

STATE OF NEW JERSEY
COMMISSION OF INVESTIGATION

21st ANNUAL REPORT

1989



State of New Jersey
COMMISSION OF INVESTIGATION

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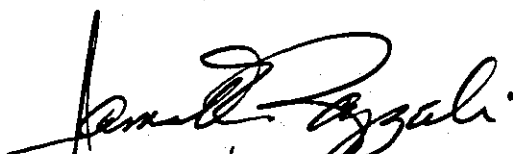
ILEANA N. SAROS

September, 1990


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, its 21st annual report for the year 1989.

Respectfully,



James R. Zazzali
Chairman



Barry H. Evenchick

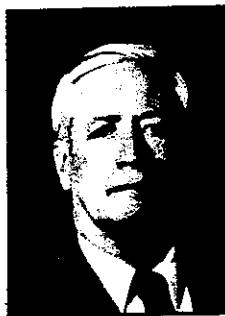


W. Hunt Dumont



Kenneth D. Merin

Members of the Commission



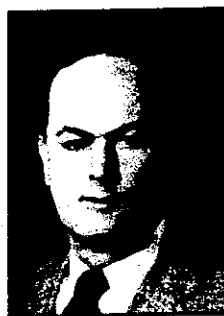
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Chairman

Corporate executive, Princeton. Appointed to Commission February, 1979 by Gov. Brendan T. Byrne; reappointed by Gov. Thomas H. Kean, designated Chairman by Gov. Kean, March, 1985. President and director of E'Town Corporation, and a director and former president of its subsidiary, Elizabethtown Water Company; director of Mount Holly Water Co; director of United Jersey Banks & three of its subsidiaries. Mayor, Princeton Borough, 1962-69 (four terms). Graduated 1944, Princeton University. Veteran, World War II, discharged as first lieutenant in 1946.



Barry H. Evenchick

Attorney, sole practitioner, Livingston. Appointed to Commission June, 1987 by Assembly Speaker Chuck Hardwick. Associate editor, New Jersey Law Journal; New Jersey representative, Commission on Uniform Legislation; former chief, appellate sections, Essex County Prosecutor's Office and State Division of Criminal Justice; township attorney, Livingston, 1975-1986. Graduated 1960, Rutgers University; 1963, Rutgers Law School.



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Attorney, Rumson; partner, Zazzali, Zazzali, Fagella & Nowak, Newark. Appointed to Commission May, 1984 by Gov. Kean. Attorney General of New Jersey, 1981-1982; general counsel, N.J. Sports & Exposition Authority, 1974-1981; assistant prosecutor, Essex County, 1965-1968; associate editor, New Jersey Law Journal; served as court-appointed master to investigate conditions at jails in Monmouth, Essex & Bergen Counties & in Newark; member, Supreme Court Disciplinary Review Board. Graduated 1958, Georgetown College; 1962, Georgetown Law Center.



W. Hunt Dumont

Attorney, Morristown; partner, Robinson, Wayne & LaSala, Newark. Appointed to Commission March, 1988 by Senate President John F. Russo. United States Attorney for New Jersey, 1981-85; assistant U.S. attorney, 1969-71; member since 1985, Board of Editors, National Law Journal. Executive vice president & general counsel First Jersey Securities, Inc., 1985-86; executive vice president & general counsel, Sherwood Capital, Inc., 1987. Graduated 1963, Lafayette College; 1967, Seton Hall Law School, third in class.

*Resigned, January 12, 1990; replaced January 12, 1990 by Kenneth D. Merin.

**Designated Chairman, January 1990, by Governor James J. Florio.

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INTRODUCTION

The New Jersey State Commission of Investigation (SCI) was created in 1968 after extensive research and public hearings conducted by the Joint Legislative Committee to Study Crime and the System of Criminal Justice in New Jersey. That Committee was under direction from the Legislature to find ways to correct what was a serious and intensifying crime problem. Its final report, which confirmed that a crisis in crime control did exist in New Jersey, attributed the expanding activities of organized crime to "failure to some considerable degree in the system itself, official corruption, or both." Sweeping recommendations for improving various areas of the criminal justice system were proposed.

Two of the most significant recommendations of the Committee were for a new State criminal justice unit in the executive branch and an independent State Commission of Investigation. The Committee envisioned the proposed criminal justice unit and the Commission of Investigation as complementary agencies in the fight against crime and corruption. The criminal justice unit was to be a large organization with extensive manpower and authority to coordinate and conduct criminal investigations and prosecutions throughout the state. The Commission of Investigation was to be a relatively small but expert body which would conduct fact-finding investigations, bring the facts to the public's attention and make recommendations to the Governor and the Legislature for improvements in laws and the operations of government.

The Committee's recommendations prompted immediate supportive legislative and executive action. New Jersey now has a Criminal

Justice Division in the Department of Law and Public Safety and an independent State Commission of Investigation, which is structured as an agency of the Legislature. The new laws were designed to prevent conflict between the functions of the Commission and the prosecutorial authorities of the state. The latter have the responsibility to seek indictments or file other charges of violations of law and bring the violators to justice. The Commission, on the other hand, has the responsibility to expose wrongdoing or governmental laxness by fact-finding investigations and to recommend new laws and other remedies to protect the integrity of the government process.

Legislation creating the State Commission of Investigation was introduced on April 29, 1968, in the Senate. Legislative approval of that measure was completed on September 4, 1968. The bill created the Commission for an initial term beginning January 1, 1969, and ending December 31, 1974. The Legislature on four subsequent occasions extended the term of the SCI for five-year periods—in 1973 for a term expiring December 31, 1979; in 1979 for a term expiring December 31, 1984; in 1984 for a term expiring December 31, 1989, and in 1989 for a term expiring on December 31, 1994.

The complementary role of the SCI was noted in two comprehensive, impartial analyses of the Commission's record and performance—in 1975 by the Governor's Committee to Evaluate the SCI and in 1983 by the State Commission of Investigation Review Committee. Both of these reports stated that the SCI performs a valuable function and that there is a continuing need for the Commission's

work. The 1983 review panel said its advocacy of the Commission was reinforced by the views of top law enforcement officials in the State that the SCI "continues to serve as an important adjunct to New Jersey's criminal justice system."

To eliminate any appearance of political influence in the Commission's operations, no more than two of the four Commissioners may be of the same political party. Two Commissioners are appointed by the Governor and one each by the President of the Senate and the Speaker of the Assembly. It thus may be said the Commission by law is bipartisan and by concern and action is nonpartisan.

The paramount responsibilities vested in the Commission are set forth in its statute:

The Commission shall have the duty and power to conduct investigations in connection with:

- (a) The faithful execution and effective enforcement of laws of the state, with particular reference but not limited to organized crime and racketeering;
- (b) The conduct of public officers and public employees, and of officers and employees of public corporations and authorities;
- (c) Any matter concerning the public peace, public safety and public justice.

The statute provides further that the Commission shall conduct investigations by direction of the Governor, by concurrent resolution of the Legislature, and of any state department or agency at the request of the head of the department or agency.

The statute assigns to the Commission a wide range of responsibilities and powers. It may compel testimony and the production of other evidence by subpoena and has authority to grant immunity from prosecution to witnesses. Since the Commission does not have prosecutorial functions, it is required to refer information of possible crimi-

nality to appropriate prosecutorial authorities.

One of the Commission's responsibilities, when it uncovers irregularities, improprieties, misconduct or corruption, is to bring the facts to the attention of the public. The objective is to promote corrective actions. The format for public actions by the SCI is based on the complexity of the subject and the clarity, accuracy and thoroughness with which the facts can be presented. The Commission may proceed by way of a public hearing, a public report or both.

In its proceedings, the Commission adheres to the New Jersey Code of Fair Procedure, the requirements of which were incorporated in the Commission's enabling law in 1979. These provisions afford the protections which the Legislature by statute and the Judiciary by interpretation have provided for witnesses called at private and public hearings and for individuals mentioned in the Commission's public proceedings. Such procedural obligations include a requirement that any individual who feels adversely affected by the testimony or other evidence presented in a public action by the Commission shall be given an opportunity to make a statement under oath relevant to the testimony or other evidence. The statements, subject to determination of relevancy, are incorporated in the records of the Commission's public proceedings. Before undertaking a public action, the Commission evaluates investigative data in private in keeping with its obligation to avoid unnecessary stigma and embarrassment to individuals.

The Commission emphasizes that indictments and convictions which may result from referral of criminal matters to other agencies are not the only test of the efficacy of its public actions. More important are the corrective statutory and regulatory reforms spurred by arousing public and legislative interest. The Commission takes particular pride in all such actions which have resulted in improved laws and governmental operations.

I

ORGANIZED CRIME IN NEW JERSEY

The Commission shall have the duty and power to conduct investigations in connection with ... organized crime and racketeering.... (N.J.S.A. 52:9M-2)

[T]he Commission shall keep the public informed as to the operations of organized crime.... (N.J.S.A. 52:9M-11)

Since its creation in 1969, the State Commission of Investigation has been monitoring the activities of organized crime in order to assist law enforcement agencies in their investigations and prosecutions, as well as to further its own inquiries. As an expansion of this effort, the Commission during the past several years prepared, for the use of law enforcement officials only, detailed rosters of the major organized criminal groups operating in New Jersey. And many of the Commission's own investigations, public hearings and reports have exposed incursions by organized crime into specific areas of government and commerce, and those kinds of investigations are continuing.

This **21st ANNUAL REPORT** represents the SCI's first effort to provide all New Jerseyans with an overview of organized crime. The purpose of the project is not to titillate the reader or to sensationalize a serious sociological problem, but simply to inform the public so its representatives in Trenton and Washington, as well as individual citizens, can make intelligent decisions on how best to cope with the problems presented by organized criminality.

Although it should be apparent by now, it bears repeating that organized criminality, regardless of its ethnic identity, extracts an enormous financial and social cost from everyone. Most obvious is the cost of the public safety establish-

ment needed to investigate and prosecute the myriad illegal activities of organized crime. But the indirect costs are perhaps more pernicious.

Narcotics trafficking for decades has been one of the most lucrative activities of organized crime, but with the recent entry into American society of South American cocaine, problems spawned by addiction to this powerful drug have mushroomed far beyond anything seen by police officials and social scientists. The violence endemic to narcotics trafficking has become a public safety hazard in many American cities and those suffering the most immediate harm are persons already at the bottom of the economic and social ladder. Citizens despair over the seeming inability of government to protect them. Embittered young people who see no opportunity to escape from their problems opt for the lure of quick money to be made selling drugs, fatalistic about the dangers of a quick death at the hands of rivals in their business. The medical problems caused by drug addiction, especially the projected costs of lifetime care of infants born addicted because their mothers are drug users, threaten to overwhelm the nation's public health system.

When a criminal group takes over and corrupts a union, those usually hurt most are the honest working men and women who are sold out by sweetheart contracts under which mobsters promise

labor peace or permit a contractor to operate with non-union labor in exchange for either direct bribes or padding the payroll of a job with mob cronies. In addition, the cost of operating such a union can be inflated by corrupt officials. Regardless of the specific scenario, the cost to commerce of union labor is artificially inflated.

And, when criminals bribe public officials, the cost of government increases because contracts are awarded on some basis other than merit. Honest businessmen are denied the right to compete fairly for public work. When vendors are shaken down by mob-influenced government officials, contracts usually are inflated to cover the expense of kick-backs. Most importantly, citizen confidence in government is diminished, cynicism increases, and public interest wanes until finally only those with something to gain participate at all.

* * *

Several decades ago the term "organized crime," to the extent that it was understood at all, was commonly believed to have but a single meaning. The term was thought to refer only to that criminal cartel created by the Italian gangs that first victimized the millions of honest Italian immigrants to this country in the early part of this century. Belatedly, however, law enforcement and the news media acknowledged that "traditional" organized crime was always much more than La Cosa Nostra (LCN), involving as it did gangs of almost every ethnic origin. In Chicago and New York, for instance, Irish mobsters ran the rackets in the late nineteenth and early twentieth centuries before the Italians emerged. In Detroit and Cleveland, Jewish mobsters were in control.

In the early 1900s, the Italian gangs often referred to themselves as the Black Hand or Unione Siciliana. These groups eventually consolidated, organized and developed a sophisticated structure

that enabled them to prey on society as a whole rather than just individual neighborhoods through corruption of public officials and by intrusion into legitimate businesses. After this consolidation, the organization that emerged came to be called the Mafia or La Cosa Nostra, although in some areas of the country it is referred to as the Syndicate or the Outfit. (LCN is the term preferred by law enforcement.) Eventually, however, the other ethnic gangs made their peace with the LCN and coexisted — to the extent that is possible in the underworld — for the greater good of the crooked dollar. Only recently has law enforcement recognized that the Sicilian Mafia is not a part of or subordinate to the LCN but has always been a separate entity. This subject will be discussed in greater detail later in this report.

For law enforcement, the LCN has long been the primary organized crime target, in part because of its dominance over the criminal affairs of major eastern and midwestern cities and because many other gangs either worked for it or had to pay it tribute in order to operate. Moreover, the communications media over the years developed a macabre fascination with the LCN, seemingly because of the natural human curiosity about tales of massive conspiracies or secret societies in which members took blood oaths and spoke in codes or foreign languages. Books were written, movies made and news articles appeared which tended to romanticize some of the mob characters, with their colorful nicknames and aliases. Some of the LCN hoodlums even became folk heroes in their own neighborhoods.

In the last decade or so, however, as a new wave of immigrants from many nations came to this country, they did what other groups before them had done. They settled into enclaves or ghettos near relatives or friends, where they felt comfortable with those who spoke their language, who followed the same customs and who observed the same religious rituals. And as had happened so many times before, gangs sprang up in those neighborhoods — gangs that preyed first on their own people and later,

as they grew in strength and boldness, on others outside their ethnic enclaves. The new criminal groups come from virtually every immigrant nationality new to this country in the past two decades. They include Colombians, Cubans, Puerto Ricans, Dominicans, Jamaicans, Nigerians, Haitians, West Indians, Chinese, Japanese, Koreans, Vietnamese, Russians and Sicilians. Coincidentally, these groups have been gaining strength at the same time that law enforcement pressure and the glare of media attention have combined to weaken the LCN.

In New Jersey, both the state and the federal law enforcement establishments have secured major indictments against top LCN leaders as well as lesser mob figures. In an unprecedented series of actions, the bosses of all five New York-area LCN families have been prosecuted in recent years. The Bruno-Scarfo family in Philadelphia and South Jersey is in turmoil because of prosecutions and assassina-

tions, and the DeCavalcante-Riggi family in North and Central New Jersey is also beset by prosecutions. Some key organized crime figures under indictment have been murdered because of the fear that, if convicted, they will break their blood oaths of silence and inform on their associates. Some top hoods have "retired" rather than risk indictment and possible assassination. The mob has been infiltrated by law enforcement and some high ranking members have become informants. Perhaps more so than at any other time in its recent history, the LCN is in a state of flux, with takeovers, mergers and other realignments possible virtually at any time.

This report will deal with the current status of the seven LCN families operating in New Jersey as well as with the status of the Sicilian Mafia, Colombian and other major Hispanic organized crime groups, Afro-lineal and Asian organized crime groups and outlaw motorcycle gangs.

LA COSA NOSTRA

THE GAMBINO/GOTTI FAMILY

The Gambino/Gotti family of La Cosa Nostra is considered by most experts to be the largest and most influential organized crime group in the nation, with a known membership of approximately 250 formally initiated, or "made," members and about 600 associates. Based in New York City, the group's operations extend to much of the eastern seaboard and across the nation to California. Its illicit activities include labor racketeering, pornography, narcotics, gambling, loansharking, extortion, solid and toxic waste dumping violations, hijacking, pier thefts and fencing.

