows at various locations. He also employed Scafidi's son-in-law, John Hansen, as his head doorman. Because both men have criminal records, they are disqualified from working in licensed premises.

The Commission's investigation determined that Blavat was booked on a continuing basis in some southern New Jersey licensed establishments, including the Ivystone Inn, later called the Betsy Ross

shows, and he had told me that that's where he makes most of his money. He sometimes or most of the time gives the door so much money, a little bit of money, and the door has this fee and that he only reported a very small portion of that — of that door at these — when he was the disc jockey and at Memories and at wherever he had the door. That's how he made his money; that, you know, the money they didn't have to show.

Q. Did he tell you what he did with a salary that he would receive from one of the lounges when he received part by check and part by cash?

A. That's what I meant; that the door would be part of the salary and — whatever he received by check was not — was a small percentage of what he made that night, is what I'm trying to get across. Let's say it was 25 percent and the other 75 percent had come from the door or from whatever else the guy gave him under the table.

The ABC Enforcement Bureau investigation of Degenhardt's Caterers resulted in charges against the license, some of which were related to the business arrangement with Blavat. Degenhardt's was also cited for Blavat's employment of Bruno/Scarfo soldier Sam Scafidi and John Hansen, both of whom were criminally disqualified. Commission surveillances at Degenhardt's corroborated that both Scafidi and Hansen worked on the premises during Blavat's appearances. According to testimony by Joseph Trymbiski, who worked at the Betsy Ross Inn during part of the time period Blavat had his show there, Blavat told him that Sam Scafidi was his "eyes and ears." Blavat himself admitted during the private hearing that he was friendly with and employed Scafidi. Blavat described Scafidi's role as follows:

He just was there — Sam Scafidi was an old guy that had — just an old nice guy that hung around. I got guys that come to the

clubs and hang and follow Jerry Blavat for 25 years that just like to be a part of that, and Sam was one of those guys that was — he was like a second father.

Q. What work did he do for Celebrity Showcase?

A. Really, just watched out for my interest to make sure that nobody was doing anything, cheating or anything like that.

Q. Can you give me some concrete examples of that?

A. He just was around me, that's all.

Q. Was he on the payroll of Celebrity Showcase?

A. I think he was, yes.

Q. Specifically, what were his duties?

A. He'd be at the club to watch, see what I was doing, and watch to see that there was no problems at the club.

Q. How much was he paid?

A. That you'd have to check with the bookkeeper. I don't want to give you the right price because I may be wrong. Celebrity Showcase, they would have that.

Q. Can you give us an example of a problem that he handled for you?

A. Well, he made sure that nobody was cheating, you know.

Q. Such as who?

A. Well, he'd watch out, he'd say to me — let me give you an example. If a club is in my name, Jerry Blavat's Memories, even though I don't own it, it's got my name, and I want to make sure that because it's my name, the people who come there are not — somebody is not cheating them with drinks and things like that, so he was almost like a friend and manager type who watched — he traveled

interest in two other premises, Satin Dolls in Lodi and The Emergency Room/Kathy's Kafe in Garfield. All three establishments operated under various names during the period covered by the Commission's investigation, during which its staff found many examples of misleading financial transactions, incidents of undisclosed interest and other violations of ABC regulations.

It was during this part of the investigation that the name of New York Giants linebacker Lawrence Taylor surfaced because of an apparent interest he once had in the 1st and 10, a successor name to The Bench, and because of his open friendship with Ravo. Taylor also is an owner of LT's Sports Bar and Restaurant on Route 17 in Rutherford. Although the Commission did not find that Ravo had an interest in LT's, one of Ravo's girlfriends, whom the ABC once accused of embezzlement, is the bookkeeper there.

In his written statement submitted to the Commission at its public hearing, State Police Superintendent Dintino outlined Ravo's link to organized crime:

Vincent Ravo, of Normandy Beach, New Jersey, is a known associate of the Genovese crime family. It is known that Ravo has been involved in loansharking and illegal gambling activities.

Ravo's organized crime associates have included John DiGilio, one of the most vicious and feared members of organized crime in New Jersey who was murdered in 1988, Frank Scaraggi, who died of natural causes, and Philip "Brother" Moscato.

In addition to the criminal activities noted by Colonel Dintino, the ABC concluded during its 1986 investigation that Ravo and Nicolena Santoro had skimmed more than \$200,000 from The Bench during 1983 and 1984. Ravo had also been arrested for weapons and drug offenses, larceny, stolen property, assault, kidnapping, rape and homicide. De-

spite this background, which legally disqualifies him from having interests in the liquor industry, Ravo has continued to be involved through other persons.

Subpoenaed to appear before the Commission at its public hearing, Ravo invoked his Fifth Amendment privilege against self-incrimination when questioned by Counsel Saros regarding his alleged organized crime associations.

THE BENCH

The Bench on Paterson Plank Road in Carlstadt was a go-go bar owned by attorney Alfred Porro Jr. of Lyndhurst and members of his family. The bar had been in the Porro family since 1979 and has had several names. Ravo operated the place virtually independent of any supervision by Porro or his family from the time of his employment in 1982 until 1988.

The family sold the bar twice, and it was reclaimed by foreclosure both times. Porro explained to the Commission that hiring Ravo as manager was necessary because no one in his family could operate the bar. In 1983, a year after Ravo was hired, his girlfriend at the time, Nicolena Santoro, took over as the manager and Ravo became involved in some construction work for Porro elsewhere. That same year, Ravo was indicted for illegal possession of a weapon.

The 1986 ABC investigation of The Bench concluded that in 1983 and 1984 Ravo and Santoro were skimming money from the business and using the funds to pay personal debts rather than those of the bar. Porro told the Commission why his present relationship with Ravo is "strained."

Well, first of all, I basically felt very—I was very good to this man, very, very good to this man. He did not treat my—my children with respect, he didn't treat my wife with respect

we turned over to the State Police and if it isn't in those records, I'll search for it. It wasn't —

Q. It wasn't included, so if you would search for it —

A. I would. Let me make a —

I believe there was also a mortgage that I signed—I believe there was a mortgage that I signed on that also.

Q. For whom?

A. For Mr. Scaraggi.

Q. In what amount?

A. It was in the 10, maybe 15,000 dollar area, but I'll get the — I'll —

Q. Was the 10,000 dollar note been repaid?

A. Yes, it has.

Q. Has the mortgage amount been repaid?

A. Yes. It was one and the same, by the way, the note and then the mortgage secured the amount.

Subsequent to his testimony, Porro confirmed by letter that the mortgage had been for \$29,300, not \$10,000 as he had testified, but he never produced a copy of either the note or the mortgage.

* * *

Because The Bench was only a mile from Giants Stadium, it was frequented by many Giants players, and Ravo became friendly with several of them. One was linebacker Brian Kelley, who had several business ventures with Ravo. In fact, Ravo is the godfather of one of Kelley's daughters.

When subpoenaed by the Commission, Kelley initially invoked his Fifth Amendment privilege, but was granted immunity from prosecution and was compelled to testify. Even with immunity,

however, Kelley was an uncooperative witness. He failed to appear for one private session and his answers to questions were often incomplete and hazy.

In addition to Kelley, Ravo became close to two other Giants linebackers, Lawrence Taylor and Brad Van Pelt. Each player wrote a character reference to a Passaic County judge on Ravo's behalf in April, 1984, to urge leniency when he was sentenced on his guilty plea to a weapons offense. The letters were written on stationery with the Giants letterhead. Taylor testified that Nicolena Santoro, Ravo's girlfriend, composed his letter for him. Kelley testified that he signed a blank piece of stationery at Ravo's request and someone later wrote the letter for him.

Despite warnings from officials within the Giants organization and from National Football League Security, these players continued to associate with Ravo, both personally and sometimes in business investments. Commission staff interviewed officials from the Giants organization and league security, who were aware of all of the players' associations with Ravo and the character references written on his behalf.

George Young, General Manager of the Giants, stated that the team's letterhead was not disseminated by the front office, nor were the letters approved. Young said he and Giants coach Bill Parcells, as well as representatives from league security, had specifically advised Taylor to discontinue his association with Ravo, primarily because of the latter's ties to organized crime. After Taylor's character reference for Ravo was reported in the press, Parcells requested Taylor to stay out of The Bench. And Warren R. Welsh, Director of Security for the league, confirmed that his staff had advised Taylor to sever his relationship with Ravo. Welsh said the problem with The Bench was not that it was a go-go bar but that Ravo ran it.

Taylor disputed this, saying that Ravo was not specifically mentioned by anyone in the team's

probably.

Q. What was their objection to The Bench?

A. Because they felt it was, like I said—the same thing. They felt it was—was activities going there that wasn't lawful.

Q. What type of activities?

A. I have no idea. You have to ask them.

Q. They didn't tell you?

A. No, indeed.

Q. And Vinny Ravo's name never came up in that conversation?

A. I really don't know. I don't think so.

Q. You don't think so?

A. No, don't think so

Q. It may have?

A. It may have. It may not have.

Q. Did you ever talk to Vinny about the discussion you had with NFL security about The Bench?

A. He knew that the Giants and NFL didn't want me to come into The Bench. He knew—also knew that I didn't—I didn't care.

Q. Did you tell him that you were spoken to about it?

A. Yeah, I did. I did.

Taylor testified that his friendship with Ravo has cooled recently because he went into business with Porro at LT's rather than with Ravo in a venture he had planned at the New Jersey shore. Nevertheless, Taylor testified that he still makes appearances from time to time at Ravo's request. One such appearance was in 1987 at a child's birthday party at the Fair Lawn home of Alan "Little Al" Grecco, a member of the Genovese organized crime family and the son-in-law of Louis "Streaky" Gatto, a capo in that family. Another appearance

was in 1991 at the opening of a furniture store in upstate New York owned by Angelo Prisco, a Genovese capo who is Ravo's superior in the mob.