During the past year, the organization has experienced much turmoil and internal strife and has undergone a major transition. Although its leader, 48-year-old John Gotti of Queens, has managed to overcome a number of personal legal problems during his brief tenure, other supervisory levels of the group have been disrupted by indictments, incarcerations and deaths — some by violence — of key members. In order to compensate for these losses, Gotti was forced to reorganize the family hierarchy and to add new members to the roster.

Since Gotti took over leadership of the group in December, 1985, six men have been promoted into caporegime positions or have been given additional responsibility, while caporegime Frank Locascio of the Bronx has been promoted to underboss. Those given new caporegime status or those capos given expanded responsibilities include:

- Nicholas Corozzo of Brooklyn, caporegime given Joseph Corrao's operations;
- Gregory DiPalma, caporegime given operations of Joseph Zingaro;
- Peter Gotti, elevated to capo to replace his

brother Gene;

- Peter Lino, elevated to capo to supervise Florida operations;
- Louis Riccio, acting caporegime on behalf of Anthony Napolitano;
- Michael Mandaglia of Kenilworth, elevated to capo to replace the late Joseph Paterno;
- Thomas Gambino of New York, caporegime who replaced Pasquale Conti as Gambino/Gotti liaison to the Sicilian Mafia.

Corrao, Zingaro, and Gene Gotti are incarcerated; Anthony Napolitano is semi-retired and in poor health.

NEW JERSEY OPERATIONS

During the past year, Gotti operatives in New Jersey have been the targets of intense state and federal law enforcement efforts. In April, 1989, for instance, a 70-count state racketeering indictment was returned against soldier Robert "Cabert" Bisaccia of Belleville. Bisaccia, who is believed to be Gotti's principal "man in New Jersey," has been observed on numerous occasions meeting with the crime boss. Charges against Bisaccia include his alleged conspiracy to burglarize the northern offices of the New Jersey Attorney General's Organized Crime Task Force. According to the indictment, Bisaccia's gang attempted to locate and destroy the investigative files and evidence that had been compiled against them, then mask the burglary by setting the building afire. The indictment, which is pending, also alleges that Bisaccia and his associates have been involved in hijacking, armed robbery, extortion and the infiltration of legitimate business.

Three months later, in July, 1989, Bisaccia was again indicted as the result of an investigation into the illegal video gambling industry in Passaic County. Interestingly, this investigation revealed a working relationship between Bisaccia and his associates, and the Taccetta faction of the Lucchese/Corallo/Amuso family. Video game vendors affiliated with either group were also afforded police protection for a fee. Three members of the Paterson Police Department were subsequently arrested as a result of these charges.

Less visible than Bisaccia but significant in New Jersey nonetheless is caporegime Michael Mandaglia. A retired official of Local 342 of the Laborers Union in Newark, Mandaglia appears to control Gambino/Gotti labor interests in New Jersey. His influence in the construction industry was recently exposed as a result of "Operation Stealth," a lengthy investigation conducted by state and federal authorities. The investigation, which lasted more than two years, revealed a group of individuals who made vast profits by using bribery and "sweet-heart" contracts to guarantee labor peace at construction sites throughout northern New Jersey. In return, contractors were allowed to use non-union labor at significant savings in both wages and the cost of benefits. Mandaglia, who was indicted January 24, 1990 on 71 counts (along with nine union officials, a Flanders construction company and its owner), was indicted the same day in a separate six-count indictment for using his position in organized crime to exercise control over various business entities.

Interestingly, although Mandaglia holds a higher position in the family than Bisaccia, he does not appear to be as close to Gotti or to the other New York-based caporegimes. Therefore, it is believed that Bisaccia, despite his current legal difficulties, has been designated as Gotti's key representative for the Gambino group's New Jersey interests.

Another family member residing and operating in New Jersey is 78-year-old Anthony Carmi-

nati of Fort Lee. Despite his age, Carminati remains active in illegal activities such as gambling, loan-sharking, narcotics, labor racketeering and infiltration of legitimate business. Although a longtime family member, Carminati is not respected by other New Jersey members, in part because he unwittingly allowed an undercover police officer to infiltrate a family loanshark operation several years ago. Therefore, his power within LCN circles in the state is limited. In addition, group leaders currently lack confidence in Carminati's abilities because he is a heavy drinker.

Recently developed information indicates that Carminati reports to newly appointed Hillsdale, New Jersey, caporegime John D'Amico, who took over for deceased caporegime Olympio Garafalo. D'Amico, like Carminati, has fallen into disfavor with other family leaders. D'Amico is believed to have skimmed \$50,000 from restaurant operations he runs for the Gambino family. While the internal consequences of D'Amico's actions are not entirely known, it is noteworthy that he continues to frequent the group's meeting sites in Queens and Manhattan.

In addition to its lucrative criminal enterprises, the Gambino/Gotti family has successfully infiltrated several legitimate industries, especially the garment industry. This is due primarily to the strong influence that caporegime Thomas Gambino has on garment trucking in New York and New Jersey. Gambino is married to the daughter of Thomas Lucchese, the late boss of his own LCN family that is also considered a power in the garment industry. And Lucchese's son is Gambino's partner in several garment businesses. Although Gambino has recently been the focus of federal, state and local investigations, he has maintained a secure position within the garment industry and has successfully thwarted law enforcement efforts. A son of the late Carlo Gambino, the last of the mob's powerful "boss of bosses," Thomas Gambino epitomizes the low profile, well buffered, successful businessman image common among second generation members

of the LCN. His trucking empire that long dominated the New York garment industry has expanded into New Jersey and he is considered the single most powerful figure in that industry.

With the leadership takeover by John Gotti in 1985, there has been much speculation and media attention regarding his efforts to expand the Gambino organization's sphere of influence. Perhaps the most significant event in the past year that benefitted Gotti in this endeavor was the incarceration and eventual conviction of Genovese consigliere (counselor) Louis "Bobby" Manna of Jersey City. This action not only eliminated key Genovese leadership in New Jersey but also — at least temporarily — rid John Gotti of a bitter rival. Territorial disputes in New Jersey between Manna and Gotti led to Manna's plotting Gotti's assassination. During an investigation conducted by federal authorities, Gotti and his brother, Gene, were identified as Manna's targets. Gotti, however, was alerted by federal authorities that he was in danger and was able to take precautions.

During the course of the Manna investigation, conversations were intercepted regarding a possible takeover of the faltering Bruno/Scarfo group's enterprises by the Genovese/Gigante and Gambino/Gotti families. Reportedly, the Gambino/Gotti group was seeking the more lucrative operations in southern New Jersey, which included Atlantic City and Philadelphia-based operations, while the more limited northern rackets would have been absorbed by the Genovese/Gigante group, which for years operated in much the same territory as the northern faction of the Bruno family. While both organizations would have gained a considerable amount of new revenue from such an arrangement, Manna apparently viewed this apportionment as another attempt by Gotti to gain dominance in New Jersey.

Other events that opened up territory for a Gotti takeover in New Jersey included the murder of Genovese soldier John DiGilio, long a power on the

New Jersey docks, and the conviction of Donald Carson, executive vice president of Local 1587-88 of the International Longshoremen's Association. Carson's imprisonment allowed Gambino member Anthony Pimpinella of Brooklyn to take over Carson's leadership position in the ILA local and thus to gain control for the Gotti family of the lucrative New Jersey waterfront rackets at Port Elizabeth and Port Newark, which together handle approximately 70% of the general cargo entering New York Harbor. Additional benefits derived from controlling this union are political power, financial gain, control of the flow of cargo into the metropolitan area and the ability to move contraband into and out of the country.

As previously mentioned, John Gotti's tenure as leader of this crime group has been replete with personal legal battles, all of which he has won. His most recent trial (at which he was acquitted on February 9, 1990) involved the shooting of Manhattan Carpenters Union leader John O'Connor. Prosecutors tried to prove that O'Connor was assaulted because he allegedly had sent union members to vandalize a non-union restaurant, which also happened to be owned by a Gotti family member. In retaliation for the beating, Gotti, according to the charges against him, contracted with the Westies, an Irish gang from the Hell's Kitchen section of Manhattan who specialize in strong-arm work, to shoot O'Connor. The Gambino/Gotti group has historically used the Westies for some of its tasks where violence is required.

While John Gotti has been portrayed in the news media as the "Dapper Don" — flamboyant, aggressive and ruthless — he should also be considered somewhat of a politician within the LCN. Gotti has been seen meeting with high level members of other LCN families, including the New Jersey-based DeCavalcante/Riggi group, the Bruno/Scarfo group, the Bonanno/Rastelli/Vitale group and the Lucchese/Corallo/Amuso group. Reportedly, Gotti has a working relationship with Michael Taccetta, an influential member of the Lucchese/Corallo/

Amuso group in northern New Jersey. It should be noted that Michael Taccetta and his brother Martin began their criminal careers under the tutelage of the late Gambino caporegime Joseph Paterno before becoming members of the Lucchese organization.

* * *

Since the 1985 murder of Gambino family boss Paul Castellano and the subsequent takeover of the family by John Gotti, the group has received an unprecedented amount of attention from both law enforcement and the media. Aware of his organization's strength, Gotti has overtly attempted to expand his sphere of influence. In contrast to his predecessor, Paul Castellano, he has acted more like a movie star or politician rather than a reclusive LCN boss. And along the way, he has undermined some liaisons established by Castellano, especially the working relationship that once existed with the Genovese/Gigante group. Gotti's increased interests in New Jersey construction projects, labor racketeering, rock quarries, liquor licenses and real estate are well known to law enforcement officials. It is these expansionist tactics that are most likely the basis for the current rift between the two groups.

However, the Genovese/Gigante group is not without hope of regaining its strong hold on these New Jersey territories. With already weak leadership in New Jersey, the Gambino/Gotti group will have to rely solely on the New York hierarchy to manage New Jersey enterprises if key members such as Bisaccia and Mandaglia are convicted and face lengthy prison sentences. Gotti's recent acquittal in Manhattan, however, will surely enhance his position as the most powerful organized crime figure in the nation.

THE GENOVESE/GIGANTE FAMILY

Although most organized crime experts consider the Gambino/Gotti family to be the largest organized crime group in the nation, the Genovese/

Gigante family, close to it in size, is far more influential in New Jersey. Historically, more high-ranking members of the Genovese family lived here, and it was the first of the five New York-based families to expand its rackets to New Jersey decades ago.

In recent years, the once close alliance between the Genovese and Gambino families — the most powerful in organized crime — has begun to sour and at one point had the makings of a bloody all-out gang war. For years, a smooth working relationship existed between the two families, groups that in the past shared territories and even personnel. Additionally, there was the long-standing mob tradition that inter-family disputes be settled by established mediation procedures of the "Commission," the LCN's ruling body that is composed of the heads of the nation's most powerful families. However, this disciplinary structure has been disrupted in recent years by aggressive law enforcement activities that led to the prosecution and imprisonment of many of the top LCN bosses in the east and a rapid turnover in leadership.

Hostility between the Genovese and Gambino families developed in part because of a dispute over how to carve up the rackets of the weakened Bruno/Scarfo family of Philadelphia and South Jersey and because of internal problems caused by law enforcement pressure on the Genovese family. The Gambino group has capitalized on these internal problems by taking over some traditionally Genovese territory. Information collected by law enforcement during the past year has identified Genovese consigliere Louis "Bobby" Manna of Jersey City and Gambino boss John Gotti of Queens as the central figures in this power struggle.

As Genovese family consigliere, Manna had a great deal of influence in the management of this crime group, both in New Jersey and New York. It is believed, for instance, that Manna was the family spokesman in early discussions with the Gambino/Gotti group regarding the division of the New Jersey

operations of the Bruno family. According to various sources, Gotti insisted that the Bruno operations in northern New Jersey be absorbed by the Genovese/Gigante group, while the southern, more lucrative areas would go to his group. Reportedly, this unequal division of Bruno enterprises so annoyed Manna that it was a factor leading him to plot Gotti's murder.

The Genovese/Gigante family, consisting of approximately 300 members supervised by 14 caporegimes (captains), is involved in illegal activities such as gambling, labor racketeering, loansharking and narcotics distribution throughout New Jersey. In addition, it has significant interests in ostensibly legitimate companies in the construction, liquor, and solid and toxic waste hauling industries. The family has long controlled several labor unions, particularly various locals in the trucking and garbage hauling industry and on the New Jersey waterfront. Four of the 14 capos operate in New Jersey under the supervision of Manna, even though he is consigliere for the entire family.

The current boss of the Genovese family, Vincent Gigante of New York, took control of the group in 1986 after the conviction of Anthony Salerno on federal charges including racketeering and being a member of the "Commission," the ruling body of La Cosa Nostra. However, according to both Genovese caporegime Vincent Cafaro and Bruno/Scarfo underboss Philip Leonetti, who have become federal informants, Salerno was only a front for Gigante and was never truly the boss himself. When Gigante officially assumed the position of boss, Venero "Benny Eggs" Mangano of New York became his underboss and Manna became consigliere.

Manna

Manna's New Jersey base of operation was Casella's Restaurant in Hoboken, from where he oversaw gambling, loansharking, labor racketeer-

ing, corruption and pier thefts in the region. The owner of this restaurant, Martin Casella, is subordinate to Manna and is considered to be a significant member, acting as Manna's deputy and chief assistant in the organization. Recent investigative findings reveal that Casella controlled portions of Hudson County once believed to be the domain of the late John DiGilio. Furthermore, there are strong indications that Casella acted as a conduit of information for Manna.

Manna, who had been jailed for three years in the 1970's for refusing to answer questions about organized crime before the SCI, was successfully targeted by law enforcement in the 1980's. He was convicted in June, 1989, of ordering the murder of New York businessman Irwin Schiff and of plotting the murder of Gambino boss John Gotti and Gotti's brother, Gene. These convictions, along with those for racketeering and conspiracy, make it likely that Manna eventually will be replaced as consigliere of the Genovese family, but that designation has yet to be made. In fact, sources report that Manna continues to issue instructions from prison and had a voice in picking a successor to take over John DiGilio's operations.

DiGilio

The territories once controlled by John DiGilio, a late Genovese soldier, were divided among high level operatives within that family, but some of his rackets on the New Jersey waterfront have been lost to the Gambino/Gotti organization. DiGilio once ran a large northern New Jersey operation active in gambling, loansharking, labor racketeering and extortion. After DiGilio's death, the leadership of his faction passed briefly to Louis Auricchio of Holmdel, who is believed to have been assigned earlier by the Genovese/Gigante hierarchy to monitor DiGilio's activities in anticipation of the need to replace him. Auricchio assumed leadership of the faction immediately after DiGilio's disappearance and is considered a suspect in his murder. Since his

conviction in July, 1989, on federal income tax evasion charges, responsibility for this crew has been split between Angelo Prisco of the Bronx and Salvatore Lombardo of Brooklyn.

For several years, DiGilio had been under considerable pressure from the family leadership and had also been the subject of much unwanted law enforcement and media attention. In order to avoid both state and federal prosecutions, for instance, DiGilio over the years called attention to himself with various incidents of bizarre conduct including feigning mental incompetence. He also defied family bosses by not retaining an attorney to represent him. Eventually, a federal racketeering case against DiGilio and three of his associates, Anthony Gallagher of Bayonne, longshoremen's boss Donald Carson of Scotch Plains and John Barbato of Staten Island, was tried in Newark in 1988. DiGilio, who chose to defend himself in the case, was the only defendant acquitted. Carson and Gallagher were convicted; Barbato's case was severed from the others. DiGilio's failure to comply with orders from group leaders, coupled with the convictions of Gallagher and Carson, infuriated the Genovese family hierarchy, who blamed DiGilio for the convictions.

The Carson conviction was especially damaging because federal law required that Carson forfeit his position as secretary-treasurer of Local 1587-88 of the International Longshoremen's Association, a 1,200-member union of dock workers and warehousemen in Bayonne. Carson had also been executive vice president of the ILA, making him the second most powerful leader of that international union. This position had given the Genovese family significant influence in every port in the United States. However, Carson was replaced not by another Genovese man but by Gambino soldier Anthony Pimpinella of Brooklyn. The loss to the Gambino family of these influential labor posts and the lucrative rackets they controlled was perhaps the death knell for DiGilio. He disappeared shortly after the trial was over, and his body was eventually

found May 26, 1988, floating in a body bag in the Hackensack River.

Gatto

Another powerful faction of the Genovese family is the Gatto group based in Lodi. The crew's reputation for violence and management by fear and intimidation contributed to a successful joint investigation by the FBI and the Bergen County Prosecutor's office in 1989. This effort resulted in the arrests of caporegime Louis Gatto Sr. and seven other faction members on a nine-count racketeering conspiracy indictment, which included two homicides, loansharking, extortion and gambling. Gatto is currently free on bail. Other group operatives arrested with Gatto remain in custody due to their potential threat to society.

Gatto acquired the operations of the late Genovese caporegime Peter LaPlaca of Bergen County in the 1970's, almost by default. Gatto first consolidated all bookmaking operations within his jurisdiction through violent means. His group steadily expanded to the point where it had to separate its lottery and sports betting activities into two operations. The group also had the shrewdness to set up New York locations to accept wagers so that, should an operative be arrested, New York's more lenient gambling statutes would insure shorter jail sentences.

It is unknown at this time what impact recent interdiction efforts will have on Gatto's faction. Although there has certainly been some disruption of group operations, there have been no apparent structural changes. In addition, Gatto's control over his established gambling networks, unions, loansharking and narcotics remains strong, despite his own arrest and that of some key subordinates.

Gerardo

The fourth faction in northern New Jersey is headed by Andrew Gerardo of Livingston. Based in Newark, the group was originally led by the late caporegime Ruggerio "Ritchie, the Boot" Boiardo. It specializes in gambling, loansharking and labor racketeering. Additionally, it has been alleged that Gerardo has made investments in large construction projects.

Much like the other faction leaders in the Genovese organization, Gerardo has also recently been the subject of a racketeering investigation and indictment. As a result of a two-year state undercover investigation, 16 persons in Gerardo's faction were indicted on arson, gambling, loansharking, racketeering and theft charges in May, 1987. Those indicted are accused of operating a \$20 million-a-year gambling ring in Newark, Manhattan and Staten Island, and of bilking a union health plan out of \$3 million. Using the racketeering statute, the state hopes to obtain forfeiture of \$31 million in cash and assets accumulated by the group from its racketeering activities.

Unfortunately, recent arrests and indictments against this faction have not had enough impact to warrant structural changes or cause permanent disruption of its illegal activities. In fact, it has expanded its membership, particularly in the area of gambling. In order to fill vacancies left by those arrested, the group has recruited bettors and others who were indebted to it to work as gambling operatives. This scheme had a two-fold benefit in that it was difficult for law enforcement to identify the new operatives, who also were able to work off their debts to the group.

* * *

The situation with the Genovese family in New Jersey today is somewhat analogous to that of

the Bruno/Scarfo organization in Philadelphia and South Jersey several years ago, where the late Angelo Bruno was allowing other groups to move into his family's territory with impunity. Vincent Gigante similarly appears to be allowing the Gambino organization to become firmly entrenched in bars, construction projects, restaurants, gambling and other traditionally-Genovese enterprises in New Jersey with little resistance. This apparent indifference has angered many family members, including Manna. The leadership problems have been compounded by caporegime Vincent Cafaro's becoming an informant, the incarceration of key family members, the inability to control John DiGilio and the dispute with Gotti over the division of the Bruno/Scarfo organization. All of these problems drove Manna to plot the murders of John and Gene Gotti in an attempt to restore lost areas of control and to prevent more losses. The failure of Manna's treachery, however, has further weakened his own group's position.

The loss of ILA union control is perhaps most significant. The Elizabeth and Newark areas of the Port of New York handle about 70% of the total general cargo entering the harbor. Additionally, the advent of containerization has reduced the ILA membership in the port from approximately 30,000 just 10 years ago to a total of 7,000 at the present time. Control of this union provides its administrator (and any gang that can influence him) the opportunity to control the flow of cargo, political power, financial gain and the ability to bring illegal cargo into the country. The Gambino family's new-found strength in New Jersey has begun to surface, with its associates taking positions of authority on the waterfront once held by Genovese associates.

Although the Genovese family has been faced with a variety of disruptive incidents within the last few years, it has been able to maintain most of its New Jersey operations. What remains to be seen is the full impact that John Gotti's expansionist tactics ultimately will have on the organization.

THE LUCCHESE/CORALLO/AMUSO FAMILY

The Lucchese group is the smallest of the five New York LCN families, with 100 members and 200 associates. Its principal base of operation in New York City is the Bronx and Brooklyn but the family also has a strong faction in northern New Jersey.

Since its inception in the 1930's, the group has been primarily involved in the illegal distribution of narcotics. This activity has provided a lucrative income that has been invested in both legitimate and illegitimate enterprises over the years. Although involvement in narcotics continues today, the group's current emphasis is more on the financing of major narcotics shipments rather than on distribution.

In addition to narcotics, the family's criminal activities include hijacking, gambling, loan-sharking, illegal landfills, pornography and other fraudulent activities in New York City, Northern New Jersey, Florida and California. The family has also been successful in infiltrating legitimate industries in the region, particularly the construction, solid waste, garment and trucking industries.

The family's current boss is Victor Amuso of the Howard Beach section of Queens. His underboss is Anthony Casso of Brooklyn. Amuso and Casso assumed leadership of the group as a result of the indictment and recent convictions of the entire former New York hierarchy of the family. Those affected included boss Anthony "Ducks" Corallo, underboss Salvatore "Sonny" Santoro, consigliere Christopher "Tick" Furnari and significant soldier Salvatore Avellino Jr. All were convicted on charges of violating federal antitrust laws involving the Long Island garbage carting industry. Corallo was also convicted, along with the bosses of the four other New York LCN families, for participation in mob operations and being a member of the LCN's ruling "Commission."

Amuso and Casso have legal problems of their own. Both were indicted in May, 1990, on federal charges including mail fraud and labor law violations.

The powerful northern New Jersey faction of the group, headed by Michael Taccetta of Florham Park, has also experienced its share of pressure from law enforcement. In addition, there has been dissension among the leadership. The faction had long been under the control of Anthony "Tumac" Accetturo of Newark and Taccetta had been his protege. However, Accetturo fled New Jersey for Florida in the early 1970's to avoid a subpoena to testify before the SCI. Taccetta took over for Accetturo but remained his subordinate until sometime in 1987. That year, a 21-month federal narcotics and racketeering trial began against Accetturo, Taccetta and 17 of their operatives. During the trial, Accetturo and Taccetta's once close relationship, which had cooled over the years, deteriorated into a power struggle that culminated in a murder contract being put on Accetturo's life. A major cause of that animosity was resentment over the emergence of Anthony Accetturo Jr. as a soldier and rising star in the family, along with his refusal to show the traditional deference and respect Taccetta felt was due him. Young Accetturo, who also lives in Florida, attended his father's trial and has been observed by law enforcement agencies at high level meetings of organized crime figures there and in New Jersey.

After the trial ended in acquittals for all the defendants, Accetturo returned to Florida and remained out of sight for months. Eventually, he was traced to North Carolina, where he was taken into custody in 1988 for his refusal to honor a New Jersey state grand jury subpoena to testify regarding labor racketeering and other state offenses. On September 19, 1989, he was returned to New Jersey and was jailed for contempt of the state grand jury. However, because of the contract on his life, he was placed in protective custody. Accetturo has since pleaded guilty to income tax evasion in Florida but was acquitted of race-fixing charges there.

In October, 1989, young Accetturo and three other Florida residents were charged in Tampa by the Florida Department of Law Enforcement with extortion of a Florida businessman. Accetturo was convicted. The charges related to Accetturo Jr.'s loan of \$40,000 to an individual for a period of 45 days with interest of \$20,000 and a \$1,000 penalty for each day the loan was late. His current criminal activities are similar to those his father engaged in when he was younger.

Although Michael Taccetta has apparently won the battle for leadership of the faction, he will be unable to run the family as a free man for the immediate future. Taccetta is serving a five-year term in federal prison in Minnesota after pleading guilty to weapons and tax evasion charges. He is expected to be released no later than July, 1992.

While Taccetta is incarcerated, his brother Martin has been entrusted to run the faction's day-to-day operations. But Martin has his own legal problems. He and three other men are under indictment in California for fraud in a scheme involving the pornography industry. The three-year investigation into organized crime's infiltration of the \$1 billion pornography industry revealed that two years ago, Martin Taccetta set up Ollinor Video Products, Inc. in Los Angeles to buy video equipment on credit. He allegedly sold the equipment to pornography dealers but kept the proceeds, defaulting on payments to suppliers. Declaring \$1.4 million in debts, Ollinor went out of business, leaving its creditors holding an empty bag. Also charged in the fraud scheme were Barry Gottheimer of East Hanover, New Jersey, and two California men, Chull Wool Kim, the president of Ollinor Video, and Walter Vigil, a salesman for the firm.

Martin Taccetta and others were also indicted in 1989 by a state grand jury, after a lengthy investigation by the Fraud Division of the State Insurance Department, for conspiracy to defraud the Joint Underwriters Association of more than \$400,000 in phony auto insurance claims.

Despite recent legal setbacks, the New Jersey operations and investments of the Lucchese/Corallo/Amuso group continue to flourish. For example, caporegime Peter J. Chiodo Jr. of Oak Ridge has taken over the activities of jailed consigliere Christopher Furnari. In addition, he serves as vice president of Hidden Hills Construction Company, a residential construction company in Oak Ridge involved in the building of single family homes in the \$300,000-to-\$500,000 price range. Businesses such as this are considered lucrative to the LCN, not only because they are directly profitable but also because they can be used as vehicles to perpetrate major financial scams. Chiodo's business acumen may be the reason he has been looked upon favorably by family leaders in recent years.

Another potential source of money for the family is a large construction concern affiliated with the Taccetta faction, Yacenda Enterprises Corporation, owned and operated by James G. Yacenda of East Hanover, and his brother Charles Yacenda of Chester. According to law enforcement officials, the Yacendas act as fronts for the Taccetta group in construction, commercial and financial fraud and in the restaurant and liquor business.

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Another Lucchese operative who has recently run afoul of law enforcement is Michael Perna of Belleville, who was charged in a recent state grand jury indictment with conspiracy. His codefendants include northern New Jersey members of the Bruno/Scarfo family.

As previously mentioned, the Lucchese/Corallo/Amuso group's illegal activity has been predominantly narcotics trafficking. And although it is considered a small LCN group, it has expanded its operations to include lucrative illegal gambling and loansharking enterprises in northern New Jersey as well as astute investments in legitimate industries. It is unlikely that Michael Taccetta's incarceration will have a serious impact on the group's

growth since his prison term is not lengthy and he faces no pending charges when he is released.

THE COLOMBO/PERSICO/ORENA FAMILY

The New York-based Colombo/Persico/Orena family of La Cosa Nostra has approximately 120 members as well as more than 450 associates. Only six of the family's members and one of the family's 28 caporegimes (captains) live in New Jersey. And while the family's operations run the gamut of criminality, it is one of the least significant of the five New York-based families in terms of its New Jersey activities.

The family's illicit activities are known to include gambling, loansharking, arson, extortion, labor racketeering, cigarette smuggling, pornography, bankruptcy and mail fraud, tax evasion, counterfeiting and narcotics. The group specializes in thefts, larcenies and hijackings, and law enforcement authorities have said that organized thievery of cargo at Kennedy Airport in Queens has long been controlled by this family. The family also has interests in businesses such as trucking, vending machines, catering companies, restaurants and ownership of liquor licenses. One of its members is currently involved in motion picture production.

While the family's base of operations continues to be New York City, principally the Boroughs of Brooklyn and Staten Island, some family members have relocated to upstate New York and to Suffolk County on Long Island. Others have moved to Florida, Nevada and California. Some of this migration has been attributed to the desire of members involved in narcotics trafficking to live closer to smuggling routes into the United States.

During the last 20 years, following the shooting of boss Joseph Colombo at a rally of the Italian American Civil Rights League on June 28, 1971, in New York City, the family experienced a steady

decline in power within the LCN. Although Colombo was shot three times in the head, he did not die immediately but lingered on, paralyzed and brain damaged, for seven years until he died in 1978. Law enforcement sources attribute the family's decline during the period of Colombo's incapacity to the poor leadership of caporegimes Vincent Aloï of Suffern, New York and Joseph Brancato, who has since died, as well as to the "acting" status of temporary boss Thomas DiBella.

The family's weakening allowed other LCN factions, most notably the Gambino family, to take over many of the group's illegal activities. Ironically, it was then-boss Carlo Gambino, according to underworld sources, who was highly critical of Colombo's highly publicized activities on behalf of the Italian-American Civil Rights League. Colombo was protesting law enforcement efforts aimed at the LCN, calling them nothing more than persecution of Americans of Italian decent. He went so far as to picket FBI headquarters in New York. Gambino, according to sources, felt such actions accomplished nothing and succeeded only in bringing unwanted law enforcement attention and publicity to the LCN.

Immediately following the death of Colombo, Carmine Persico Jr. of Brooklyn took over leadership of the group. (The former acting boss, Thomas DiBella, had retired a year earlier). Persico was able to lead the group back to prominence for almost 10 years until 1986, when a series of racketeering convictions resulted in his being sentenced to prison for 139 years. With Persico behind bars, the group's hierarchy is again in disarray due to the continuing pressure from federal and state law enforcement agencies. Investigations targeting the family have resulted in the arrest and conviction of 26 members, many of them key leaders, in addition to Persico.

Of the five New York families, the Colombo family has been most affected by three major criminal prosecutions in New York City. The first, a racketeering conspiracy case, resulted in 15 members and associates pleading guilty in June, 1986, to

their roles in the conspiracy. Most notable among the defendants were Vincent, Joseph and Anthony Colombo, all sons of the late boss Joseph Colombo. In the second case in Manhattan Federal Court, boss Persico, his son Alphonse (a caporegime), underboss Gennaro Langella and six others were convicted, again on racketeering charges. In the third trial, Persico was convicted with seven other mob leaders in November, 1986, for being members of the "Commission," the ruling body of La Cosa Nostra, and for engaging in a pattern of racketeering, extortion and labor payoffs.

Following these convictions, Persico designated Victor Orena, a caporegime from Cedarhurst, New York, as the family's acting boss.

One faction based in New York and headed by capo John "Sonny" Franzese has become particularly well known for its fraudulent activities. Franzese's son, Michael, became infamous in the early 1980's for his complicity in a gasoline tax fraud scheme. Another associate of this fraction, Joseph Tomasello, owner of the Anchor Bus Company in Brooklyn, has recently been convicted of conspiracy with Michael Franzese to receive stolen goods. Reportedly, the younger Franzese was delivering \$100,000 per week to Tomasello. Tomasello served a 10-month prison sentence as a result of his conviction in the case. John Franzese is currently incarcerated for a parole violation, and son Michael is in a work release program for his previously mentioned fraud violations. During the past year, Michael became a government witness, is in protective custody and testified for federal prosecutors in Chicago that he was a "strong-arm" threat for sports agent Norbert "Norby" Walters. Franzese testified that Walters invoked his name to frighten college athletes into signing contracts designating Walters as their agent for purposes of negotiating contracts with professional sports teams. Walters was convicted for these activities, and Franzese is currently attempting to produce a television miniseries about his life in order to pay \$10 million in restitution ordered by the court. Franzese has

testified in a second case and has agreed to testify in other fraud cases against some of his former associates and co-conspirators in New York.

The small contingent of Colombo members in New Jersey has also felt the impact of law enforcement. Caporegime Salvatore Profaci, a resident of Holmdel, was convicted of mail fraud in December of 1985 and sentenced to four years in federal prison. Profaci has had extensive involvement in the food industry in New Jersey. Since his release from prison in 1988, he is again employed in that industry in Edison.