* * *

After Ravo left The Bench and the name was changed to 1st and 10, Taylor used his former college roommate Paul Davis as a front in the bar. Davis became the manager at 1st and 10 but is now the assistant manager of LT's.

Davis, whom Taylor called his "best friend in the world," testified before the Commission in private session. Documents pertaining to the 1st and 10 identified Davis as a member of the board of directors and owner of the business, along with Joan Atkins Porro, the wife of Al Porro and herself also an attorney. When shown these corporate papers, Davis seemed genuinely surprised that they contained his name. He testified that this was done without his knowledge and that the signature on the documents was not his. On their face the documents appear to have been prepared in the law office of Porro & Porro. In fact Davis testified that he had been asked by both Lawrence Taylor and probably Al Porro if his name could be used in connection with ownership of the 1st and 10 but he said he declined due to this Commission's pending investigation.

Davis was asked about Taylor's interest in the 1st and 10. He responded:

Because at the time he (LT) was looking to take the place over, be the owner, until we found out about the SCI investigation. He didn't want his name to be shown on the papers because—I really didn't understand what the SCI investigation was so—you know, it scared me, but I didn't really know what it was so first he asked me to put my name on it and I didn't—I didn't want to put my name on it as the owner.

Q. Did he explain to you why he wanted you to say that?

A. No. He just—he just told me—yeah, he explained it, I guess he was trying to get another 10,000 out of Al Porro, from my understanding.

Q. Why did you go along with that?

A. It wasn't hurting me at all, to my knowledge.

Q. The statements that you made to Porro, were they true?

A. No.

Kelley testified that Porro did not believe him.

For his part, Porro testified that he determined that it was Ravo, not Kelley, who had loaned the money to the bar. Porro said he found an entry in the books which he said was “probably” made either by Nicolena Santoro, Ravo’s girlfriend, or by an accountant. The entry showed that the loan was made by Kelley.

Checking with Ravo, however, Porro was told that they had had a conversation at the time in which Porro said that the bar needed cash, and that as a result Ravo lent the bar \$10,000. Porro testified that although he had no recollection of the conversation and despite the fact that the books showed the loan came from Kelley, Porro paid Ravo the money.

The incident raises for the Commission several concerns, one of which is the willingness of Kelley, an ABC licensee, to engage knowingly in a scheme to cheat someone out of \$10,000 on behalf of a man he has testified he knew was reputed to be involved with organized crime.

More important is the conduct of Porro, also a licensee, and an attorney since 1959. That the loan was carried on the books as coming from Kelley indicates that someone was trying to hide the fact

that Ravo may have had a de facto interest in the bar and was surreptitiously putting money into it to keep the business afloat. If that was the case, Porro had a mobster for a partner.

If, as Porro testified, he had no recollection of the conversation with Ravo regarding the need for the \$10,000 but so willingly “paid it back,” then the transaction may simply have been a shakedown. And an attorney of Porro’s experience must have been afraid because he knew with whom he was dealing.

SATIN DOLLS

After his athletic career ended, Brian Kelley invested some money in 1989 in a Lodi go-go bar called Satin Dolls, owned by brothers Scott and Kevin Matchett and William Colacino Sr. of Garfield. Their corporation was called Lodi Charcoal Pit, Inc. It was Ravo who introduced Kelley to the Matchetts as a potential investor and Kelley eventually bought out Colacino, who wanted to sell his share of the business because his health was deteriorating.

The transaction involving the sale of Colacino’s stock to Kelley was rife with poor documentation, inaccurate figures, unrecorded cash payments and ABC violations, most notably the employment of Vincent Ravo. And, again, Kelley’s testimony was not enlightening. He was not able to explain clearly the reasons why his name did not appear on the liquor license even though he had a financial interest in the business. Nor could he explain why the contract for the purchase of his stock reflected a price \$50,000 lower than the actual purchase price. Kelley placed much of the onus for these irregularities on the Matchetts’ former partner William Colacino. Colacino testified, however, that it was the Matchett brothers who prepared the agreement of sale and he authorized them to sign his name to it. The Matchett brothers invoked their Fifth Amendment privilege and refused to answer questions.

Q. Why were you not on the license, then?
A. Because at that time I still had to pay the 37—well, at the time I had to pay 25 plus 37, plus my name had to be approved on the liquor license.

Q. Was it submitted for approval with your name on it?
A. I don't think yet, until I—until the loan was paid off.

Q. I'm unclear about something. Just because you had a loan and you continued to owe money, why was that a reason for you not to be on the license?
A. I don't know. That's what Billy Colacino, I believe, put—drew up, basically. It says, it states there that I couldn't become an owner, am I right, or—

Q. Are you referring to that purchase agreement?
A. Yes.

Q. That purchase agreement was never followed, though?
A. Well, it wasn't because of the situation, because I couldn't afford to pay it.

During the public hearing, Counsel Saros once again pursued a similar line of questioning, with similar results:

Q. When Satin Dolls opened on March 9, 1989, were you one of the partners?
A. Yes, I was.

Q. Why, then, was your name not on the liquor license?
A. Because the contract which I had received from Mr. Colacino, or the words that I received, he would not put my name on the license until after I had paid for—had paid him his full amount for the place.

Q. Since the bar opened in March of 1989, the liquor license was renewed twice and each time your name did not appear on that license, even though you were a partner. Why did it not?
A. I have no—I don't know why. I don't know when I made my final payment, exact date that I made my final payment to Mr. Colacino. If I could remember that, I would tell you why, but I have no idea why it was not on the license.

Kelley's financial interest in Satin Dolls was not known because Lodi officials failed to conduct a thorough background and source-of-funds investigation.

Vincent Ravo's affiliation with Satin Dolls took the form of "consultant" in charge of the renovations to the facility. Due to his criminal background, Ravo's employment in any bar is a violation of ABC regulations. Ravo's position at Satin Dolls became public when an article appeared in *The Record* on March 19, 1989, reporting an effort by Lodi officials to close the bar. Ravo's employment as manager was mentioned as one of numerous ABC violations. The article also reported that Ravo's employment there was confirmed by Colacino and Kevin Matchett, both of whom denied that Ravo was a principal owner of the bar. Lodi officials wanted the bar closed because they believed its entertainment violated an obscenity ordinance. When Colacino was asked for comment by the newspaper, he said: " 'You have to talk to the new owners', ... referring to 'Vinnie.' Asked if he meant Ravo, he said, 'He's the one you should talk to.' " Despite the Lodi officials' objections to the bar, it remained open.

In executive session, Kelley said he was aware before his involvement in Satin Dolls that Ravo was reputed to be connected with organized crime. In the public hearing, he insisted that Ravo was being paid as a consultant in connection with renovating the facilities, and in reimbursement for money he

A. He was being paid for it, yeah, for his construction and stuff.

Q. Was he being paid a fee to be there and do the — handle the renovations?

A. Yes, he was.

Q. When did Satin Dolls open?

A. March of '89.

Q. At what point in time after Satin Dolls opened did you become actively involved?

A. About eight — six to eight months after it had opened.

Q. What did you continue doing at that point?

A. Come in and write the checks and paying the bills and stuff.

Q. How often were you there?

A. I used to come there every morning.

Q. Do you continue to perform those functions?

A. Yes, I do.

Q. Did Ravo serve as a consultant to Satin Dolls?

A. Just as far as when it was being built, yes.

Q. As far as when?

A. When he was doing the construction now, which way to design it and stuff like that, yes.

Q. Did he continue to perform as a consultant after Satin Dolls opened?

A. No, he didn't.

Q. Whose idea was it to call him a consultant?

A. Kevin and Scott's.

Q. And was the only consulting service that he provided to oversee the renovations?

A. Yes, do the renovations.

Q. Once you took over handling the books and writing out the checks, did Ravo receive any money?

A. Yes, he did.

Q. How much was he receiving on a weekly basis, to your knowledge?

A. 500, I believe it was, a week.

Q. Who paid him that?

A. We paid him that.

Q. Were you the one who personally handed him the 500 dollars?

A. No. Basically I put it in an envelope and left it at the bar and someone would pick it up for him.

Q. Was he paid by check or cash?

A. Cash.

Q. Does that continue to this date?

A. Yes, it does.

Q. So then, since approximately the time that Satin Dolls opened in March of 1989 to this day [February 19, 1992], he's been receiving 500 a week?

A. Yeah, approximately that. Some weeks less, depending on —

Q. Why is he receiving 500 a week to this day?

A. Basically for being paid for his work and stuff.

Q. His work in overseeing the renovations?

A. Yes.

Q. Did he also put the deal together?

A. Yes, he did put the deal together.

Q. And he's still being paid for that?

Q. Did you ask for any kind of verification or confirmation of what this amount was for?

A. No, I didn't.

Q. You just took Vinny's word?

A. Yes, I did.

Q. Check number 517 is made out to Kathy Vanecek for 10,000 dollars.

A. Yes.

Q. What was that for?

A. That was for the renovations.

Q. For what in particular?

A. I really — it was made out — basically this is the money that went to Vinny Ravo, this —

Q. For what?

A. For the renovations they spent in — for the renovations.

Q. Did you ask for any type of itemization?

A. No, I didn't.

Q. Why not?

A. Because I took his word for it.

Q. Check Number 518 is made out to Herman Morales for 5,000 dollars. What was that for?

A. Same — same thing; renovations.

Q. Again, do you know what in particular?

A. Well, I believe Herman worked — was working there.

Q. Doing what?

A. Helping with the renovations.

Q. What is Vinny Ravo's wife's name?

A. I — I thought it was Connie Ravo but it might be Costanza, whatever.

Q. This check, 518, is endorsed by Herman Morales and then endorsed by Constance Ravo, Vinny's wife?

A. Mm'mm.

Q. Do you know why?

A. I have no clue why.

Q. Do you know why Vinny ultimately got the money?

A. I didn't — don't know if he did or not, no. What did you say? I'm sorry.

Q. His wife endorsed the check.

A. Right.

Q. So either the wife or Vinny got the money. Do you know why?

A. No, I do not know why.

Q. The prior check, 517, is that your handwriting, Kathy Vanecek?

A. No, it's not.

Q. Do you know whose it is?

A. I would assume it's hers by looking at the autograph.

Q. Did you give that check to Vinny?

A. Vinny or Kathy. I'm not — I don't recall.

Q. Why did you leave "Pay To The Order Of" blank?

A. He asked me to leave it blank, I guess.

Q. Check number 519 is made out to Kirk's Marina for 6,000 dollars.

A. Mm'mm.

Q. What was that for?

A. That was — basically for the renovations, I guess.

Q. The Commission has been told by the insurance agent that when he visited the premises of The Emergency Room before it actually opened, while renovations were being done, he saw you on the premises directing the various contractors. Is that true?

A. That is not true.

Q. You were not on the premises during renovations?

A. I was on the premises, but I never directed anything.

Daniel Conte testified in depositions during civil litigation with the insurance company arising from the arson that Kelley was considering going into partnership with Kathy Vanecek in managing The Emergency Room. Conte said that Kelley apparently changed his mind and Conte did not hear from him again regarding this issue.

Records show that Vanecek obtained a \$375,000 policy from Royal Insurance in January, 1990; in March, two months later, Daniel Conte was added as an additional policyholder. After the fire in July, 1990, Royal refused to pay the claim on the ground that the policy had lapsed because the Contes failed to pay the premium. The Contes sued Royal in April, 1991, for not honoring the policy. They also asserted that their agent, Insurance World, Inc., was negligent for failing to submit the aforementioned premium, thus allowing the insurance to lapse. In a counterclaim, Insurance World denied this and accused the Contes of being responsible for the negligence that caused or contributed to the fire.

The bar was repaired and re-opened in December of 1991 as Goodfellas. Daniel Conte had a small role as a mob associate in the movie "Goodfellas." He claims to be a close friend of actor Joe Pesci, a star of the film, and thus re-named the bar after the title of the movie.

According to an April, 1992, report from the Garfield city clerk to the city council, the Contes

were using the second floor of the building that houses Goodfellas without the proper license. They also were in violation of the resolution granting the liquor license by having a disco when the resolution specifically prohibited one. Moreover, the Bergen County Planning Board found that the Contes reconstructed and expanded without site plan approval. The matter of the disco and the site plan approval are still pending.

MEDFORD VILLAGE RESORT AND COUNTRY CLUB

The Medford Village Resort and Country Club in Medford Township, Burlington County, was used by some members and associates of the Bruno/Scarfo crime family to further illegal gambling activities.

Moreover, the club was partly owned, until 1985, by Anthony "Tony Buck" Piccolo of Philadelphia, who was until recently acting boss of the crime family.

Finally, the club's license was improvidently issued in 1971 because the establishment did not meet the legal criteria to qualify for such a license. The license remains in place to this day.

The situation has been allowed to occur in part because Medford officials do not require background investigations of licensees. The township police chief told Commission agents that any background investigations are done by the municipal clerk, with the ultimate responsibility lying with the State ABC. He said his department has never done a criminal history check or a fingerprint check on applicants for licensure. The chief acknowledged that he is aware that the club has been associated for years with operatives of the Bruno/Scarfo crime family yet he never passed the information to the governing body.

mob?

A. He's with Shotsie. Shotsie's cousin, too, I think.

Q. Were they involved in illegal gambling activities together?

A. Bookmaking business.

Q. Did you have any part in that?

A. In their business?

Q. Yes.

A. At what time? At the time of—

Q. Well, tell us what time that you know them to be involved in bookmaking and what—

A. I met Blase and Shotsie around 1964. I was—I was in my early twenties and I had just started into the bookmaking business. They were the first bookmakers that I worked for and that was the sports business. I worked for them for a couple of years and then my business just—I used to turn half of the booking to them. My business grew and I pulled it away and started taking care of it myself.

Q. When you worked for Blase Salvatore, where did you used to meet with him?

A. He'd come over to my house in Philly sometimes and sometimes I'd go over to Camden. There was a—I might have the wrong place. It was either 4th or 5th and Pine. There was a little bar there, bar/restaurant or something.

Q. When did you first meet Shotsie Sparacio?

A. Around the same time. He was Blase's—well, wait. Him and Blase—yeah, he was Blase's partner in—but I didn't deal with [Sparacio] at that time directly. I had met him but never did business with him. I first got to know him and got close to him around

ten years later, like around '74.

* * *

Anthony Piccolo's involvement in organized crime was detailed by Colonel Dintino at the public hearing.

Anthony "Tony Buck" Piccolo has been identified as a soldier and member of the Bruno/Scarfo organized crime family. A first cousin of Nicodemo Scarfo, Piccolo was elevated by Scarfo to consigliere.

In 1989, Piccolo assumed a leadership position as acting boss when Scarfo was convicted on federal RICO charges. It was during this time that Piccolo was recorded conducting the "making" ceremony by an informant reporting to the New Jersey State Police. Piccolo's activity with the Bruno/Scarfo family was a violation of his probation stemming from a 1987 commercial bribery conviction. It is known that Piccolo was president of the now defunct Baron Maintenance Services, Inc., a Camden, New Jersey company involved with contract bid rigging. In addition to his earlier conviction for commercial bribery, Piccolo was arrested during [New Jersey State Police] Operation Broadsword and charged with numerous crimes, including illegal gambling.

Thomas DelGiorno provided first-hand information about Piccolo's membership in the Bruno/Scarfo family.

Q. Do you know Anthony Piccolo, known as Tony Buck?

A. Yes.

Q. And do you know "Tony Buck" to be a made member?

A. Yes.

Q. Do you know approximately when he was

Q. On December 4, 1985, the stock held by Baron Maintenance Services was sold to Michael Procacci. Why was that done?

A. That would be the same answer, ma'am.

Q. \$100,000 was paid by Mr. Procacci to purchase the stock. What was done with that money?

A. That would be the same answer, ma'am.

Q. You will now be shown Exhibit Number 13 which shows the front of a check made out to Baron Maintenance Services in the amount of \$40,000. Below is a typed receipt indicating that the check was, in fact, received and your signature appears under that. Is that, in fact, your signature as president of Baron Maintenance?

A. That would be the same answer, ma'am.

* * *

The country club is owned and operated by two for-profit business entities known as Medford Village Resort and Country Club, Inc., and Medford Associates. A third entity, purportedly non-profit and known simply as Medford Village Resort and Country Club, holds the club liquor license and assists in the operation of the country club.

Separate investigations by the ABC Enforcement Bureau and the Commission have established that the "non-profit" corporation which holds the club's liquor license has been a sham since its inception in 1971. The country club is, in fact, operated by the for-profit corporation. During the public hearing, Commission Special Agent Hoey was asked to elaborate on the ABC regulation regarding club licenses:

A club liquor license is one which can be issued by any township or city and state. It really has no monetary value in that it's not sold or bought. A township has the ability under current ABC guidelines to issue as

many or as few club liquor licenses as they so desire and basically that's the reason why they're of little value as far as resale. This is the kind of liquor license that Medford Village Country Club [has].

Now, also there are other types of liquor licenses which are basically referred to as retail liquor licenses and these, of course, are worth money when bought or sold....

Q. And did the country club's use of a club license violate ABC regulations?

A. The way it was utilized, yes.... According to ABC regulations, club liquor licenses have to be issued to non-profit organizations ... basically for VFWs, Knights of Columbus, that type of charitable organization or recreational entity.

... Medford Village Country Club ... abused the club liquor license. In fact, as a result of our investigation and an investigation in some cases that paralleled our investigation which was done by the ... State ABC Enforcement Bureau, we were able to determine that that club liquor license at Medford Village was, in fact, a sham in almost every respect.

There ... weren't separate bank accounts ... separate meetings and minutes....With a club liquor license ... you're supposed to have a minimum of 60 voting members and it's supposed to be autonomous....With ... Medford Village there were six directors who were all original investors in the club....They called the shots so absent that club liquor license the for-profit entity ran the business, and it's this ... entity [in] which Mr. Anthony Piccolo, the La Cosa Nostra member, had a stock interest....