Profaci's father, Joseph "Joe the Boss" Profaci, was the original family head before Joe Colombo. And his sister Rosalie is married to Salvatore "Bill" Bonanno, son of Joseph Bonanno, the original boss of the New York-based family that bears his name. Based on his heritage and his stature within the family, Salvatore Profaci is a strong candidate to replace Carmine Persico.

In addition to Profaci, another key member operating in New Jersey is Caporegime Vincent Aloï of Suffern, New York. Aloï, along with his two sons, Sebastian and Vincent Jr., own and operate a garment trucking company in Hudson County. The company carries clothing to the garment district in New York City and also leases space to other garment carriers in both New York and Hudson County.

The Colombo family provides another example of the changing face of LCN. Twenty years ago, it was required that a man had to commit a murder before being made a member. Now, it is possible to gain membership in an LCN organization if one is considered a good "money maker." This easing of the requirements necessary to become a member has apparently also weakened the loyalty newer members and associates have toward the organization. One result of this more relaxed attitude is a breakdown of the LCN's "code of silence," a classic example of which is the decision

of Michael Franzese to become a government informant in order to avoid serving a prison sentence.

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Despite the fact that the upper echelon of this group has suffered convictions and lengthy prison sentences, the organization has managed to continue its operations and generate income. It has been theorized that the group has to some extent become self sufficient, and that the presence of leadership has only been necessary to make command decisions and settle disputes. This internal strength can be attributed to the organization's ability to amass large profits from selected activities.

THE BONANNO/RASTELLI/VITALE FAMILY

The Bonanno/Rastelli/Vitale family of La Cosa Nostra consists of approximately 195 members and 500 associates, situated from coast to coast, primarily in New York, Arizona, Florida, New Jersey, Pennsylvania and California. The group's patriarch, 85-year-old Joseph "Joe Bananas" Bonanno, is retired and living in Tucson, Arizona. Bonanno was forced into exile by other LCN bosses because he attempted to expand his sphere of influence in the late 1960's and early 1970's, not only within New York City but also in other areas that were already the territories of other bosses.

The current family boss is Salvatore Vitale of Dix Hills in Suffolk County, New York. His elevation came as a direct result of the lengthy incarcerations of other high level family members, including boss Philip "Rusty" Rastelli, of Brooklyn. Vitale is the owner of a Long Island catering business, where he meets almost daily with other significant family members.

The group's criminal enterprises include narcotics trafficking, pornography, labor racketeering, hijacking and other forms of receiving stolen

property, casino fraud, tax fraud, credit card fraud and forgery, gambling, loansharking, extortion and money laundering. Although the family is active in most of the traditional LCN criminal activities, it is noted primarily for its involvement in the importation and sale of narcotics, mostly heroin. Extensive undercover investigations have revealed that the group has close ties to the Sicilian Mafia in its heroin trafficking. Boss and family founder Joseph Bonanno, a native of Sicily, was at one time recognized as the predominant figure in this illicit market, despite the fact that narcotics distribution purportedly was contrary to original LCN principles. The strong bond between the Sicilian Mafia and the Bonanno group over the past two decades has resulted in billions of dollars worth of heroin being imported into the United States, and criminal liaisons that extend beyond Italy and the United States into Canada and South America.

The Bonanno family's continued involvement in narcotics trafficking was demonstrated during the investigation of the 1989 murder of DEA undercover agent Everett Hatcher. At the time of his assassination, Hatcher had been investigating the multi-kilo cocaine distribution network of Bonanno associate Costabile "Gus" Farace. Immediately after Hatcher's murder, a nationwide manhunt for Farace began, along with 24-hour-a-day police surveillances and harassment of Bonanno family members, especially those believed to be involved in the drug business. The family reportedly became uncomfortable with the unrelenting pressure and decided the best way to end it was to give up Farace. Shortly thereafter, a murder contract was placed on the life of Farace, who was lured to a Brooklyn street corner and shot to death on November 17, 1989. The man suspected of killing Farace was himself found murdered just two months later, in January, 1990.

The family also controls gambling and loan-sharking at the famous Fulton Fish Market in lower Manhattan through caporegime Joseph Chilli Jr. of Staten Island. Chilli had been acting boss of the

family (along with Anthony Spero of Brooklyn) for two years before the elevation to boss of Salvatore Vitale. Chilli owns at least four fish companies in the market, which is the largest wholesale fish market in the nation and is the principal source of seafood for the metropolitan area and much of the northeastern United States.

Family associate Anthony Amico Jr. of Florida is currently under federal investigation by postal authorities for his involvement in potentially fraudulent, high pressure, multi-million dollar telemarketing sales schemes that originate in Florida and Georgia but have a nationwide impact.

In New Jersey, the Bonanno family has elevated some of its younger members to positions of authority. Following the death in 1983 of caporegime Joseph "Bayonne Joe" Zicarelli, Gabriel Infanti of Bloomfield became the predominant family member in northern New Jersey. Infanti, who had controlled a gambling network in New York, was well respected in New Jersey, as evidenced by his meeting on December 16, 1985, with John Riggi, boss of the DeCavalcante family. Interestingly, this was the same day that Gambino boss Paul Castellano was murdered in New York City. Infanti himself was declared missing nearly two years later, on December 22, 1987. He is presumed to be dead. It is believed that Infanti has been replaced by caporegime James Tartaglione of Queens, who has been observed meeting with Bonanno family boss Salvatore Vitale almost daily.

Another New Jersey resident who has been gaining influence in the family is Louis J. Attanasio Jr. of Holmdel, a caporegime. Attanasio ran a gambling operation out of a club he owns in Brooklyn. However, he was recently incarcerated for five years for bribing a state trooper and for income tax evasion. When he is released from prison, probably in November, 1990, it is believed that Attanasio will regain his position of authority within the Bonanno family or with the Genovese/Gigante group, with which he also does business.

To fill the void left by several deaths and incarcerations of members in the group, Salvatore Ferrugia of West Orange has come out of retirement and been assigned the status of caporegime. Ferrugia, who is now 75 years old, was at one time family underboss but had been demoted to caporegime by Rastelli. Ferrugia is best known for his close ties to the Sicilian Mafia and the smuggling of illegal aliens from Sicily to the United States.

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As previously mentioned, the strength of this organization lies in its long and prosperous involvement in the trafficking of narcotics, supported by its affiliation with the Sicilian Mafia. In addition the group is operating legitimate pizza parlors, cafes and restaurants, from which it can conduct illegal transactions and conceal illegal aliens. The family has also been involved in criminal activity in Atlantic City, such as illegal junkets, credit schemes and other frauds.

THE DECAVALCANTE FAMILY

Of the seven La Cosa Nostra families active in New Jersey, the DeCavalcante family is the only one indigenous to the state. Centered in Union County, the family also has extensive operations in Middlesex, Monmouth, Ocean and Essex Counties as well as Staten Island, New York. The family also has a branch in Waterbury, Connecticut. Despite competition in New Jersey from the five LCN families based in New York and one in Philadelphia, the DeCavalcante family, with approximately 50 members and 80 associates, has managed to maintain its own independent criminal empire.

The titular leader of the family, Simone "Sam the Plumber" DeCavalcante, has been in semi-retirement in Florida for the past 13 years. In his absence, the family has been under the leadership of John M. Riggi of Linden.

Although the family engages in the same rackets traditionally associated with other LCN families, the strength of the DeCavalcante family lies in its influence over some of the construction industry in New Jersey through corrupt unions — Local 394 of the International Brotherhood of Laborers and Hod Carriers in Elizabeth and Laborers International Union District Council 30 in Millburn.

John Riggi had been business agent for Local 394 from 1965 to 1986 and then president of District Council 30 in 1986. He continued to serve as a "consultant" for Local 394 after ostensibly retiring in 1986. It is principally through this union affiliation that the DeCavalcante family has been able to extort jobs, goods and services from the construction industry in New Jersey.

Riggi's control of some building contractors extends throughout New Jersey and portions of Staten Island. Since Local 394 provides laborers to contractors daily, the union hall in Elizabeth is a meeting place for laborers, subcontractors and anyone seeking union help. Additionally, Riggi uses his power and influence to place subcontractors and workers other than laborers at various construction projects around the state.

Due to the high cost of union labor in New Jersey and Riggi's control of certain unions and subcontractors, general contractors must decide whether they will use union or non-union subcontractors. If a general contractor opts to pay a bribe to a corrupt union business agent, either in cash or in goods and services, he can do a job with non-union labor, saving 30-40% in salaries alone, as well as the cost of fringe benefits normally paid into union welfare and pension funds.

High level members of the DeCavalcante family have also been known to exert influence on corporate officials, thereby enhancing their already strong hold on the construction industry. For example, DeCavalcante soldier Salvatore Timpani, an immigrant who is a barber by trade, now owns a

multi-million dollar concrete company which bids for and wins lucrative contracts from large corporations in Central New Jersey.

Until October of 1989, Riggi, along with his two sons, John J. and Vincent, had been virtually untouched by law enforcement authorities. However, on October 16, 1989, Riggi, his sons, and two of their close associates — family caporegime Girolamo Palermo and soldier Salvatore Timpani — were indicted on federal racketeering charges alleging organized crime control of segments of the construction industry through Local 394. During the bail hearing following his arrest, the judge barred Riggi from any contact with union officials or contractors, and ordered him to vacate any other union positions he may have held at the time. Riggi was convicted on July 20, 1990, of extortion and labor law violations, and Timpani of extortion. The other defendants were acquitted. Riggi faces up to 70 years in prison. Intelligence information since his conviction indicates that one of the larger New York LCN families has already made inroads into Riggi's operations.

The success of the investigation leading to Riggi's arrest was attributable primarily to the use of electronic eavesdropping devices placed in family meeting places. The leadership of the DeCavalcante crime family is extremely close knit and most decisions are made after meetings in and around the Peterstown section of Elizabeth, where the group had used the Ribera Club and the Cafe Italia. Meetings have also been held at the Holiday Inn in East Orange or the Sheraton Newark Airport Hotel at Newark International Airport. In fact, intercepted conversations from these locations, along with a video tape from one restaurant, provided enough information for raids and seizures of documents from 14 locations in northern and central New Jersey. Following the indictment, DeCavalcante members have become more cautious about their meeting sites. To minimize the possibility of being recorded by electronic surveillance devices, they now meet in public areas and even change these locations fre-

quently.

In addition to the Riggi conviction, other members of the DeCavalcante family upper echelon have run afoul of enforcement authorities. The case that may have had the most devastating impact on the family was the 1985 racketeering conviction of Gaetano "Corky" Vastola of Colts Neck, a significant soldier in the family, and his associate, Palmer Brocco of Howell. Vastola had been the probable successor to caporegime Vincent Rotundo, who was murdered in January, 1988. Since Vastola has been sentenced to 20 years in prison, it is unlikely he will assume Rotundo's position.

Another case that took place in late 1989 involved John Riggi and Girolamo Palermo, along with a bank president and an attorney, in a money laundering scheme. Allegedly, cash generated by J.P. Sasso, Inc., a Fords construction company connected to Riggi, was being laundered with the assistance of the attorney and the bank official. The bank officer is currently serving a six-month sentence and the attorney, who pleaded guilty, is awaiting sentencing. Other key Riggi associates remain under investigation in connection with this case.

In addition to their involvement in the construction industry, the DeCavalcante family has also maintained its interests in other criminal activities typical of LCN such as gambling, loansharking, bookmaking, narcotics and the production and distribution of pornography. Interestingly, the family has expanded its operations beyond these now-routine activities. Some of these ventures have resulted in convictions for crimes involving:

- Illegal dumping of toxic waste into municipal sewer lines by a family associate who had been contracted to remove the substances legitimately.

- Strong-arm extortion of recording industry executives.

- Frauds perpetrated against long distance telephone and mail order companies.

- Hiring of illegal aliens by a pallet company owned by a family associate.

Although perhaps not as violent as some other LCN families, the DeCavalcante/Riggi family is not averse to violence and the threat of violence to maintain control of its members. For example, during the past three years, two family members have been homicide victims:

- Vincenzo Sorce, a local construction company owner, was found dead under the Goethal's Bridge between Elizabeth and Staten Island after an altercation between himself and another family member at their meeting place, the Ribera Club. This murder occurred three weeks after the headquarters of Local 394 in Elizabeth and 14 other business locations were searched by the FBI and local law enforcement officials in connection with the federal investigation of mob influence in the construction industry in New Jersey

- Vincent "Jimmy" Rotundo, once the second-in-command of the DeCavalcante family and an organizer for Local 1814 of the Longshoreman's Union, was killed in Brooklyn in January, 1988. Law enforcement sources say one motive for Rotundo's murder may have been because he had introduced into the family an individual who has since become a federally protected government informant and testified against Riggi. Because of Rotundo's rank within the DeCavalcante/Riggi organization, this homicide was most likely sanctioned by both Riggi and Gambino family boss John Gotti.

The relationships that the DeCavalcante family has maintained with other LCN families

have, for the most part, been amicable. Their closest relationship, however, seems to be with the Gambino family. For example, intelligence information indicates that Riggi and Gotti meet regularly to discuss construction projects in New Jersey. Purportedly, Gotti has an interest in a New York City-based steel erecting company, which was involved in a large construction project in Central New Jersey. To undertake the project, Gotti and his associates would need not only Riggi's laborers but also Riggi's advice as to favored local subcontractors and other individuals needed for a project of this size. Not surprisingly, there have been no pickets at this job site.

Increasing development of suburban and rural areas of the state provide organized crime-controlled construction entities an even greater opportunity to expand and to make tremendous profits. Additionally, increased scrutiny by federal, state and local law enforcement in the Newark and Elizabeth areas has caused Riggi's group to seek new opportunities in other locales.

THE BRUNO/SCARFO FAMILY

The Bruno/Scarfo family of La Cosa Nostra came into existence along with most of the other LCN groups in 1931. With 55 members and 250 associates, the group is believed to have experienced little growth in membership since its inception. The majority of its members and associates live and operate in South Philadelphia, and in the "Down Neck" section of Newark. Additionally, there are a few members in Trenton, as well as in some areas of southern New Jersey. Beyond this concentration of membership, the group has a small contingent conducting business in Delaware and some gambling operatives in New York City.

Historically known for its stability, the family has been transformed during the last decade into a group marred by violence and discord. With the

murder of boss Angelo Bruno in 1980, the family began a decade of decline fueled by murders and prosecutions of key members. Bruno's short-lived successor, Philip Testa, was replaced by the now notorious Nicodemo Scarfo. Unlike Bruno, Scarfo's propensity for violence became his primary method of maintaining discipline in the family. Since taking over, Scarfo has been responsible for committing or ordering numerous murders, along with several failed murder attempts. As a result of Scarfo's indiscriminate use of violence, he has been convicted of several crimes including murder and will probably spend the rest of his life behind bars.

Although Scarfo's mismanagement of the group has largely accounted for its decline, at least five high level family members charged with him and facing long prison terms have violated the LCN's traditional code of silence and are cooperating with law enforcement. These five are Philip Leonetti, Scarfo's nephew and family underboss; Thomas DelGiorno and Lawrence Merlino, both capos; Nicholas Caramandi and Eugene Milano, both soldiers. The five are believed to be talking not just about family run rackets but about LCN traditions and practices. For example, during underboss Leonetti's testimony, he confirmed that in the early years there was an LCN ruling commission that always included the bosses of the five New York families as well as the Chicago and Philadelphia families. As Leonetti said, "It's our Supreme Court."

As of the end of 1989, a total of 20 members of Scarfo's organization were in prison for lengthy terms, while an additional 10 were under indictment or awaiting grand jury action. As those cooperating with law enforcement testify, it is likely that these numbers will grow quickly. Adding to the already bleak future for this group is the fact that the average age of those members not presently in jail is 68. Most of these are men whose current criminal activity is minimal and who might be reluctant to risk increasing involvement.