Q. And there is currently pending an ABC enforcement action against the licensee. Is

Q. You didn't have to.

A. — in 20 years. I didn't have to. Sure, I had veto power. If they're talking about spending money that wasn't in the kitty, I had veto power. That's it.

Q. At any time, did you object to a certain individual becoming a member of the country club?

A. Absolutely. First of all, the name would never be — never be handed into the membership committee. When the name would come up for — to be a member, if I didn't like him, I wouldn't — I wouldn't even submit it to the membership committee because I would tell the membership committee I refused to take them in for reasons. But I never had that problem either.

* * *

During the public hearing, Commissioner Evenchick asked Special Agent Hoey to elaborate on the roots of the problems with the licensure of the Medford Village Resort and Country Club:

COMMISSIONER EVENCHICK: Agent Hoey, I think I understood you to say that in the early 1980s and over the years until recently, you determined or your investigation disclosed that the local authorities have done virtually nothing by way of checking the backgrounds of individuals associated with this club. Is that correct?

MR. HOEY: That is correct, yes.

COMMISSIONER EVENCHICK: Can you clarify for us what you mean when you refer to local authorities?

MR. HOEY: Well, according to — my understanding is according to ABC guidelines, rules and regulations that the local townships have the ability to or should conduct background investigations. Now, it can be done by the township fathers, it can be done

by the police department at the instruction of the township fathers, but somebody is obligated to do some kind of background investigation ...

In the case of the country club, it was never done in Medford. Sometimes townships do as little as a criminal history check which is very minimal. What should really be done is that the finances to purchase a facility should be looked into in depth, along with criminal background investigations and the interviewing of people that are going to buy into the liquor license so the township has a good feel for who's getting a liquor license.

With the case — with Medford Village Country Club, the Township, unfortunately, didn't do anything.

COMMISSIONER EVENCHICK: Did anyone ask any of the Township authorities why they did nothing?

MR. HOEY: Well, I went there on an interview during the course of the investigation, and I was told by local authorities that they didn't feel that it was their function to do that and they really, unfortunately, didn't understand what ABC rules and regulations were all about. I don't think they realized that, you know, they were supposed to do this as far as — you know, as far as a background investigation.

COMMISSIONER EVENCHICK: Were you satisfied with that explanation, sir?

MR. HOEY: Well, I don't think at the time I really — I wasn't satisfied, no, or we weren't satisfied but that's what we were told.

SIR JOHN'S PUB

Sir John's Pub in Jersey City represents another

started his business in 1981. He initially loaned Rotolo \$5,000 that would be repaid through machine proceeds, and he supplied Agent Cuzzupe with collection slips as evidence of this loan. During his private testimony, however, Abbato contradicted what he had said in the interview:

Q. When you were interviewed by Agent Cuzzupe, you told him that it was Tony Rotolo who asked for the \$5,000 loan and not Ciani?

A. When I — when — when Mr. Grant [Cuzzupe] called me up and told me that he wanted to meet with me, I asked him if there was anything that he might want to know from me, should I take any information with me and he said no, so I went cold.

To the best of my recollection, what he asked me I answered, you know. I —

Q. And when you told him it was Tony who wanted the \$5,000 loan, was that the truth?

A. I might have thought it was, but I even thought that I gave Tony the money, but I didn't give it to Tony....

Another associate of Rotolo, William Guarini, a local plumbing and heating contractor, performed renovations at Sir John's. Work orders for Guarini's services at Sir John's have "Tony" written on one such document and Rotolo's phone number on another. But in his testimony Guarini denied that Rotolo hired him and insisted instead that it was Ciani. Guarini could not explain why Rotolo's name and phone number appeared on the invoices. Guarini also attempted to minimize his knowledge of Rotolo's involvement at Sir John's Pub in general and, specifically, in regard to the plumbing work at the establishment.

Q. The first time when you did the work, at the time of the renovations of Sir John's Pub, who hired you to do the work?

A. Well, I was called down to look at it and

I gave the price—well, Tony was down there when I went down there.

Q. Who told you to go down?

A. Ciani — I went over all the bathrooms with John Ciani and everything else.

Q. Who called you to go down there?

A. Ciani the first time.

Q. And when you went there, you saw Tony?

A. I can't recall. I think he was there. I'm pretty sure he was there. I can't recall that, but I think he was there.

Q. Who told you what kind of work had to be done?

A. What? Ciani, John Ciani.

Q. Was Tony Rotolo involved in those conversations at all?

A. I don't recall that part of it.

Q. Is it possible he was?

A. Possible he was.

Q. In fact, wasn't it Tony who went over the work with you more than John Ciani did?

A. I can't recall that part. Might have, yes, might have, but I can't recall it. You know, it's a year and a half ago and I can't recall that part of it.

Interestingly, Guarini had previously completed work at the My Way Lounge and the Body Shop, establishments in which Rotolo also held undisclosed interests.

The use of John Ciani as a front was not Rotolo's first attempt to conceal his ownership interest in Sir John's. Rotolo and his first partner, Michael Della Rosa, purchased the property and Della Rosa formed the Midel Corporation, which then applied for the liquor license in 1987. Jersey City ABC authorities, however, determined that Della Rosa was fronting

Lottery, and he had asked me if I would take an edge off of him, which I did for, you know, a few years. After a few years he went bad in that business and he stopped giving me the edge. Then he resurfaced around 1984 or '85. Shotsie had come to me and said that this kid Frankie was with him now and would I do him a favor and take their edge, so I had said that I would and I went back and took the night number again from the Delaware Lottery.

Q. Was Frank DiSalvio an associate in the Philadelphia family?

A. From '84 until the time I left he was with Shotsie so, yes, he was an associate. When I first met him in '77 and '78 I don't know what he was doing at the time because I had met him through Frankie D'Alfonso and Broadway Eddie [Colcher] and they weren't made members, so I don't actually know what his position was at the time.

Q. The two individuals that you just named, were they associates?

A. Yes, they were. They were with Angelo Bruno.

....

Q. What do you mean when you say you took his edge?

A. He would have a number business and he only wanted to keep a certain amount of money on it so let's say, for example, he only wanted to keep \$20 on one number so every number that had over \$20 he would give me — I would back the bet that was over \$20. Let's say if he had a one, two, three for \$30, he would keep 20 of it and play it — play with me for \$10.

Q. Did DiSalvio provide you with a steady list?

A. Yeah. That's how we did it. We didn't use

— in that — all he did was put his steady list in on a Monday and — when he started he gave me his steady list and it stayed in most of the time. Every once in awhile he may come around and change one or two numbers on me but very rarely did it change that much.

Q. And what is a steady list?

A. A steady list is a list that — it is — it's exactly what it is. It's steady. It stays in all the time unless it's changed. You put it in once and you leave it in every day until somebody tells you to take it out.

Q. It's the same patrons, same numbers?

A. Same everything, yeah, until somebody changes it.

Q. Were you taking DiSalvio's edge-off work up until the time that you began cooperating with the State Police?

A. Yes, I was.

Q. How often did you settle up?

A. Well, some — on average probably once a week but there was weeks when he wouldn't owe me that much and he wouldn't come around or I wouldn't owe him that much and wouldn't come around. You know, it depended on how much was owed. If the — if I owed him over a thousand or he owed me over a thousand, then he would come around. If it was under that, we'd let it go.

Q. Typically how much in business was DiSalvio doing a week?

A. Three to five thousand a week to me, to me. I don't know what he was doing himself. He was giving me three to five thousand a week.

As is typical in such situations, with Frank DiSalvio owning a bar and being a gambling operative for organized crime, Market Street East Cafe

dent of "F & A Dippolito Inc.," the corporation DiSalvio was using as the front on all documents pertaining to the bar. Englehardt explained about the checks issued to DiSalvio:

Q. Whom did you intend these checks to go to?

A. I guess it would be Frank DiSalvio

Q. Isn't that with whom you had the arrangements?

A. Yes, sure, I wouldn't have spoke to Dippolito or Arlene, I never spoke to either one. The only person I ever spoke to was Frank, Frank DiSalvio.

When asked why "F & A Dippolito" was on the checks instead of DiSalvio, Englehardt replied:

A. We lent the money to — we actually lent the money to F & A Dippolito, Inc. You know, we lent it to the location and Frank DiSalvio, but Frank DiSalvio cannot have anything in his name.

Q. Why is that?

A. I don't know. As long as I've known Frank DiSalvio, he's never had anything in his name. So, therefore, I would never lend anything to Frank DiSalvio without somebody's name on something....

Prior to his involvement in Market Street East, DiSalvio owned two liquor stores, Atco Liquors in Atco and Best Liquors in Camden City. In both instances, he used F & A Dippolito, Inc. as the front for purposes of licensure.

In private session before the Commission, Arlene Filippo admitted that her father used her as a front.

Q. You became president of F & A Dippolito, Inc. as a result of your father wanting you, in essence, to front for him on paper

because he could not —

A. If that's the terminology, I guess, yes.

Q. Did you receive a salary?

A. No.

Q. Did you give any money to the corporation?

A. No, nothing.

Frank Dippolito, for whom the corporation is named, also appeared in private session before the SCI. According to Dippolito, he formed the company with DiSalvio's daughter, but was involved only briefly because Frank DiSalvio began to get involved with the daily operation of the business. Shortly thereafter, Dippolito signed ownership over to DiSalvio's daughter on paper, but said he regretted leaving his name attached to the corporation.

As for Market Street East, in July, 1983, DiSalvio arranged for his longtime friend Michael Conway to obtain a liquor license and place it at 227-228 Market Street. Conway had managed DiSalvio's two Camden County liquor stores during the seven years prior to obtaining the license for Market Street East. Shortly thereafter, Conway left New Jersey and DiSalvio continued to operate the business.

In October, 1986, DiSalvio arranged for Paul Meloni, another lifelong friend, to purchase Conway's liquor license. Meloni was a liquor salesman who had serviced DiSalvio's Atco and Best Liquor accounts. Meloni told the Commission that the business was controlled by F & A Dippolito, which Meloni assumed gave DiSalvio the authority to be involved in the operation of the bar and restaurant. Meloni said that DiSalvio was involved from the beginning in the operation of the company and that he paid "rent" to DiSalvio. Meloni said he ran the bar and DiSalvio operated the restaurant. When DiSalvio began to demand that Meloni assume additional financial burdens, Meloni removed the license from the premises in July, 1987, and placed

East, a "pocket" license held by Emilio DiMattio, another long-time friend of DiSalvio's who, the ABC had determined, had undisclosed interests in bars on five previous occasions.

Since June, 1989, DiSipio has been the owner and operator of Market Street East Cafe. DiSalvio arranged financing in the amount of \$100,000 for DiSipio to purchase the business, complete with DiMattio's liquor license. As a result of the Market Street sale, DiSalvio was paid not only the sales price, but also received a \$5,000 finder's fee for arranging the financing, most of which was used to satisfy his own business and personal debts.

When DiSalvio sold the business to DiSipio, he conducted the negotiations as a representative of F & A Dippolito. At the public hearing, DiSipio, described this transaction:

Q. Did DiSalvio show you any books and records of the business?

A. He showed me — I guess he showed me, you know.

Q. From what he did show you, how much was the business making a week?

A. It wasn't doing very much.

Q. How much?

A. 3,500, 4,000.

Q. A week?

A. (Witness nods.)

Q. And that's just from records he showed you?

A. Yes.

Q. What were the terms that you negotiated with DiSalvio to purchase the business?

A. He wanted 215,000 dollars that was — you know, that was — that was everything in the place; you know, liquor and so forth with the liquor license. When I found out it

wasn't his license, I also found out that he was having problems with — I didn't want no problems with Mr. Caston or Frank DiSalvio. I didn't want to get involved in that so I looked around for my own license.

Q. Did you make a down payment?

A. Yes, I did.

Q. How much?

A. I put down 12 — I bought the license for 12,000 —

Q. Not the license, the business.

A. Yes.

Q. How much of a down payment did you make for the business?

A. 5,000.

Q. Did you make that payment by check or cash?

A. Cash to Mr. DiSalvio.

Q. You gave it directly to Mr. DiSalvio?

A. Cash, yes, ma'am.

Q. How did you finance the balance?

A. Put my house up.

Q. Did you assume any debts?

A. Yes, I did.

Q. Whose debts?

A. I assumed a 30,000 dollar note from Bill's Vending. Whatever I assumed, I assumed to make up for the sale price. I just wanted this guy out of there.

Q. Were those debts all Frank DiSalvio's debts from the business?

A. I would assume they were.

Q. Did those debts cause you any financial hardship?

the point where his father was completely running the business. During the summer of 1987, the younger Santorella opened a seasonal restaurant in Point Pleasant Beach and ultimately lost what little control he had over Good & Plenti. In August, he and his father argued so violently about the management of that bar that Gus refused to attend Charles' wedding.

In September, 1988, Charles Santorella tried halfheartedly to regain some control of Good & Plenti since the liquor license was in his name. Although his father had permitted him to return to work there, he was seldom seen on the premises by other employees. By the end of 1988, Charles Santorella felt pressured to leave Good & Plenti. Although his father was paying him \$400 per week in salary, he was taking numerous deductions for repayment of past loans. As a result, Charles' take-home pay was approximately \$75 per week, far below what was needed to support a family. Charles was asked:

Q. Did you ever tell him that part of that business was yours and it was your liquor license?

A. Yes.

Q. And how did he respond?

A. I wouldn't — I wouldn't repeat it now.

Q. What was his position as to whose business that really was?

A. At this point he had definitely felt that everything was his. It was his money and I should never set foot in the tavern again or he would break my legs and kill my wife.

In early 1989, Gus Santorella was determined, even to the extent of repeatedly calling his son with threats of physical harm, to have him sign the lease of the bar over to his girlfriend, Courtney Krause. Matthew Calabrese also contacted the younger Santorella on behalf of Gus to suggest that Charles sub-lease the business to Krause. Eventually Court-

ney Krause was able to acquire a liquor license of her own through a corporation in which Krause purportedly owns a 91 percent interest, with Gus Santorella owning the rest.

On March 22, 1989, Gus Santorella surrendered Charles's license, registered to D.G.D. Enterprises, to the City of Hoboken, with a statement that his son had abandoned the business. Then Krause and Santorella used her new license to operate Good & Plenti.

Charles Santorella testified that when he confronted Hoboken ABC Clerk Leonard Serrano later and asked why he had accepted the license surrender, Serrano stated, "You know how your father is, how persuasive he is." During Charles Santorella's testimony, he implied that his father's lifelong association with people in Hoboken may have influenced Serrano in deciding to accept the surrender of the D.G.D. license.

When Serrano testified before the Commission, he stated that Gus Santorella had provided him with proof that Charles Santorella was not the true owner of D.G.D. Enterprises, although municipal records indicated he was. The elder Santorella showed Serrano a lease between Washington Savings Bank and D.G.D. signed only by bank president Anthony Calabrese. Serrano said he contacted Calabrese, who confirmed that the lease was in fact with Gus Santorella. Serrano said that when he then sought an opinion from the municipal legal department regarding the surrender of the liquor license he was advised by Assistant City Attorney Thomas Calligy to accept it. A resolution to that effect was drafted for the City Council without checking with the Secretary of State's office to determine whether the Certificate of Incorporation for D.G.D. had been changed in any way, whether there was new ownership or a new registered agent.

Both Gus Santorella and his girlfriend, Courtney Krause, were subpoenaed to appear before the SCI and both invoked their Fifth Amendment privi-

the Bruno/Scarfo family. He admitted to the Commission in private session testimony that Saul Kane is his “friend” and that he continues to communicate with him at the federal prison in Leavenworth, Kansas. In 1980, Cornaglia testified as an alibi witness for boss Nicodemo Scarfo, Philip Leonetti and Lawrence Merlino in the Vincent Falcone murder trial in Atlantic City; all the defendants were acquitted. Furthermore, Cornaglia employed Nicholas “The Blade” Virgilio, a Bruno/Scarfo member, as the maitre d’ at the Bottom Line, a restaurant and lounge Cornaglia once owned in Atlantic City. At the time of this employment, Virgilio had several convictions, including two for murder. After a state ABC investigation, Cornaglia was forced to fire Virgilio because of his record.

Even though Kane, Hoeflich and Cornaglia are not “made” members of the Bruno/Scarfo crime family, they are recognized as loyal, significant associates of the organization.

Protected witness Thomas DelGiorno confirmed the organized crime ties of Hoeflich and Kane during his public hearing testimony. He was asked:

Q. Do you know Sy Hoeflich?

A. Yes, I do.

Q. Is he an associate of the Philadelphia family?

A. He was with Saul Kane and Saul Kane was with Nicky Scarfo and that’s how that association went, yes.

Q. What part did Saul Kane play in the mob?

A. Saul Kane was with Nicky. He — he handled a couple—I know he handled trade unions for him up in the northeast [Philadelphia] and he — he handled some shake-downs for him in northeast and as time proved it from the cases he had, he also handled some drugs for him.

Q. During the times that you were at Scarfo’s Fort Lauderdale vacation home, did you ever see Hoeflich and Kane there?

A. Yes. They—they were there a lot. I saw them there at a New Year’s Eve party one time that I can remember specifically and I seen them there on other occasions. I just can’t put them to a time frame or when.

Q. And how did individuals get to be invited to Scarfo’s New Year’s Eve parties?

A. Scarfo had invited them.

Q. Did you ever see Hoeflich and Kane at Scarfo’s for a Christmas party?

A. It was a New Year’s—oh, the Christmas party was handled at LaCucina and they were there. They weren’t in Scarfo’s home.