Individuals presently holding upper echelon

positions have also had legal problems. The family's acting boss is Anthony "Tony Buck" Piccolo, who was elevated by Scarfo when it became apparent that he would never be a free man again. This appointment by Scarfo is apparently little more than a continuation of his reign, as Piccolo is Scarfo's first cousin. Moreover, the fact that Scarfo was able to designate his successor without challenge is an indication that he still runs the family.

Piccolo, however, is hampered in leading the family in an open and aggressive fashion because he is on probation for a 1987 mail fraud conviction for commercial bribery and he must meet covertly with his subordinates. The remainder of the organization's hierarchy has also been weakened. The positions of both underboss and consigliere are believed to be vacant. Three of the family's four caporegimes are Joseph A. Ciancaglini and Francis Iannarella Jr., both of South Philadelphia, and Santo Idone of Delaware County, Pennsylvania and St. Petersburg, Florida. Pasquale Martirano of Westfield, New Jersey, who had been a fugitive from a state grand jury indictment, died of natural causes in August, 1990. He was the caporegime leading the northern New Jersey faction. All three surviving capos have legal problems. Ciancaglini and Iannarella are incarcerated and may never see freedom. Santo Idone was recently convicted in federal court.

As for the rest of the membership, there are signs of friction between Scarfo's son, Nicodemo Jr., and Joseph S. Merlino, the son of former underboss Salvatore Merlino. Both fathers were at odds prior to their incarceration, the ill will stemming from the elder Scarfo's demotion of Merlino from underboss to soldier. Scarfo later discussed plans to have Merlino murdered but that killing never occurred. The feud between young Scarfo and Joseph Merlino is thought to be a continuation of their fathers' falling out. On Halloween night, 1989, a masked gunman made an attempt on young Scarfo's life while he dined in a South Philadelphia restaurant. Although he was wounded several times,

Scarfo was released from the hospital just one week after the incident. Joseph Merlino is considered a suspect in this assault.

Members of the Bruno/Scarfo organization have always maintained friendly relationships with other LCN groups from New York and Pennsylvania. In addition, some of the younger members have followed the example of their elders, adapting to changing local criminal markets by forming liaisons with non-LCN criminal groups. For example, Joseph Merlino and his associates have been observed meeting with members of the Philadelphia-based Junior Black Mafia, commonly known as the JBM, which is comprised of young, violent African-American males who specialize in the distribution of cocaine.

Other members and associates who are involved in illicit gambling have long maintained a business relationship with African-American gambling operatives in Philadelphia. Indications are that this business relationship is mutually beneficial to both groups and that African-American gambling enterprises, contrary to popular belief, generally are not subservient to La Cosa Nostra in the Philadelphia-New Jersey area. This relationship involves primarily the "layoff" of heavily played bets between high level gambling operatives of the Bruno/Scarfo Organization and African-American groups, and the groups simply co-exist on the street level. Additionally, information gleaned as a result of a 1988 gambling arrest of Trenton-based member Joseph J. Costello and his brother Charles suggests that a mutually beneficial business relationship exists between the Costellos and some African-American gambling operatives in Trenton.

The criminal activities that have sustained the Bruno/Scarfo organization throughout its history include labor racketeering, political corruption, illicit gambling, extortion, loansharking, manufacture and distribution of drugs, money laundering, assault, homicide, bribery, mail fraud, prostitution, theft, hijacking and liquor law violations (fronts).

According to capo-turned-informant Thomas DeGiorno, the primary activity for the group has been and continues to be illegal gambling although a considerable amount of income is also derived from offenses such as loansharking, extortion and narcotics.

The organization has also gained some notoriety for its involvement in labor racketeering and political corruption. Perhaps the most notable illustration of its involvement with organized labor is its relationship with Local 54 of the Hotel and Restaurant Employees and Bartenders International Union in Atlantic City. Nicodemo Scarfo had long been an associate of Frank Gerace, once the president of the local, and of Frank Lentino, the union's former business agent. These connections gave Scarfo the avenue for the corruption of Atlantic City mayor Michael Matthews. It was through Gerace and Lentino that the Scarfo family funnelled bribes and engaged in other corrupt deals with the mayor. Matthews and Lentino were indicted, Matthews ultimately pleaded guilty to accepting a \$10,000 bribe and was sentenced in 1984 to 15 years in federal prison. He has since been paroled. Gerace was removed from office at Local 54 in 1984 by the New Jersey Casino Control Commission and Lentino is in prison for his conviction in the Matthews corruption case.

Angelo Bruno had long-time interests in Roofer's Union Local 30-30B in Philadelphia through his friendship with union leader John McCullough. After Bruno was murdered, his successor, Philip Testa, had a falling out with McCullough. Testa ordered Albert Daidone, vice president of Local 54 of the bartenders union, and Raymond Martorano to kill McCullough. Although not the trigger men, Daidone and Martorano were eventually convicted for their part in the murder.

Scarfo, as Testa's successor, was able to gain substantial influence over Local 30 through its new leader, Stephen Traitz Jr. Traitz used members of the union to collect debts owed to Scarfo and

other LCN members. As a result of these activities, Traitz, his two sons, his son-in-law and other members of Local 30 were indicted on federal racketeering, bribery and extortion charges. All were convicted in November, 1987, and January, 1988. Traitz was sentenced to 15 years in federal prison.

Top Bruno family members have been convicted recently for offenses involving sports betting, lottery and video poker. Those convicted during the last two years include Scarfo, Leonetti, Salvatore Merlino, Francis Iannarella Jr., Joseph Ligambi, Salvatore Scafidi, the late Pasquale Martirano, Anthony Attanasio, capo Santo Idone and his associates Gary Iacona, Mario Eufrazio and Frank Peticca. Cases against group members and associates still pending include member Salvatore Sparacio, his associate Thomas Luria and several others; and member Joseph Costello, his brother Charles and their associate Thomas Johnson.

Since loansharking is considered an ancillary service to gambling, the Bruno/Scarfo group naturally has provided such a service to its clientele. During the past two years, three key members including Scarfo have been convicted for loansharking as part of a racketeering prosecution, and another three are awaiting trial on such charges.

Another significant source of income for the organization has been tribute extorted from some gambling operatives, loansharks, drug traffickers and other illegal entrepreneurs who operate primarily in south and northeast Philadelphia. This tribute is commonly called a "street tax," and is collected by "made" members of the family in return for the right to do business in Bruno/Scarfo territory. Only a few of the family's closest associates have been exempt from the tax, but members are cautious in their selection of victims. As a rule, they do not try to collect from anyone perceived as a threat, such as the more violent, non-LCN gangs of African-Americans, Asians and Hispanics.

Collection of the street tax began decades

ago in the early days of this family but was abandoned in the early 1940's. It was reinstated by Scarfo when he became boss. However, revenue from it has dwindled in recent years. For example, soldier-turned-informant Nicholas Caramandi testified that between 1982 and 1984, he and his partner, LCN member Charles Iannece, collected a total of \$6,000 to \$8,000 a week from 60 to 80 bookmakers. But he said that the amount declined to about \$4,000 a week by 1986 because many bookies said they couldn't afford the tax and went out of business.

Such a tax can create much hostility. Associates who were not accustomed to paying tribute ultimately turned against Scarfo and testified against him and his allies during the 1988 federal racketeering trial and in a separate extortion trial in 1989. As a result of these cases, 11 members and three associates were convicted on extortion charges.

Even after the conviction of most of the members and associates who participated in the collection of the street tax, the extortion scheme continued but was scaled down, primarily because of Nicodemo Scarfo Jr. His involvement in the collection of the tax came to light after he was shot in October, 1989. During the investigation, he was found to be in possession of a portable computer containing a listing of the identities of street tax victims.

Another source of revenue for the Bruno/Scarfo group is trafficking in illegal drugs. Although Angelo Bruno had forbidden this activity by his subordinates, several of his key members were clandestinely engaged in the prohibited crime. Even Philip Testa, Bruno's underboss, was involved in drug trafficking in the early 1970's, as was consigliere Antonio Caponigro in the late '70's. Raymond Martorano, a close associate of Bruno's but not then a member, was extensively involved in the production of methamphetamine and the importation of its precursor, P2P, in the mid- to late-70's. Martorano expanded his involvement in this activity after being

inducted as a member in 1981.

The involvement of members in drug trafficking was extensive in the two years prior to the avalanche of arrests, indictments and prosecutions against the family that began in late 1986. What started out in 1982 as the collection of street tax by members from drug dealers, ended in the latter half of 1986 with the same members directly overseeing a major portion of the southeastern Pennsylvania/southern New Jersey methamphetamine market. At the height of the family's direct involvement in drug trafficking, members were overseeing the importation of P2P from Europe. All this was done with Nicodemo Scarfo's blessing. Among the members who participated in this conspiracy were Scarfo, Philip Leonetti, Francis Iannarella Jr., Salvatore Merlino, Charles Iannece, Thomas DelGiorno and Nicholas Caramandi. The organization's dominance in this field ended in 1986 with the incarceration or cooperation of those mentioned above.

Other key individuals involved in the methamphetamine market on behalf of the group included member Albert Pontani and Scarfo associate Saul Kane, both of whom lived in New Jersey. Pontani, who was involved in distributing cocaine and importing P2P between 1983 and 1988, is currently incarcerated for charges stemming from these activities. Likewise, Saul Kane was convicted in 1987 on charges that he, along with associate Gary Levitz, operated a multi-million dollar international drug importation enterprise. Kane headed a network of individuals responsible for smuggling 15 separate shipments of P2P from Europe to the Dominican Republic and then to the United States between June, 1984, and September, 1986. During the investigation of this network, it was learned that Kane paid Scarfo directly from his profits. Kane was subsequently convicted in May, 1987, for leading this criminal enterprise and was sentenced to 95 years in prison and fined \$675,000.

In July, 1990, the major elements of the North Jersey faction of the Bruno/Scarfo family

were arrested by state officials on charges of gambling, drug distribution, murder and unemployment insurance fraud. Ralph Napoli of Belleville, Joseph Sodano, formerly of Roseland, Gerardo Fusella of Nutley, and Giuseppe Bellina of Newark were among the Bruno/Scarfo family members charged. In addition to 18 Bruno associates, also arrested was Michael Perna of Belleville, a member of the Lucchese family and a long-time associate of the northern faction of the Bruno family. Perna was charged specifically with racketeering, promoting gambling and conspiracy. The murder charges were related to the 1975 kidnap and murder of Bruno/Scarfo associate Albert Meglia of Montclair. Specifically charged in the homicide were Bruno/Scarfo family members Fusella and Bellina, along with family associate William "Billie Blonde" Layton of Brick Township in Ocean County. It is believed that Bruno consigliere Antonio Caponigro actually shot Meglia. Caponigro himself was shot to death in April, 1980.

* * *

While the federal racketeering statute was enacted in 1970, it was used sparingly against the LCN until the mid- 80's. However, the successful prosecution of Bruno members and associates under this law, combined with Scarfo's gross mismanagement, has left this family in a shambles with little hope for rejuvenation in the near future. That decline even led to discussions between the Genovese and Gambino families of New York about carving up the family's operations.

THE SICILIAN MAFIA

Although the terms "Mafia" and "La Cosa Nostra" are often used interchangeably, the two groups are quite distinct. The word mafia represents both a way of life in Sicily that is centuries old as well as an organization in western Sicily whose roots date back at least to the 1800's. La Cosa

Nostra (LCN), on the other hand, is a domestic, modern organized crime confederation of Americans of Italian descent. Since the LCN was created largely by men of Sicilian birth, its unwritten yet fixed rules of conduct are based loosely on the traditions of Sicily and the Mafia.

In addition to the Sicilian Mafia, two other criminal groups have originated in Italy — the Cammora from Naples and the 'Ndrangheta from Calabria. Law enforcement officials believe that some elements of the Mafia have migrated to the United States and Canada, the Cammora to New England and Colombia and the 'Ndrangheta to Australia. Law enforcement agencies now recognize the distinctions between the groups and realize that Italian organized crime entities present a worldwide problem.

In the United States and Canada, it was once thought that Sicilian mafiosi were members of La Cosa Nostra, but law enforcement officials have only recently established that the two groups are independent. However, the Mafia has developed a working relationship with its American LCN counterparts. Members of the LCN from both the United States and Canada have been known to meet with Sicilian Mafia members on business and also to receive tribute from them on behalf of local LCN leaders. A few Sicilian mafiosi, such as Giuseppe Gambino of Cherry Hill, are members of the LCN as well. Gambino is a native of Palermo, from which his great-uncle Carlo emigrated to the United States illegally in 1921 and who in 1957 became boss of the LCN family that now bears his name.

Much like the LCN, the Mafia uses violence to intimidate those who might be inclined to challenge its power and authority. The primary difference is that violence for centuries has been more of a way of life for the Sicilians, and they use it to an even greater extent than the American LCN. Fortunately, the United States has not experienced this Sicilian proclivity toward violence to the fullest. In

Italy, however, the violence is not directed only at Mafia members. Victims of Mafia violence there include judges, police officials, relatives of mafiosi and innocent bystanders who just happen to be in the wrong place at the wrong time.

Another characteristic that sets the Mafia apart from the LCN is the former's use of women and non-Mafia family members to conduct its illicit activities. Investigations have revealed that women couriers are often used to transport narcotics in quantities small enough to be strapped to their bodies in Italy for delivery to the United States. Although the Mafia uses the services of non-members, it is more selective than the LCN about inducting new members into its ranks. Most members are either related through blood or marriage, making it difficult for law enforcement to penetrate this coterie. (In this regard, the Mafia is much like the Colombian drug cartels.)

The greatest source of revenue for the Sicilian Mafia is narcotics trafficking. Because of its world-wide connections, the Mafia has established a transportation network that brings cocaine from Colombia to Italy and heroin and cocaine from Italy to the United States. This group is using many east coast ports, including New York and Philadelphia, for its smuggling operations.

The extent of the close relationship between the Sicilian Mafia and Colombia's Medellin drug cartel first became apparent with the November 2, 1989, indictment of 12 persons in Miami linked to the Mafia. The defendants were accused of shipping 30 one-kilogram loads of cocaine by train and automobile from Miami to Philadelphia and New York between 1985 and 1987. Among those indicted were John Galatalo, a Sicilian Mafia member who lives in Miami, and Angel Leon Sanchez, a member of the Barranquilla drug group, which is linked directly to the Medellin Cartel in Colombia.

Once the drugs were in the United States, an elaborate interstate shipping network involving piz-

zerias, restaurants and pizza supply businesses was used to further distribute the contraband. These businesses also served as fronts for the participants to give them ostensibly legitimate sources of income as well as community status. In addition to the importation of large quantities of narcotics, several of the conspirators were also charged with selling smaller quantities of heroin and cocaine to a few individuals who could be described as middlemen in a narcotics network. Some of these transactions were carried out in the pizza parlors and other establishments run by the defendants. The sellers frequently used illegal aliens from Italy to carry out these and other tasks in connection with the illicit enterprises.

An earlier series of indictments stemming from a federal operation called "Iron Tower" that originated in Philadelphia and Buffalo, New York, has given law enforcement the most intimate look at the Sicilian Mafia to date. The investigation began as two separate probes which were merged when it developed that there was an international aspect involving a Sicilian drug connection. The investigation involved several New Jersey residents who are members of the Sicilian Mafia, including Francesco Badalamenti of Cherry Hill, Salvatore Piliteri of Sewell, Antonio Romano of Mount Holly, Salvatore DiMaio of Maple Shade, Filippo Filiberto of Cherry Hill, Frank Sciarvino of Turnersville, and Tomasso Scalise of Denville.

This probe, which spanned several years, resulted in the arrest in 1988 of more than 200 persons in the United States and numerous foreign countries including Italy, Spain and the Dominican Republic. Of the 68 arrested in the United States, several were living in southern New Jersey. The impact of this investigation on these individuals appears to be significant in that their smuggling operation was virtually destroyed and several major Mafia figures were arrested. Some of those whose names appeared on arrest warrants were already on bail in Italy on other offenses. Many fled the country when the indictments were released and quietly entered

the United States. One defendant was already a fugitive, having been wanted for the murder of a prosecutor in Palermo.