Q. Kane and Hoeflich were there?

A. Yes.

Q. And, again, how were people invited to that?

A. Scarfo invited them or Saul Kane could have invited them, you know. Scarfo could have told him to invite them.

DEPTFORD TAVERN

In 1975 Hoeflich, his brother-in-law (now deceased), and two businessmen acquired the liquor license for the Deptford Tavern, which was located in the Deptford Mall, Gloucester County. From the beginning, Hoeflich employed several persons with criminal records, primarily narcotics violations. Narcotics activity, both distribution and use, was common there. Local police also responded regularly to complaints of thefts and strong-arm tactics by doormen. Surveillances by Commission agents and other agencies established that the tavern was also frequented by members and associates of the Bruno/Scarfo group. Hoeflich divided his time between the Deptford Tavern and the My Way

ANCHORAGE TAVERN

Andrew Cornaglia is a majority owner of the Anchorage Tavern in Somers Point, which has been essentially a family business from the mid-1950s. Cornaglia acquired his interest in the tavern in 1965, after his father's death, and exercises exclusive control over the operation. His sister, Barbara Trechak, has a minority stock interest in the bar, but although she endorses corporate documents when asked by her brother, she neither works there nor derives any benefit from the business. In an affidavit regarding another matter, Scarfo's nephew Philip Leonetti characterized Cornaglia as "a Scarfo associate."

As was the case with the Deptford Tavern and the Coral Reef, the Anchorage was frequented by mob boss Nicky Scarfo and his associates. Saul Kane and his drug trafficking partners also met frequently at the tavern.

A confidential source has told the Commission that Cornaglia also met frequently with Kane at the home of Gary Levitz, Kane's associate in drug trafficking. According to the source, Cornaglia was fully aware of the drug activity and to some degree facilitated it. The Commission has also established that Cornaglia acted as a conduit for extortion money on Kane's behalf after Kane's incarceration in federal prison. Telephone toll records from the Leavenworth federal prison where Kane is being held confirmed continuing contact between him and Cornaglia. In a private hearing before the Commission, Cornaglia acknowledged this communication as well as his long-time friendship with Kane:

Q. Since his imprisonment in Leavenworth, Kansas, have you had any contact with him?

A. He calls me.

Q. For what purpose?

A. Just to say hello. All those phone calls are monitored. They must be coming out of a prison.

Q. And you have maintained your friendship with him?

A. Always [have] and always will.

* * *

Notwithstanding their common ties to the Bruno/Scarfo group and their criminal activities, the focal point of the relationship among Saul Kane, Sy Hoeflich and Andrew Cornaglia was their ownership of the old My Way Lounge in Atlantic City in the late 1970s. With Kane as manager, members and associates of the Bruno/Scarfo group became regulars at the My Way, which was located in the Pageant Motel, now the site of Trump Plaza Hotel and Casino. The My Way Lounge also provided employment for associates of boss Scarfo and other members of his organization, some of whom had criminal records. Not surprisingly, many were not listed in employee records as required by ABC regulations.

According to Leonetti, Scarfo was paid between \$200 and \$500 per week from the My Way Lounge in exchange for a "sweetheart deal with the union," Local 54 of the bartenders union. Kane, Hoeflich and Cornaglia were not all partners in the My Way Lounge at the same time. Kane, Hoeflich and two other investors were the original owners. But in 1978, when Hoeflich became aware that the establishment was being investigated by the Atlantic City Joint Task Force, he sold his stock back to the corporation and Kane became the sole stockholder. Just a month after the sale, charges were filed for five violations, including the criminal disqualification of Kane. A short time thereafter, Kane sold one-half of his stock to Andrew Cornaglia and although disqualified, continued as a stockholder until October, 1979, when he lost the appeal of his extortion conviction. Forced finally to divest himself of his interest, Kane sold his remaining 50 percent interest to Cornaglia, who became the sole stockholder. Despite Kane's disqualification, Cornaglia continued to employ him as the manager, in violation of ABC laws.

behind the bar.

In a private hearing before the Commission, Philip Rigolesi invoked his Fifth Amendment privilege against self-incrimination when questioned about the sale of Gucci's, about his continued presence at the bar and about his reported affiliation with organized crime.

CLOUD NINE

Cloud Nine in Elizabeth is a discotheque that fits neatly the classic scenario of organized crime figures brazenly defying contractual obligations, then using intimidation and threats to try to muscle property owners aside and assume ownership of a business.

In December, 1986, the building in which Cloud Nine was located, as well as its liquor license, were leased to a corporation called P.M.M., Inc., with stock in the corporation being pledged as collateral. However, without notifying the property owner, the P.M.M. owners transferred their stock, in violation of the lease, to Steven B. Iken of Brooklyn, a Gambino/Gotti associate. Shortly thereafter, Iken visited the property owner with an offer to buy the building housing Cloud Nine. The owner, because of his agreement with P.M.M., was surprised to learn of Iken's involvement in the bar.

After Iken took over the business, he brought in George R. Helbig, another Gambino/Gotti associate, to run it. And Helbig brought in Ron Bryser to be the production manager of the discotheque and Peter Mavis became the manager of the club.

Helbig, of Colonia and Normandy Beach, is a driver for Gambino/Gotti caporegime (captain) Joseph "Butch" Corrao. John Gotti often spent time at Helbig's home in Normandy Beach when he was at the Jersey shore.

Bryser had been production manager of a New

York disco named Heart Throb, which was denied licensure by New York liquor authorities because it was controlled by Gotti underboss Salvatore "Sammy Bull" Gravano and Helbig.

Peter Mavis and Helbig are co-defendants in a recent federal indictment which charges Mavis' brother-in-law, a New York City intelligence detective, with leaking information about organized crime investigations to Gotti and his underlings.

Thus, from December, 1986, through May, 1988, unbeknownst to the property owner, Cloud Nine was operated and controlled by organized crime figures connected to the Gambino/Gotti crime family. Although Iken was the owner of record, it was Helbig for whom he was fronting at Cloud Nine.

At the public hearing, Commission Special Agent Cuzzupe, using information from files of the ABC Enforcement Bureau, testified about Cloud Nine. Cuzzupe said that Helbig, who often used the name George Russo, invested more than \$57,000 of his sister's money in Cloud Nine and that Mavis invested \$27,500.

After Iken tried to buy the property, the owner went to the site and found Helbig supervising extensive renovations. When he challenged Helbig's right to have such work done, the owner was threatened and verbally abused by both Helbig and Peter Mavis. On another occasion, Cuzzupe testified, the owner observed heavy construction equipment tearing up the sidewalk at his property and again challenged Helbig. This time, Helbig simply gave the owner a card and said, "Talk to my lawyer." On yet another occasion, the owner appeared at his property and his treatment was the same. In fact, Helbig ordered the man off his own property.

During these visits, the owner said that one of the managers at Cloud Nine told him, "Whether you like it or not, we're going to own this place."

In the 1988 federal indictment of Louis "Bobby" Manna, Frank Bucco was one of those named as participating in a meeting at Casella's with Michael Perna a member of the Lucchese family, and Jerry Fusella, of the Bruno/Scarfo family, concerning a problem with a loanshark victim.

In 1984, the ABC Enforcement Bureau conducted an investigation during which it demonstrated that Frank Bucco held an undisclosed interest in Martha's Vineyard. A \$9,000 fine was levied in lieu of a 30-day suspension. Bucco immediately applied for a permit in order to be allowed to work at the restaurant. On March 22, 1984, the ABC Director, against the recommendation of the Enforcement Bureau, issued a disqualification removal permit for Bucco.

BILLY B'S

The Commission's organized crime witness said that Billy B's on River Road in Edgewater is owned by Gambino/Gotti capo Anthony Carminati through his girlfriend whose mother, Rosemarie Busch, is the licensee of record. The witness said Carminati told him that he has owned the business since the 1970's.

The witness also said that the place was used as the site for a "sit-down" in about 1980 regarding a man named Carmen Locascio, a small-time loan-shark and gambler who wanted to change allegiances from the Bruno/Scarfo family to the Gambino/Gotti family so he could be with Carminati and make more money. Commission surveillances established that Carminati also uses the place for other meetings involving organized crime.

JOEY'S PLACE

Joey's Place on Van Houten Avenue in Clifton

was identified by the Commission's organized crime witness as being owned by an associate of the Gambino/Gotti family. The owner, Joseph J. Barcellona Jr., pleaded guilty in the late 1970's to conspiracy to file a false arrest report in a case involving the son of an organized crime boss. The object of the conspiracy was to bribe a state police detective in order to have assault charges dropped against Philip Lombardo Jr., son of Genovese boss Philip "Cockeye Phil" Lombardo. The alleged assault took place in a club Barcellona then owned in Ortley Beach.

The Commission's witness said that Barcellona paid "ice," or tribute, to an organized crime figure in order to be able to operate his club in Clifton.

In an affidavit sent to the Commission, Barcellona denied paying anyone, denied even knowing what "ice" was and denied being involved with organized crime. He admitted, however, that several persons he grew up with later became organized crime figures and he still maintains friendships with them.

Barcellona said that in December, 1990, the State ABC granted him permission to hold a liquor license. That privilege had been suspended following his guilty plea in the 1970's.

HISPANIC BARS

All the bars discussed to this point in the report have had ties with so-called traditional organized crime figures who are members or associates of La Cosa Nostra, the domestic mob made up predominantly of men of Sicilian ancestry. But as the Commission pointed out in its 21st Annual Report (1989), organized crime has always included gangsters from ethnic groups other than Italians. And this is true even more so today.

The other 50 percent owner of El Patio, Hugo Caro, also a Colombian, has no record. But since he could not be located in December, 1990, following the shooting incident, Union City police padlocked the establishment. Nevertheless, the license was renewed in July, 1991, although it remains inactive. Osorio's and Caro's names are still on the license.

BARS OWNED BY ANTONIO TOBAL

Antonio Tobal, whose full name is Ramon Calzadilla-Toba, was one of the prisoners in the Marielito boat lift of May 8, 1980. He was one of many who had been paroled by President Fidel Castro to the United States from Cuban jails and mental hospitals. In this country, Tobal has convictions for carrying a concealed weapon in 1982 and for bribing an undercover police officer from West New York in 1990. Agent Walsh testified that Tobal controls or has interests in four bars — two in Union City and two in West New York.

La Sherezada, 229 61st Street, West New York, was licensed on August 29, 1988 to Antonio Amendola Sr., and his son, Antonio Jr., each of whom has a 50 percent interest. Both men were arrested on June 4, 1988 on cocaine and weapons charges by the Hudson County prosecutor's office and again six days later on charges of bribing an undercover West New York officer working on the investigation. Also arrested at that time was Tobal, who subsequently pleaded guilty to a lesser charge of making gifts to a public servant. Amendola, Sr. was convicted of the charges but has since died. His son is a fugitive.

As a result of the charges, the Amendolas were forced to divest their interests in the bar, which was then sold to Rebecca Bonilla, Amendola's sister-in-law, and Lourdes Rodriguez, Tobal's live-in girlfriend. Bonilla subsequently sold her interest to Rodriguez. Commission surveillances have revealed that despite these paper changes in owner-

ship, which were hardly arms-length transactions, Tobal still controls the bar. Additionally, the FBI has told SCI Agent Walsh that cocaine dealing took place there.

Based on information from surveillances, informants and other law enforcement agencies, the Commission believes that Tobal owns or controls La Taberna de San Roman, 5717 Hudson Avenue, West New York; Mi Quisqueya, 4701 Park Avenue, Union City; and La Mina Disco Bar, 708 West Street, Union City.

GRANA'S CAFE

Grana's at 6316 Park Avenue, West New York, was licensed to Margot Grana because her husband, Jose Grana Sr., was disqualified as the result of his criminal record for gambling offenses in 1974 and homicide in 1984. Nevertheless, the Commission has determined through surveillance that Jose Grana ran the business and was taking numbers there. He was arrested in October, 1990, and later convicted on charges involving illegal video gambling machines. Margot Grana was subpoenaed by the Commission but, in response to questions about ownership of the bar, invoked her Fifth Amendment privilege not to testify.

The license has been inactive since November, 1990, and the site has been used as a jewelry store.

CHEZ TIGRA

Located at 200 40th Street, Union City, Chez Tigra has been the site of illegal video gambling, according to a Commission undercover operative. Moreover, the telephone in the bar has been used to negotiate drug distribution since 1986, a fact that surfaced in a federal prosecution the following year in which the trafficker was convicted.

CONCLUSION AND RECOMMENDATIONS

The Commission is acutely aware of the financial importance to the state government of the alcoholic beverage industry, which is responsible for tax revenues of more than \$1 billion per year. Beyond this, the industry generates untold millions more to the state's economy.

Nevertheless, because of the early history of the industry, the Division of Alcoholic Beverage Control was given a statutory mandate to keep organized crime out of bars, restaurants and other licensed premises, as well as other segments of the industry. In this regard, the Division has very much the same admonition from the Legislature as do casino regulators, and for the same historical reasons.

It seems self-evident that regulatory officials should by now be sensitized to the issue of organized crime. They should be vigilant while maintaining a sense of perspective and fairness. However, because the Division does not distinguish cases involving organized crime from other cases, the Commission believes that the Division does not take as seriously as it should its mandate to keep organized crime at bay. It sometimes deals with mobsters the same way it deals with minor regulatory violations. It does not give any greater weight to cases that might involve organized crime, such as matters involving hidden interests or those involving unqualified persons working in licensed premises. It is too quick to lift disqualifications to allow such employment. And when it does impose penalties, they are too light to have much deterrent effect.

* * *

The Commission makes the following recommendations:

- In the Interim Report issued in March, this Commission found severe shortcomings in the manner in which many municipalities performed background investigations of applicants for licensure. It was for this reason that the Commission recommended that "the Governor and the Legislature should consider eliminating all local authority to pass on the fitness of applicants, leaving municipalities to pass on purely local related issues, such as zoning." Background investigations should be done by state investigators and licenses could be granted only with state approval. Of course, this presupposes that the enforcement and investigatory function at the state level be fully funded.

Some regulated industries in New Jersey such as the casino industry, the insurance industry, the utility industry and others are required by statute to pay certain costs associated with doing business in the state. The casino industry, for instance, pays the entire cost of the state regulatory system, including the cost of investigating the backgrounds of applicants for licensure. The utility industry pays the cost of state rate counsel in the Department of the Public Advocate, which represents the public in rate proceedings before the Board of Public Utilities. And insurance rating organizations pay the Public Advocate's costs associated with applications before the Department of Insurance for rate increases.

In the Interim Report, the Commission recommended that individual licensees pay the cost of appeals of contested disciplinary proceedings as well as higher fees in order to provide a broader revenue base for the Division. However, we go beyond that and now recommend that the state should follow the pattern established in other regulated industries and assess to the liquor industry the entire cost of the ABC Enforcement Bureau, and

The investigation on which this report is based was begun under the direction of Counsel Ileana N. Saros and then-Chief of Organized Crime Intelligence Justin J. Dintino. It was continued under Saros' direction after Dintino resigned to become Superintendent of State Police. Assisting in the investigation were Senior Special Agent Frank A. Betzler, Special Agents Paul P. Andrews, Jr., Grant F. Cuzzupe, Michael R. Hoey and Judith A. Walsh, former Special Agent James J. Sweeney, Investigative Accountant Michael R. Czyzyk and Intelligence Analyst Paula A. Carter. The Commission wishes to acknowledge the Division of State Police and the Division of Criminal Justice for their assistance in providing the two organized crime witnesses for the public hearing.

REPORT AND RECOMMENDATION
on
INVESTIGATIONS OF
LIQUOR LICENSE APPLICATIONS

State of New Jersey
Commission of Investigation

March, 1992

ERRATA

The paragraph beginning at the bottom of page 4 and ending at the top of page 5 should read as follows:

Although applicants for liquor licenses may have undisclosed financial backing, some municipalities, including Camden, Garfield, Middletown, Linden, Vineland, Washington Township, Woodbridge and Brick, do not even inquire into the subject. Others, which do inquire, nevertheless require no documentation to support responses. This category includes Elizabeth, Trenton, East Orange and Edison. Still other municipalities which do inquire and demand some documentation, nevertheless do not require all necessary documentation and do not conduct a complete investigation. These municipalities include Newark and Cherry Hill.



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March, 1992

Governor James J. Florio
The President and Members of the Senate
The Speaker and Members of the General Assembly

The State Commission of Investigation herewith submits,
pursuant to N.J.S.A. 52:9M, a preliminary report on one phase of
its investigation into organized crime control of bars.

Respectfully,



James R. Zazzali
Chairman



Barry H. Evenchick



Kenneth D. Merin

The Commission's investigation into organized crime influence in bars and taverns in the state focused in part on the extent to which weaknesses in procedures at either the municipal or state level have allowed criminal elements to continue in licensed premises in violation of state law. At the conclusion of the public hearing on February 19, 1992, the Commission announced it had conducted a limited study of local licensing procedures.

The study concluded that laxity in the manner in which municipalities conduct background checks on applicants for licenses is the principal reason organized crime is still involved in the liquor business. Many municipalities appear to give background investigations of applicants for licensure a low priority. Other municipalities seem unaware either of their authority or responsibility in the area. In most cases, these weaknesses are the result of limited manpower or expertise in conducting financial background investigations.

Because limited resources and time constraints made it impractical to review licensing practices of all 567 municipalities in the state, the study involved 66 municipalities selected on the basis of their location and population. Selections were made so as to include at least three locations from different population ranges in each of the state's 21 counties. The largest municipality was Newark, with a population of 275,221; the smallest was Seaside Heights with 2,366. The municipalities used in the survey are shown on Table 1.

* * *

Some municipalities surveyed are so small that they have little demand for ABC background checks. For example, Lopatcong and Flemington, with four and five licenses respectively, seldom need to conduct background investigations. In each, the chief of police does the investigations when necessary. In Carney's Point, there has been no request for a background investigation in three years. Applications there are routinely taken at face value.

A problem in small communities is that officials tend to know the applicants; therefore, they may bypass all or part of the background inquiries. In Pennsville, for example, the clerk said investigations are not done because applicants are "usually well known." This may be the case in other small communities where there are only a few liquor licenses which have been held by the same persons for a number of years. In Lopatcong, for example, the police chief said he does all of the background investigations because "many times" he "knows the applicant." The police official interviewed in Old Bridge stated that local police should continue to do license backgrounds because "most of the time they know the applicants." And in Salem, applicant information is forwarded to the local police department only in the event that the "applicant is unknown to the clerk's office."

At first blush, such familiarity may appear beneficial. In reality, however, it puts local officials at a disadvantage since they would be less likely to do a thorough background

documentation to support responses. This category includes Newark, Elizabeth, Trenton, East Orange and Edison.

These failures allow organized criminal elements the opportunity to invest illicit profits in licensed establishments. However, when asked during the survey whether or not organized crime elements had interests in bars in their jurisdiction, 48 municipalities (73%) responded negatively, even though the Commission's investigation revealed otherwise in some of the municipalities surveyed, including Elizabeth, Edgewater, Garfield, Camden, Bayonne and Vineland.