This group was heavily involved between 1984 and 1988 in the distribution of cocaine from South American to Italy and the importation into the United States of large quantities of heroin from Italy. These entrepreneurs capitalized on the law of supply and demand to generate tremendous profits since cocaine was in short supply in Italy, while heroin commanded high prices in the United States.

The prosecution resulting from the investigation is currently at various stages of the judicial process. Some defendants have been tried and convicted, some have pleaded guilty, others are awaiting trial and some remain fugitives. The federal government has also begun court action to seize properties acquired by some of the defendants with the illicit income earned from their narcotics trafficking.

Although several members of the targeted group in "Iron Tower" (including Giuseppe Gambino) lived and conducted some of their activities in the South Jersey/Philadelphia area the headquarters for this multi-billion dollar drug operation was the Cafe Giardino, a combination bar, restaurant and discotheque in the Bensonhurst section of Brooklyn. The success of "Iron Tower" stemmed from the extensive use of court authorized wiretaps and bugs in New York, New Jersey and Pennsylvania as well as in Italy. Undercover agents and confidential informants were also used to make drug purchases from many of the defendants. Several electronic listening devices and telephone wiretaps at the Cafe Giardino captured thousands of hours of incriminating conversations. All of the recorded conversa-

tions were in Sicilian dialects, and most were in the dialect common in Palermo. Many of the conversations were spoken in a cryptic and coded manner and they all contained discussions about drugs, money laundering, extortion, loansharking and the balance of power among the various families.

The new head of the Sicilian Mafia in the United States is believed to be Rosario Naimo, formerly of Colonia, New Jersey, and presently a fugitive wanted for his involvement in the Pizza Connection II investigation. Naimo's elevation occurred after the conviction in Philadelphia of Francesco Gambino for his role in running the "Iron Tower" conspiracy. While Naimo is a fugitive, the daily activities of the Mafia and its drug distribution business are now believed to be controlled by Carlo Filiberto of Cherry Hill, who was formerly employed by the Gambino brothers when they owned Valentino's Restaurant in Cherry Hill and who first surfaced during the SCI's investigation of the Gambino brothers in 1977.

Several other significant figures in the South Jersey faction of the Mafia are either in prison or wanted by the authorities for their roles in the conspiracy alleged in "Iron Tower." This has caused the group to be in a state of transformation since the termination of the covert phase of the investigation. What these structural changes actually are and what lasting effect "Iron Tower" will have on this group may not be known for a long time.

While operation "Iron Tower" can be considered a major victory for law enforcement, the Sicilian Mafia is not a new criminal phenomenon. Leadership roles left vacant as a result of recent prosecutions will most likely be filled promptly from an estimated 3,000 members available.

HISPANIC ORGANIZED CRIME GROUPS

COLOMBIANS

Colombian organized crime groups, which specialize in the importation and distribution of cocaine and other drugs into the United States, have become the primary source for cocaine in New Jersey. A 1988 SCI hearing on cocaine revealed the presence of at least 12 such Colombian crime groups in New Jersey alone.

The influence of Colombians in the worldwide distribution of cocaine is a relatively recent phenomenon. As recently as the early 1970's, for instance, Colombians served mainly as suppliers to other groups. However, as they recognized the tremendous profits that could be made, Colombian groups began direct involvement in all phases of the business, from processing and smuggling to distribution and money laundering. But it was not until 1981 that the two major cartels that we know today — the Medellin and Cali cartels — took form.

The kidnapping of the sister of one of the leaders of an independent trafficking group by a Colombian terrorist organization led several of these drug groups to unite for the sole purpose of freeing the victim and exacting retribution against the terrorists. This once-temporary alliance eventually became the foundation for the largest and most powerful drug trafficking organization known to exist today, the Medellin cartel. How the Cali cartel came into being is less certain but the two cartels generally operate independently of one another. Periodic disputes over drug shipments and territorial rights have led to violence between them, both in Colombia and in the United States.

Worldwide, there are estimated to be approximately 24,000 persons associated with the two cartels. Although in Colombia these cartels appear to be structured, that is not necessarily the case with their operatives in the United States. Even though the two cartels control 80 percent of the cocaine distributed in this country, this is accomplished through a network of independent operatives tied to Colombia, with a relationship much like that of business franchises to the home office. However, because of the seemingly independent nature of operations identified so far by law enforcement, intelligence information regarding their overall structure and management is limited. Moreover, local law enforcement agencies lack adequate strategic intelligence even on groups present within their jurisdictions.

This loose structure works to the advantage of the cartels. Detection and apprehension is more difficult, and if one group is arrested, the overall effect on drug trafficking is minimal. Although there is competition and sometimes even bloodshed between the two cartels, they have also learned to work together when it serves their purposes. The cartels will sometimes coordinate drug manufacturing and distribution, combine shipments and jointly launder their profits.

In the New York-New Jersey metropolitan area, most of the key operatives do not participate in distribution at the street level but act as middlemen between cartel leaders in Colombia and street dealers here. In only a few unusual incidents have authorities discovered the same individual involved in both multi-kilo transactions and street-level sales.

Traditionally, Colombians have always dealt with other Colombians in their illicit enterprises and have heretofore relied heavily on family members to facilitate their operations. Both men and women are used extensively to accomplish organizational goals. Recently, however, law enforcement in New Jersey has observed a certain amount of interaction among Colombians and Dominicans, Cubans and other Hispanic groups. In an ongoing Bergen County investigation, for instance, Cubans are being used to distribute cocaine at the street level. In Passaic County, Colombians are working with Dominicans and other Hispanics.

There is also recent evidence that the Colombians have used non-Hispanic groups in furtherance of their enterprises. In Middlesex County, authorities learned that Colombians were using Israelis to help them launder drug money. Federal authorities have identified and indicted 12 persons involved in a cocaine smuggling operation between Colombia's Medellin cartel and the Sicilian Mafia. The indictment charges the defendants with distributing large shipments of cocaine from suppliers in Colombia and Florida to Sicilian Mafia members in Sicily and New York.

Laundering of drug profits has been perfected almost to a science by the Colombian drug cartels. One form of laundering commonly known as "smurfing" is the conversion of cash into instruments of exchange that are easier to negotiate. "Smurfing" involves a number of low-level persons going out every day with thousands of dollars that they convert to money orders or deposit in banks. The "smurfs," or little people, are aware of the federal laws requiring the reporting of transfers of amounts greater than \$10,000, so they always deal in amounts less than that at any single institution. If they open bank accounts, they will transfer money from one bank to another and eventually wire transfer large sums to foreign financial institutions that have no reporting requirements.

On February 10, 1990, Colombian Julio

Montes Cardona of Piscataway was charged with conspiracy to distribute 25 kilos of cocaine and with heading a money laundering organization in Piscataway and South Plainfield that allegedly laundered \$100 million within the prior year. Cardona allegedly sent the money via express mail to Florida banks, and then to Colombia either directly or via banks in Panama. According to the charges, he received his instructions from Myriam Marchena of Barranquilla, Colombia, via coded telefax messages. The original orders on where the funds were to be sent were received from Paulina DeQuintero, also of Barranquilla, who allegedly laundered the money for both the Medellin and Cali cartels. As a result of this federal investigation, more than \$10 million in assets was seized and bank accounts were frozen at 14 banks in New Jersey, 10 in New York, 23 in Florida and one in Delaware. It is known that Cardona had at least 11 persons working with him in the Piscataway and South Plainfield operation. Cardona, Marchena, and two of their co-defendants have pleaded guilty in federal court.

Another example of this type of illegal activity was revealed in a recent investigation which culminated in the May, 1989, arrest of 16 persons living in New York and New Jersey. The group, which was controlled by a Queens man and his mother, was laundering an estimated \$100 million per year in drug profits. The operation, with links to the Cali cartel, shipped hundreds of thousands of dollars in money orders and bank checks to banks in Colombia and Panama each week. The investigation began when banking officials in Paterson and Elizabeth notified authorities of suspicious transactions by a number of Colombian nationals. It resulted in the arrest of a Paterson woman, her four children, and four Elizabeth residents. Two other Elizabeth residents are still being sought.

In an effort to appear legitimate, many Colombian drug dealers work normal jobs or own small businesses. Some of the businesses include bars, restaurants, video and record stores, mailbox and package shipping businesses, automobile deal-

ershops, grocery stores, travel agencies, and jewelry and gift shops.

Authorities believe that video stores are the perfect type of business for a drug smuggling operation because they are cash businesses that can be used easily to hide other cash from an illicit enterprise. In addition, a continual flow of people in and out of a video store is normal and the tape boxes are a perfect size for carrying cocaine.

Colombian drug dealers have taken advantage of the latest communications devices to further their operations and avoid law enforcement detection using cellular car telephones, beepers and facsimile or "fax" machines.

Because most of the criminal enterprises identified by law enforcement authorities depend heavily on the families of group members to perpetuate their illicit activities, drug operatives usually know with whom they are dealing, making infiltration by undercover agents difficult. And since most Colombians living here still have relatives at home, the fear of reprisal against those family members in Colombia is sufficient to keep workers in line. Although violence plays a big role in maintaining control of their operations in South America, it has not been observed to the same degree in New Jersey, although sporadic incidents have taken place.

According to intelligence information, the base of operations for any Colombian drug operation in the metropolitan area is Queens, New York, even though much of the narcotics in New Jersey comes through Port Newark, the largest container port in the United States. Even groups in southern New Jersey are known to travel to Queens to pick up their supplies. The material is warehoused in Hispanic neighborhoods in Queens, where there is a large Colombian population. The drug is then transported back across the river to New Jersey into communities with large Colombian populations in counties such as Bergen, Hudson, Passaic, Union,

Somerset, Middlesex, Mercer, Camden and Atlantic.

In the past, large quantities of cocaine were either shipped directly into the metropolitan area from South America or were transported from South Florida. Lately, however, because of the success of drug interdiction efforts in Florida, established smuggling routes through Mexico into northern California are being used more. Loads are then trucked across country in tractor trailers for delivery to the New York-New Jersey area. Another route that has gained in popularity is through Canada into New York State.

It is difficult to evaluate the success law enforcement has had on drug trafficking to date because the scope of the problem is so broad. Many significant seizures and numerous arrests have been made, but cocaine is not in short supply in New Jersey. The only barometer that can be used to determine the real impact is the fluctuation in the street price of cocaine. Recently, the price has risen slightly, a fact that has been attributed to the additional cost of shipping from California.

CUBANS

Other significant Hispanic groups known to be involved in organized crime activity in New Jersey are Cuban. The largest of these is the group led by Jose Battle, a Cuban-born refugee and former Havana vice officer who once served in the army of Fulgencio Battista.

Battle's organization, known on the street as the "Corporation," is involved in narcotic and gambling activities in Hispanic neighborhoods in northern New Jersey, New York, Miami, Tampa, Houston and other urban areas. It generates hundreds of millions of dollars a year in revenues, is believed to have about 2,500 members and is considered extremely violent. More than 30 murders have been attributed to the group, and it is believed

to have set more than 20 fires in 14 rival betting parlors in less than two years between 1983 and 1985. Eight persons died in those fires.

Although Battle now resides in Florida, he has lived periodically in New Jersey and New York and maintains strong control of his illegal operations in these areas. Authorities in Hudson County are aware of a few operatives who are overseeing Battle's illicit activities on a day-to-day basis.

Those in the Battle Corporation who are currently active in illicit activities are involved in the traditional type of street crimes — narcotics trafficking, stolen property, gambling (mostly lottery), loansharking and money laundering. As noted previously, Cubans are now working with Colombians in the distribution of drugs to street level dealers. These activities are primarily confined to Hudson County, the area of the state most heavily populated by Cubans and Colombians.

In addition to the Battle group, there are other illegal Cuban gambling operatives in Hudson County whose profits are laundered through legitimate businesses. The type of illicit activities being reported and attributed to this ethnic group are the typical street crimes, along with illegal numbers operations. Drug trafficking is confined to small street sales used to finance the drug habits of the sellers.

DOMINICANS

In both 1988 and 1989, persons of Dominican birth ranked second in the number of narcotics

arrests in New Jersey. In the last half of 1989, the northern New Jersey counties contiguous to New York City saw a major influx of Dominican drug dealers. As with Colombians and Sicilians, Dominicans involved in the distribution of cocaine and crack are usually a very close-knit group because most are either blood relatives or from the same neighborhood in the Dominican Republic.

One of the few known leaders of Dominican organized drug distribution networks was Jose Bello of Hudson County, who was deported by the United States Immigration and Naturalization Service in June, 1989. Bello's group was reported to contain several hundred individuals, but the lack of sufficient intelligence has hindered attempts to develop a formal structure of this group for the purpose of targeting key members.

Dominican drug distribution networks are reported to be active in Paterson, Jersey City, Union City, West New York, Atlantic City, Camden, Woodbridge and Passaic. Dominican drug dealer Victor Fernandez was the principal cocaine supplier for the Five Percenter group in Atlantic City headed by Hakeem Shaheed, and Roberto Alexander was the cocaine source for the African-American group in New Brunswick and Edison headed by Isaac Wright. Dominican crime groups have become adept at falsifying documents, and many of those of Hispanic origin try to pass themselves off as Puerto Rican, while those of African origin often claim to be Cuban. Intelligence information indicates that numerous Dominicans are involved in a Spanish lottery operation based in New York City. Many of these operatives are using Hudson, Bergen and Passaic Counties as their base of operation.

AFRO-LINEAL ORGANIZED CRIME

The term Afro-lineal organized crime refers to a broad category that includes criminal core groups or syndicates of African-Americans, Jamaicans, West Indians, Nigerians, Haitians and other persons of African ancestry.

Law enforcement has long been reluctant to accept the existence of Afro-lineal organized crime, based primarily on an opinion that such ethnic groups were incapable of structuring a syndicate of any consequence. Moreover, despite the existence of major organized criminal groups in surrounding areas, New Jersey was unrealistically viewed as not having a problem of Afro-lineal organized crime.

In New York City, for instance, drug lord Leroy "Nicky" Barnes, with his multi-million dollar heroin syndicate, was recognized as a significant racketeer in the late 1970's. And in Philadelphia at the same time, the late "Black Mafia" member Tyrone Palmer controlled a lucrative heroin and cocaine distribution network. Nonetheless, law enforcement tended to be concerned more with the volume of arrests of individual narcotics offenders than with a detailed intelligence collection effort targeting the groups that distributed the narcotics.

It was the sudden emergence of Jamaican posses with their wanton violence and the nationwide expanse of their drug distribution network that opened the eyes of many law enforcement officials to the problem of Afro-lineal organized crime. Within the last few years, a few local law enforcement agencies in New Jersey have begun an active approach to the narcotics problem, and to the collection of intelligence on Afro-lineal groups involved, on group structures and on identification of leaders.

AFRICAN-AMERICANS

African-American organized crime in New Jersey has, for years, been comprised mostly of regional gangs, some with ties to groups such as La Cosa Nostra and some independent. Despite their regional nature, the gangs are nonetheless dangerous and violent.

The late Roland "Pops" Bartlett was a major African-American organized crime figure in Philadelphia and southern New Jersey. Bartlett, who was a drug runner for the "Black Mafia" in the 1960's, operated an extensive heroin distribution network in North Philadelphia from 1980 until his federal indictment in March, 1987. His organization expanded into cocaine distribution in its later years.

Known as "The Family," Bartlett's group was estimated to consist of 60 members and associates, 35 of whom were indicted with him in 1987. Much of the group's income was invested in the corporate entities Bartlett Enterprises, Inc. and Domino Records, Inc. Among the group's known assets were a 60-acre retreat in the Pocono Mountains; five houses, two lots and a night-club in Philadelphia; a \$750,000 home in Cherry Hill; 32 acres in Georgia and several race horses.