THE SURVEY

The survey consisted of the following questions.

- Is there an investigative file maintained on each license? On each applicant?
- Is a personal history questionnaire required of the applicants, including stockholders and officers?
- Is an investigative file maintained on each license? Each applicant?
- What types of forms are used?
- How long are records retained?
- Who does the applicant investigation?
- Are applicants fingerprinted and photographed?
- Are there any local ordinances that pertain to violations of ABC law?
- Have there ever been any occasions of recommendations for license denial?
- Does anyone look at sources of funding? If so, does the investigator seek documentation of the source of funds?

applicant that the State has found no problems with. However, if a town decides to issue a license in the face of a contrary recommendation by the State, that action would be reviewed by the ABC, presumably at a hearing conducted by the Office of Administrative Law. The final decision would be made by the State ABC.

A model for a state takeover of background investigations is N.J.A.C. 13:2-3.7, by which the State took over license applications filed in Atlantic City. Using this authority, the Atlantic City Joint Task Force was created in 1977 to determine if a "front" situation exists; to ensure that all persons involved in a license are free of criminal convictions and organized crime influences; to verify the legitimacy of the source of all funds utilized in the transactions; to conduct on-site inspections of all proposed premises; to forward to the Director of ABC all violations disclosed during the course of an investigation, and to interview and fingerprint all applicants for rehabilitation permits and disqualification removals in the southern New Jersey area. By all accounts, the Task Force, which is still in place, has been an unqualified success and has been a vital tool in keeping criminal elements out of bar businesses in Atlantic City.

* * *

Obviously, the new State responsibilities suggested here will result in additional costs. The Commission recognizes that state government remains hard pressed to fund even existing

There is some risk, of course, that increasing penalties could result in a greater number of contested cases, thus reducing the additional revenues. Therefore, the Commission recommends that a licensee be assessed the State's costs when a contested case results in a penalty.

MUNICIPALITY	NO. LICENSES	NO. TRANSFERS	PERS. HIST.-APPLIC.	PERS. HIST.-STKHLDRS.	INV. FILE-APPLIC	INV. FILE-LICENCE	FINGPRT.	PHOTO	LOCAL ORDS.	DENIALS	SOURCE OF FUNDS	DOC. REQ.*	O.C. INFL.
ABSEC.	8	<1	N	N	N	Y	N	N	Y	N	N	N	N
ANDOV. TWP.	12	<1	N	N	Y	Y	Y	N	N	Y	Y	N	N
ASB. PK.	53	7	Y	Y	N	Y	Y	Y	Y	Y	N	N	Y
BAYONNE	149	17	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N
BELLEV.	38	5	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y
BERL. TWP.	10	<1	Y	Y	N	N	Y	Y	N	N	Y	N	Y
BRICK	24	<1	N	N	N	N	Y	N	Y	N	N	N	N
BRIDGTN.	24	1	N	N	Y	Y	N	N	N	Y	N	N	Y
BUEN VIS.	12	<1	N	N	N	Y	N	N	Y	N	Y	N	N
BURL. CTY.	30	2	N	N	N	Y	Y	Y	Y	Y	N	N	N
CAMDEN	129	12	Y	N	Y	Y	Y	N	N	Y	N	N	N
CARN. PT.	14	1	N	N	Y	Y	N	N	N	N	N	N	N
CHAT. BOR.	8	<1	N	N	Y	Y	Y	N	N	N	Y	Y	N
CH. HILL	52	12	Y	Y	Y	Y	Y	N	Y	N	N	N	Y
DEPTFORD	26	3-5	Y	Y	Y	Y	Y	Y	Y	N	Y	N	Y
DOVER TWP.	39	1-2	Y	Y	N	N	Y	Y	Y	N	Y	N	Y
E. ORANGE	37	VAR	N	N	Y	Y	Y	Y	N	Y	Y	N	N
E. WINDSOR	15	1	N	N	Y	Y	Y	N	Y	Y	N	N	N
EDGEWATER	18	1-2	N	N	N	Y	Y	N	Y	N	N	N	N
EDISON	53	3-4	N	N	Y	Y	Y	N	N	N	Y	N	N
ELIZABETH	234	50	N	N	Y	Y	Y	N	N	N	Y	N	N
EWING	33	2	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
FAIRFLD	5	<1	Y	N	Y	Y	Y	N	Y	N	N	N	N
FLEM.	5	<1	N	N	N	N	Y	Y	Y	Y	N	N	N
FRANKLIN	2	<1	N	N	N	Y	Y	Y	Y	Y	N	N	N

TABLE 2

MUNICIPALITY	NO. LICENSES	NO. TRANSFERS	PERS. HIST.-APPLIC.	PERS. HIST.-STKHLDRS.	INV. FILE-APPLIC	INV. FILE-LICENSE	FINGPRT.	PHOTO	LOCAL ORDS.	DENIALS	SOURCE OF FUNDS	DOC. REQ.*	O.C. INFL.
GARFLD.	61	4-5	Y	N	Y	Y	Y	N	Y	Y	N	N	N
HACKSTN.	10	1	N	N	N	Y	Y	Y	Y	N	Y	Y	N
HAWTHN.	22	2	N	N	Y	Y	Y	Y	Y	N	Y	Y	N
HILLSBOR.	13	1-2	Y	Y	Y	Y	Y	N	Y	N	Y	Y	N
HOBOKEN	122	UNK	Y	N	Y	Y	Y	N	Y	Y	Y	Y	Y
HOPAT.	16	2	Y	Y	N	Y	Y	Y	N	Y	Y	Y	N
JER. CTY.	>500	55-60	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
LINDEN	66	12	N	N	N	Y	Y	Y	N	N	N	N	N
LODI	37	2-3	N	N	Y	Y	Y	N	Y	Y	Y	Y	N
LONG BRCH.	71	10	N	N	N	Y	Y	N	N	N	Y	N	N
LOPAT.	4	1	N	N	N	N	N	N	Y	N	N	N	N
MED. LKS.	2	0	N	N	N	N	N	N	N	N	N	N	N
MEDFORD	9	<1	N	N	N	N	N	N	N	N	N	N	Y
MIDDLE TWP.	8	1	N	N	N	Y	N	N	N	N	N	N	Y
MIDDLETOWN	40	2-3	Y	Y	Y	Y	Y	Y	Y	N	N	N	Y
MONT. TWP.	6	<1	N	N	N	Y	Y	N	Y	Y	Y	Y	N
NEWARK	585	80-100	N	N	Y	Y	N	N	Y	Y	Y	N	Y
NEWTON	12	1	N	N	N	Y	Y	Y	N	N	N	N	N
OLD BR.	30	1	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
PAR-TROY	48	5-10	Y	N	Y	Y	Y	N	Y	N	Y	Y	N
PASSAIC	130	1	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
PTRSON.	283	50-75	N	N	Y	Y	Y	N	Y	Y	Y	Y	N
PENNSVL.	9	2	N	N	Y	Y	N	N	Y	N	Y	N	N
P. BURG.	41	1	N	N	N	Y	Y	Y	Y	Y	N	N	Y
PISC.	21	1	N	N	N	Y	Y	N	N	N	Y	Y	N
RARIT. TWP.	11	1	N	N	N	N	Y	Y	Y	N	Y	Y	N
ROSELLE	17	3	N	N	Y	Y	Y	N	Y	N	Y	Y	N

TABLE 2

MUNICIPALITY	NO. LICENSES	NO. TRANSFERS	PERS. HIST.-APPLIC.	PERS. HIST.-STKHLDRS.	INV. FILE-APPLIC	INV. FILE-LICENSE	FINGPRT.	PHOTO	LOCAL ORDS.	DENIALS	SOURCE OF FUNDS	DOC. REQ.*	O.C. INFL.
ROXBURY	22	3	Y	Y	N	Y	N	N	Y	Y	Y	N	N
SALEM	11	1	N	N	Y	N	N	N	Y	N	N	N	N
SEA ISLE	12	<1	N	N	N	N	Y	N	N	N	Y	N	N
SEASIDE HTS.	25	2	N	N	N	Y	Y	Y	Y	N	N	N	Y
SMRS. PT.	19	1-2	Y	Y	Y	Y	Y	N	Y	N	Y	N	Y
TRENTON	231	20	N	N	Y	Y	N	N	Y	N	Y	N	N
UN. CTY.	171	10-15	N	N	Y	Y	Y	Y	Y	Y	N	N	N
VINELND.	54	9	Y	N	Y	Y	Y	N	Y	Y	N	N	N
WARREN	12	1	N	N	Y	Y	Y	N	N	N	Y	N	N
WASH. TWP.	13	<1	N	N	N	N	N	N	N	N	N	N	N
W. N. Y.	80	5-6	N	N	Y	Y	Y	Y	Y	N	N	N	N
WILDWOOD	59	2-5	N	N	N	N	Y	N	Y	N	N	N	Y
WOODBURG.	100	5	N	N	Y	Y	Y	Y	N	Y	N	N	N
WOODBURY	3	<1	N	N	N	N	N	N	N	N	Y	Y	N

*Initial responses during interview. Follow-up interviews revealed that many locations do not require adequate documentation.

TABLE 2