Although their drug territory was North Philadelphia, Bartlett group members and associates sold heroin and cocaine to street operatives in Camden and Burlington Counties in New Jersey. It was estimated that the Bartlett organized crime group grossed close to \$7 million dollars per year during its life-span of more than six years dealing drugs. Roland Bartlett died in federal prison on January 15, 1990.

In March, 1989, an operation similar to the Bartlett organization was discovered in the New Brunswick area. On July 28, 1989, members of the Isaac Wright group were arrested by the Somerset and Middlesex County prosecutor's offices and the police departments of New Brunswick, Edison and Franklin Township. Wright, the 27-year-old owner of the New York City-based company Express Records, was arrested in Edison, along with 10 members of his drug distribution network. It was estimated that the Wright group grossed approximately \$20 million dollars a year from cocaine trafficking in Essex, Somerset and Middlesex Counties. Also arrested with Wright was his wife, Sunshine, who is a recording artist for his record company, and Wright's principal cocaine supplier, a Dominican named Roberto Alexander of Passaic. The cocaine seized at the time of Wright's arrest had an estimated street value of \$480,000.

Between July, 1987, and November, 1989, the Pretlow brothers — Bilal, Robert and Thomas — operated a cocaine distribution network in Elizabeth, Linden, Rahway and Newark. An undercover investigation by local and State Police led to numerous arrests of members of this network in November, 1988, for possession and sale of cocaine. Unknown at the time was that many of those arrested were part of an African-American organized crime group led by the Pretlow brothers. The group was initially divided into two drug distribution networks, one headed by Bilal Pretlow, who was 18 years old at the time, and the other by his 21-year-old brother, Robert. Continuing investigation by Elizabeth Police revealed that the two networks had merged into one group under the name "E'Port Posse/Phase II," with Bilal Pretlow as the leader. A high school dropout, Bilal Pretlow once sold marijuana on the streets of Elizabeth for Jamaican distributors, and in 1987 was able to take over their drug territory.

The Pretlow group has a reputation for violence. Between November, 1988, and November, 1989, the group is believed to have been respon-

sible for at least seven murders and one attempted murder. The group's drug dealing is estimated to have grossed between \$3.5 million and \$4 million during that same period. Bilal Pretlow continued to act as supervisor, even while in Union County Jail, by having unlimited access to a telephone and by having his subordinates call-forward his calls to public telephones and designated private residences. A total of 31 members were arrested in November, 1989, and charged with various narcotics violations. Law enforcement officials believe that at least 20 to 30 additional members of the group, mostly juveniles, escaped detection and arrest.

Historically, many ardent supporters of illegal numbers gambling were in the African-American community. Over the decades, the illegal lotteries and numbers games were actually controlled by the LCN, and black operatives worked within the framework established by them. Today, that control has begun to diminish in some areas of New Jersey. In Camden County, for instance, one such African-American numbers group has been operating independently for several years under the control of Leonard A. Jones. This group also conducts its illegal gambling in parts of Gloucester and Burlington Counties and is estimated to net nearly \$1 million dollars per year.

In northern New Jersey, on the other hand, African-American illegal gambling operatives work with the LCN. For example, Louis H. Tyler of Jersey City runs a gambling and narcotics operation in conjunction with the Genovese/Gigante LCN family. In Trenton, a person known as Wayne Pack conducts an illegal lottery which lays off to Gambino/Gotti LCN associate Anthony "Pushy" Pulcinello. Several other African-American gambling operations exist in New Jersey but their status — either independent or affiliated with another organized crime group — has not been determined.

Newark

The Essex County-based African-American organized crime network headed by Wayne B. "Akbar" Pray is believed to be one of the largest in New Jersey. Like the Roland "Pops" Bartlett organization from Philadelphia, the Akbar organization calls itself The Family, and consists of more than 300 active members. In addition to its drug distribution networks, the group has been active in real estate ventures, weapons dealing and contract murders.

In 1988, Pray and four of his subordinates were indicted under the federal drug kingpin statute. Pray has since been convicted. Federal officials estimated that his organization distributed 341 kilos of cocaine and 354 kilos of marijuana in less than two years, grossing more than \$4.5 million annually. Pray allegedly traveled throughout the United States, making deals and arranging for transportation of narcotics. He also traveled to Colombia and the West Indies to purchase his supply of cocaine. On January 12, 1990, Pray was sentenced under the federal drug kingpin statute to life in prison without-parole. Although the vast majority of his drug distribution network remains intact in Essex County, no successor has yet surfaced.

Also in the Newark area are several smaller African-American groups such as the Ratchford Brothers, the Brown Family, and a group led by Roger "Little Akbar" Williams. The Ratchford brothers — Eddie, Willie and Marvin — control drug distribution in the Clinton Hill section of Newark, as well as out of the Stella Wright Homes development and the Hayes Homes project. The youngest brother, Eddie Ratchford, is believed to be the leader of their networks. All three brothers have extensive records for crimes such as homicide, kidnapping, weapons offenses and narcotics violations. Their operation is small by design and is believed to consist of no more than 15 persons.

The Ratchford Brothers have a working

relationship with the Brown Family, three brothers who operated a small drug distribution network in the area of 17th Avenue in Newark. Bo Brown is presently incarcerated, Phil Brown was killed, and the third brother, Dennis "Moofi" Brown, is still operating in Newark.

A third network, controlled by Roger Williams, is a group of between 20 and 25 members who distribute cocaine in the Prince Street area of Newark. Williams' group is also believed to have a territorial relationship with the Ratchford Brothers.

Junior Black Mafia

The Junior Black Mafia, commonly referred to as the "JBM," is based in Philadelphia. The JBM came into existence in 1985 to counter a sudden migration of New York City-based Jamaican posses onto the Philadelphia drug scene. Original members of the 1960's Black Mafia (and later Black, Inc.) organized African-American youths into the JBM to thwart the Jamaican influence and to regain from the Jamaicans control of drug distribution in the affected areas of Philadelphia. These original Black Mafia individuals included Robert "Nudie" Mims, James "Naim" Madison, Michael "Blood" Youngblood, James Cole, Hayward Cole and Leroy "Skip" Jackson.

On July 11, 1990, Samuel R. Christian, one of the principal operatives of the Black Mafia in the late 1960's and early 1970's, was arrested in Philadelphia for possession of crack cocaine. Christian gave police a fictitious name when he was arrested, and posted bail before fingerprint records could establish his true identity. Fifteen days later, he was arrested in Syracuse, New York, where he was on parole for an attempted robbery in 1971 during which a New York police officer was shot. Prior to his arrest in Philadelphia, it was learned that Christian travelled frequently between Syracuse and Philadelphia to facilitate the organization and control of

the JBM.

According to Pennsylvania authorities, the JBM consists of approximately 100 members and as many as 300 street level associates. Within Philadelphia, the JBM has been engaged in the distribution of cocaine and crack, as well as such other criminal activity as murder, money laundering, assault and firearms violations.

Information regarding the JBM's influence or activity in New Jersey has been limited due to the lack of a coordinated intelligence collection effort. The State Commission of Investigation has been able to document at least two members and eight associates of the Junior Black Mafia living in portions of Camden and Burlington Counties. To date, these 10 persons have had no significant involvement in the same criminal activity as their counterparts in Philadelphia. However, just as the old Black Mafia from Philadelphia eventually spread into Camden, Burlington, Gloucester, Cumberland and Atlantic Counties, it is likely that this new group of African-American organized criminals will follow suit.

Five Percenters

This group of African-Americans is part of a religious sect who considered themselves the elite percentage of the Nation of Islam when they split from the group in 1964. The Five Percenters were founded by Clarence 13X, who changed his name to "Allah" and established himself as the "God-head" of his "supreme family." Clarence 13X split from Elijah Muhammad, founder of the Nation of Islam, because of Clarence's unorthodox beliefs that all black men are gods and because of his use of tobacco and alcohol, contrary to Muslim doctrine. Clarence 13X was assassinated in Harlem in 1969 by a group of his dissatisfied followers.

Many Five Percenters are sincere in their

religious beliefs and are peaceful, law abiding citizens. However, the Five Percenters' belief that nothing created on earth can harm them has led many into drug abuse. And those who are pugnacious are usually involved in drug distribution and use their membership in the religious sect strictly for the attendant benefits. The SCI has developed information on more than 1,000 Five Percenters engaged in drug distribution in Camden, Atlantic City, Trenton, Asbury Park, Long Branch, Red Bank, Elizabeth, Newark and Plainfield.

One New Jersey-based Five Percenter group, a splinter group called the Aso Posse, was led by Hakeem Abdul Shaheed (aka Robert E. Molley, aka Midget Molley), who oversaw a multi-kilo cocaine distribution network in Atlantic City. Shaheed, a resident of Vineland, was estimated to have controlled a drug network of 60 persons, the majority of whom were also Five Percenters. Shaheed, who often flaunted his drug financed wealth by wearing a gold crown, had grown up in the poverty of the Atlantic City public housing projects. Ironically, residents of these same projects became the ultimate victims of Shaheed's cocaine trafficking.

Victor (Shorty) Fernandez, a Dominican who lived in Edgewater and in Santo Domingo in the Dominican Republic, was the principal supplier of cocaine to Shaheed's organization. In February, 1989, Shaheed, Fernandez, and 18 members of the drug distribution network were arrested by federal authorities, who estimated that Shaheed's organization was obtaining and distributing \$1 million worth of cocaine per month in the Atlantic City projects. Shortly after Shaheed's arrest, several Jamaican drug dealers from Brooklyn moved into the Atlantic City projects to take over his territory. Shaheed was convicted and on January 22, 1990, he was sentenced to 19 years in prison.

In addition to the groups already discussed, the SCI has identified at least 46 other African-American criminal groups operating within New Jersey. The leaders and total number of members

and associates of these groups has yet to be accurately determined

JAMAICANS

The presence of Jamaican organized crime in the United States was documented on an operational level as early as 1976, but some members of the Jamaican gangs, called posses, have been in the United States since 1971. However, it has been only since 1984 that these posses have come to the attention of law enforcement. Initially, they operated primarily in southern Florida, and law enforcement officials there believe that the posses have come farther, faster than any other organized criminal group now active in the United States.

Jamaica, the third largest island in the Caribbean, was once the world's largest producer of bauxite, the principal source of aluminum. However, a decline in the world demand for bauxite in the 1960's hurt the Jamaican economy severely, resulting in a migration of workers from the countryside into the cities and particularly into Kingston, the already crowded capital. Many of the black residents of Kingston had already embraced Rastafarianism, a religion which, among other things, teaches a belief in marijuana as an aid to meditation.

It was in an environment of abject poverty, rampant marijuana use and political corruption that the violent street gangs of Kingston were born. These gangs were formed on the basis of neighborhood boundaries as well as political affiliation. Both of Jamaica's major political parties, the Jamaican Labor Party (JLP) and the Peoples National Party (PNP), used the street gangs to influence the electoral process. In the election campaign of 1980, for instance, more than 400 persons were murdered as a result of political disputes. Victorious candidates rewarded their supporters in the gangs with projects for their neighborhoods, development and basic municipal services.

The evolution from street gangs to posses was gradual. The gangs adopted the term "posse" because of their fondness for American western films and because the word connoted the use of violence to enforce political will and to protect neighborhoods from intrusion by rival gangs. Violence was important to a posse member to prove his manhood and to develop a reputation within the neighborhood for being aggressive. Because each neighborhood had certain political loyalties, the posses began to merge in order to exert more influence within their favorite political party. Each posse eventually came to be structured, with a particular leader — in some cases called a general — and a substructure divided into cells. The size of each cell varied depending on the size of the neighborhood from which it emanated. Cell leaders were sometimes called captains or lieutenants.

The initial impetus for the migration of Jamaican posse members to the United States in the 1970's was simply the need for funds to obtain semi-automatic and automatic weapons to be used in the perpetual gang warfare in Kingston. Once in this country, posse members were soon able to take over marijuana distribution networks of non-violent Jamaicans who preceded them here. As the posses matured in the United States, the leaders became more insulated from actual street drug sales and expanded into bulk distribution, especially when they became involved in the cocaine and crack markets.

Since the mid-1970's, posses have been involved in trafficking the high-grade sinsemilla strain of marijuana called "Jamaican Gold," which is indigenous to Jamaica. By 1984, the various posses became active in the transportation and distribution of cocaine and crack, also called rock cocaine. In addition to drug distribution, the posses are involved in trafficking of firearms and in kidnappings, robberies, home invasions, alien smuggling and money laundering.

Between 1984 and 1988, the posses devel-

oped a three- tiered organizational structure that is similar in many respects to that of the LCN. At the top, the leader receives financial remuneration but never becomes directly involved in the transportation or distribution of drugs. Cell leaders at the second tier direct the transportation of drugs, guns and money between the street level operatives and the leader. Street level drug dealers at the third tier are primarily illegal aliens smuggled into the United States solely to staff the drug houses.

The posses store their supplies of cocaine and marijuana at locations called "stash houses." On a daily basis, small quantities of cocaine are taken from the stash houses to places used solely for street level sales called "gates" or "gatehouses." Such a system minimizes the impact of police raids on the larger operation.

The two largest Jamaican posses are the Shower Posse and the Spangler Posse, and many of the active posses in the United States are spin-offs from these two. Traditionally, the Shower and Spangler groups have been bitter enemies because of their political differences. Members of the Shower Posse are avid supporters of the Jamaican Labor Party, while Spangler Posse members have been solidly behind the opposition Peoples National Party.

The first posses to operate in the United States were the Untouchables from Tecks Lane in the Raetown section of Kingston, and the Dunkirk Boys from the Franklinton area of Kingston. Based on presently available information, the Untouchables arrived in New York City around 1973 but the group is no longer active because most of its members were either murdered or imprisoned. Its few remaining members have been absorbed into other posses, primarily the Shower Posse. The Dunkirk Boys are believed to have arrived in the United States around the same time as the Untouchables and are still active in drug distribution throughout the United States.

Jamaican posse members are highly mobile

and travel frequently to new areas to set up drug distribution networks in other communities. As they expand, they leave behind trusted lieutenants to manage their old territories and to collect the profits due them. When posses attempt to expand, they often encounter fierce opposition from African-American drug dealers already established in the new areas. Conflicts inevitably erupt, and frequently turn into armed confrontations and murder.

Such violence also occurs between posses, often for the most insignificant of reasons. One such case, which took place in a park in Oakland, New Jersey, in August, 1985, was a gun battle between elements of the Shower Posse and elements of the Spangler and Dog Posses. This incident resulted in the death of three persons, the wounding of 19 others and the seizure by police of 33 weapons.

As with other organized criminal groups, adaptability has become a characteristic of the Jamaican Posses. Between 1983 and 1986, when large numbers of posse members began moving out of upper Manhattan, Brooklyn and the Bronx to establish networks in Philadelphia, Baltimore and Washington, D.C., some law enforcement interdiction programs were successful. Additionally, the New Jersey State Police and police from the Port Authority of New York and New Jersey have arrested many Jamaicans on drug possession and weapons charges.

As a result of these arrests, according to informants for the State Commission of Investigation, posse members, after 1986, began using only couriers to transport drugs. By the spring of 1987, these couriers were using primarily buses and trains on trips from New York to points south. Posse members fly back and forth between New York and their bases of operations to make arrangements for drug purchases or sales but only the couriers actually transport the contraband. Additionally, after 1986, posse members began buying some weapons locally, using local African-American females, but since this was risky in many jurisdictions, they also

continued importing weapons by vehicle from Florida and Texas.

The Federal Bureau of Alcohol, Tobacco and Firearms (ATF) estimates that there are at least 40 Jamaican posses with more than 13,000 members operating in the United States. Most of these posses are spin-off groups from the major posses. Five posses have been positively identified as having drug distribution networks in New Jersey. They are the Shower Posse, the Spangler Posse, the Dunkirk Boys, the Tel Aviv Posse and the Waterhouse Posse. Members or associates of other posses who are not aligned with an operational drug network have also been arrested in New Jersey.

Shower Posse

The Shower Posse originated in the Tivoli Gardens section of Kingston, Jamaica, and its members have been avid supporters of the Jamaican Labor Party (JLP). In September, 1988, a federal grand jury indicted 34 members of the Shower Posse, including Lester Lloyd Coke, alias Big Jim Brown, the Shower Posse leader in Kingston, as well as Vivian Blake, the leader of the Shower Posse in the United States. Blake's two half-brothers, Errol Hussing and Tony Bruce, who headed the New York City operations of the Shower Posse, were also indicted. Coke is scheduled for an extradition hearing from Jamaica. Vivian Blake is still a fugitive, and intelligence information indicates that as recently as September, 1989, he had been in Atlantic City for less than 24 hours before departing for Toronto and then to Jamaica.

Shower Posse networks are involved in the sale of cocaine and marijuana in the New Jersey cities of Newark, East Orange, Irvington, Camden, Atlantic City and Vineland. Recent arrest statistics indicate that the number of Shower Posse members operating within the state is growing. In November, 1988, 53 Shower Posse members were arrested in

New Jersey for their involvement in drug distribution. Within the last year, the number of members identified has increased to 75. By November, 1989, arrests in Trenton and Bridgeton revealed Shower Posse activity in those areas as well.

Spangler Posse

The Spangler Posse originated in the Matthews Lane area of Kingston and its members have been traditional supporters of the Peoples National Party. The late Glenford "Early Bird" Phipps headed the New York City-based operations for the Spangler Posse, along with Toywell "Cow" Phillips, who also controlled drug distribution networks in Englewood and Paterson. Under investigation by New York authorities, Toywell Phillips fled back to Jamaica in early 1989. Some law enforcement officials believe that Phillips' replacement for the Spanglers will be from the New Jersey area. Glenford Phipps was murdered in Kingston on July 15, 1990, while acting in his capacity as Supervisor of Metropolitan Parks and Markets in Kingston.

Spangler Posse networks are also involved in the distribution of drugs in Paterson, primarily marijuana, cocaine and crack. Intelligence information indicates that Spangler members in New York City continue to supply marijuana to associates in Trenton and Camden. The number of Spangler Posse members identified as currently operating drug distribution networks in New Jersey is 45, an increase from the 27 reported in 1988.

Dunkirk Boys Posse

The Dunkirk Boys Posse, also known as Kirkys, has been under the leadership of Dennis "Stickman" Smith since 1977. Traditionally, this posse has been mixed politically, but has many members who support the Peoples National Party. From 1987 through 1988, the Dunkirk Boys in New

York City were at war with the Spangler Posse, but within the last year there has been a cessation of hostilities and a truce has been declared.

Some members and associates of the Dunkirk Boys who did not wish to participate in the New York war moved into Englewood in 1987, selling marijuana, cocaine, crack and weapons. However, the group has been virtually eliminated from that area because of arrests of their street dealers and mid-level suppliers by the Englewood Police Department and the Bergen County Narcotics Task Force. Ledlo "Blacker" Gillings, the leader of this cell of Kirky's, was sentenced to federal prison on March 3, 1989, on charges of conspiracy to distribute cocaine. The other members of this cell split, some moving their operations to Boston, others to Richmond, Virginia.

Intelligence information in 1988 indicated that several members of the Dunkirk Boys who left New York City went to the New Brunswick area. These persons, who were only known by their street names, were not reported to be involved in drug distribution but were using this location only as a safe area.

There were 29 members and associates of the Dunkirk Boys Posse identified as operating or controlling drug distribution networks in New Jersey in 1988. At the present time, however, there is no known network of this posse actively operating in New Jersey.

Tel Aviv Posse

In the late fall of 1989, information was developed regarding known members of the Tel Aviv Posse operating in Paterson. The Tel Aviv Posse originated in the Tellerville section of Kingston, where they were initially known on the streets as the Skulls. The members support the Peoples National Party and they have been known to associ-

ate closely with members of the Jungle Posse. The Spangler Posse has long operated several drug distribution networks in Paterson and it appears that the Spangler networks are operating independently but not in conflict with this new posse. Since all three posses — Spangler, Jungle and Tel Aviv — are supporters of the Peoples National Party, it is possible that they are working together.

Waterhouse Posse

Members and associates of the Waterhouse Posse have been arrested in Jersey City and Mount Laurel in the past. Between 1983 through early 1985, a small cell of the Waterhouse Posse operated a marijuana distribution network in Trenton. The principal operatives of this marijuana network were Dennis Derrick Dobson and Daniel Augustus Comrie, both of Willingboro, who were arrested in 1985 for attempting to bribe a Trenton police officer to protect their operation on South Clinton Avenue. On June 4, 1990, Dennis Dobson was arrested by police in Bristol Township, Pennsylvania, for operating a cocaine and crack distribution network out of the Venice-Ashby housing project in Lower Bucks County. Dobson's operation sold cocaine and crack through street operatives in Lower Bucks County and Trenton.

* * *

Also located in Willingboro is a Jamaican marijuana importation and distribution network which supplied much of the marijuana to Shower Posse members and associates who operate and staff Jamaican crack houses in West Philadelphia and the Germantown section of Philadelphia. Willingboro is also the base for an alien smuggling ring which supplies much of the manpower to staff the various crack houses for the Shower Posse in Philadelphia.

Similar to many of the LCN operatives who live in New Jersey and conduct their criminal activi-

ties in New York, many Jamaican posse members who operate drug distribution networks in New York have chosen to live in New Jersey. In addition to the posses previously mentioned, members of the Paineland and Two Mile Posses have been identified as living in New Jersey.

Within the last year, the term "posse" has become popular with non-Jamaican gangs, due to the publicity surrounding the Jamaican groups. In many urban areas, for instance, African-American youth gangs have adopted the term "posse." And many of the real Jamaican posses have started calling themselves "Massive" to describe their core group, (i.e., Spangler Massive and Dunkirk Massive). Many of the second-tier members have started using the term "crews" to describe their cells or their drug distribution networks

* * *

Since Jamaican organized crime first came to the attention of law enforcement, intelligence regarding political affiliation of a particular posse has been a key factor in determining linkage to criminal associates, probable cash flow of profits, organizational structure of the posse and sources of supplies for narcotics. Similarly, accurate determination by police of the political affiliation of an individual posse member would eliminate the possibility of his membership in a posse allied with a political opponent. By the end of 1989, however, entrepreneurial considerations had become more important than political allegiances in running the posses. As members of the old guard of the posse leadership are either killed or jailed, younger members, some of them second generation immigrants less attuned to the gang warfare and politics of Kingston, are taking over. The emphasis now is on practical concerns such as who is able to supply the drugs and at what price.

This does not mean that a posse member in the United States no longer cares who is in power in Jamaica. On the contrary, politics affects his rela-

tives and friends in the old neighborhood in Kingston. What this does mean is that the new Jamaican immigrants connected to a posse think more of the bottom line as they assume leadership roles in their gangs rather than of political labels as their elders did.

Law enforcement has even reported former enemies such as Spangler and Shower posse members working together in drug deals to increase profits for their common benefit. Violence too may be on the wane. Violence has long been the trademark of the street gangs and was the means by which the posses first established their various drug cartels in America. However, this proclivity for violence is also what alerted law enforcement to the presence of the posses and galvanized its efforts against them. The American-born offspring of Jamaican Posse members and associates just entering the drug distribution networks are more judicious in the use of violence. They are also less inclined to share profits with a select upper echelon.

Within the next three years, as posses are dismantled by law enforcement, the younger men will splinter into smaller groups and operate their drug networks on a regional level rather than on the expansive levels that the posses now operate. This move toward independence will create additional problems for law enforcement since drug quantities available for seizure will remain small and the targets will therefore seem insignificant. These separate cells or crews will utilize the same sources of supply as their predecessors and will also have adequate manpower for their street sales by smuggling illegal aliens from Jamaica. It is also most likely that these youths will expand their legitimate business operations beyond the ethnic grocery store or record shops into the more Americanized, large investment enterprises such as automobile leasing or dealerships, trucking or travel agencies. In fact, incidences of this are beginning to occur in Florida and New York.

Interdiction programs will continue to ac-

accumulate significant numbers of arrests because the loss of a drug courier will not hamper the future Jamaican networks, just as they have not really disturbed the present networks. Confrontations with African-American drug networks will continue for some time until a gradual assimilation is made by the second generation of Jamaican youth. Due to their cultural background, it is probable that as long as there is a demand for any kind of drug on the American scene, there will always be a Jamaican presence in the distribution of that substance.

WEST INDIANS

The term West Indian organized crime refers to those individuals involved in criminal groups originating in the Bahamas, the British or U.S. Virgin Islands, Trinidad, the Greater Antilles, the Lesser Antilles, Belize, Barbados, Grenada and the Cayman Islands. The majority of the immigrants from these locations who have become involved in criminal activity within New Jersey are involved primarily in street level drug distribution for established African-American or Jamaican organized criminal groups. This is particularly true of Bahamians and Virgin Islanders, who gravitated towards the Jamaican Posses.

One specific group which has had a major impact in New Jersey is the Trinidadian organized criminal group in East Orange headed by Wade Padmore. This group, consisting of about 300 active participants, is involved primarily in cocaine trafficking. In fact, Wade Padmore was one of the cocaine suppliers for the Essex County-based African-American group headed by Wayne B. Pray. Wade and his brother, Wayne Padmore, also supplied cocaine to several Jamaican drug dealers in Newark, Irvington and East Orange. Ultimately, Wayne Padmore was the victim of a contract murder allegedly carried out by Guyanese hitmen at the direction of Wayne Pray. The homicide is still under investigation.

The Padmore group is also reported to be involved in the smuggling of cocaine from Trinidad, where Wade Padmore has extensive real estate holdings, into the United States. Because of his international contacts, Padmore and his wife Earline are also reported to be involved in money laundering for himself and other drug dealers. In addition, Padmore and his subordinates are believed to have once had either direct or hidden interests in three bars, three grocery stores, a florist shop, five ice cream stores, a delivery service, a trading company and a property management firm. These various enterprises were located in East Orange, Newark and Plainfield, as well as in Brooklyn.

ASIAN ORGANIZED CRIME GROUPS

China, Japan and other far eastern countries have been plagued by powerful and secretive criminal groups for centuries. Many of these ancient Asian organized criminal groups have followed the path of oriental emigration and are now active in many North American communities, including New Jersey's.

The increase in the Asian population of the Middle Atlantic states has been dramatic, and so has the rise of organized criminal associations of those with Chinese, Vietnamese, Japanese or Korean origins. Although the activities of Asian criminal organizations are directed mainly against persons of similar ethnic background, the groups also pose a threat to the general citizenry.

The current Asian population of New Jersey is approximately 55,000. Although most reside in Middlesex County and northward, the large Asian communities in New York City and Philadelphia, with their various documented oriental criminal groups, impact directly on adjacent regions in both northern and southern New Jersey.

The scheduled return of Hong Kong to the People's Republic of China in 1997 is expected to set off a new wave of migration, which could compound the Asian crime problem in this country. Some 70,000 Triad members, along with many others of the 5.5 million people in the crown colony, may emigrate to Canada, Western Europe and the United States. Chinese criminal groups are expected to follow the money wherever investors go. Recent history indicates that under Chinese supervision there would be more stringent enforcement of all criminal statutes. The prospective acquisition of Hong Kong by China has caused an exodus of Asian

investments from Hong Kong to Chinese communities in this country.

In October, 1984, the President's Commission on Organized Crime conducted the first extensive investigation into Asian criminal activities in the United States. This inquiry produced information that Chinese and Japanese criminals had developed links with La Cosa Nostra (LCN) groups in this country to promote the importation, distribution and sale of heroin.

CHINESE

Triads

A particularly sinister form of oriental organized crime began centuries ago with the birth of the Triad movement in China. Secret Triad societies were founded in the mid-17th century by certain Taoist monks for the purpose of overthrowing the Manchu-Ching Dynasty then in power. Originally a political movement with an established headquarters and a network of lodges and chapters, the Triads became a strong underground revolutionary band, extremely secretive and harsh in its use of discipline.

When the Republic of China was founded in 1912, the Triad goal was attained, but Triad lodges, so accustomed to an underground existence, did not disband. Instead, they attracted Chinese criminals, and Triad societies quickly degenerated from an idealistic political movement into a criminal tyranny. The non-criminalized Triad movement flourished in China until Mao Tse-tung's Commu-

nist takeover in 1949, when it was banished from the mainland. The Triads fled to Hong Kong and Formosa, now Taiwan.

Today there are an estimated 50 Triad groups operating in Hong Kong alone, with a membership of some 90,000. They are engaged in extortion, drug trafficking, gambling, loan sharking, prostitution and pornography. The largest and most violent of these groups in Hong Kong is the Sun Yee On, with a membership of more than 25,000. It is also active in the United States. This and other Triad societies reportedly are responsible for the importation of much of the heroin that enters the United States from the "Golden Triangle" area of Southeast Asia.

The most recent indication of Triad involvement in New Jersey occurred in Atlantic City in 1987. Francis Wah Boor Heung, a member of the Sun Yee On Triad, and 12 others from the United States and Hong Kong, were indicted in June 1987, by a New Jersey State Grand Jury on charges of cheating at baccarat in two Atlantic City casinos. The group won more than \$2.7 million in the scheme. Heung was arrested in Hong Kong nearly two years later, in May, 1989. He waived extradition, returned to the United States voluntarily and pleaded guilty in July, 1989. Heung had previously been arrested in 1972 on narcotics charges by the Taiwan National Police.

Tongs and Street Gangs

The Tongs originated as Chinese Benevolent Associations on the west coast of the United States during the Gold Rush era. Although believed to be offshoots of the Triads, they were formed primarily as a means of protection from white racists who periodically raided "Chinatown" areas. Anti-Chinese riots were common in the late 1800's, especially in San Francisco and New York City. It was not unusual, for instance, for groups of Chinese

to be murdered while local authorities remained indifferent.

The Tongs exist openly and are based chiefly on business affiliations. Many Triad members emigrating from China joined the Tongs when they arrived in the United States. This is not to say that the five or six Tong organizations that are active today are criminally controlled, but in many cities Tong chapters are certainly influenced by members of Triad groups.

Three of the major Tongs, the Hip Sing Tong, the Tung On Association, and the On Leong Merchants Association, are headquartered in New York City and maintain branches in Philadelphia. These Tongs are involved in illegal gambling activities. As in most Tongs, the gambling is confined to the Tong building or lodge. The Tongs in both cities use Chinese gangs to protect their illegal activities.

Chinese street gangs have flourished in the United States since the liberalization of immigration laws in 1965. Some Tongs have used the gangs in extortion, gambling and narcotics operations. The Ghost Shadows gang is under the direction and control of the On Leong Tong in New York City. The gang was organized in 1971 by immigrants from Taiwan, Hong Kong and Malaysia. It also has members in Boston, Chicago and New Orleans. There is also a close relationship between the Tong-controlled street gangs in New York City and those in Philadelphia.

There are indications that some members of the Ghost Shadows live in New Jersey. Raymond Chia Chi Cheng (aka Cheng Wei Mun), a New Jersey resident, was indicted on October 30, 1989, on charges by the Federal Organized Crime Strike Force in Boston for bribing an immigration officer and unlawfully obtaining immigration documents. Cheng is an officer in the On Leong Tong and has acted in an advisory capacity to both factions of the Ghost Shadows gang. He gained prominence when

former Tong president Eddie Chan vanished and Cheng took control of the Tong operations. He is thought to be heavily involved in narcotics distribution.

Another street gang, the Flying Dragons, reportedly is present in the Hudson County area. The Flying Dragons are affiliated with the Hip Sing Tong, which is headquartered in New York City and is led by Ong Hon Shew (aka Benny Eng, aka Uncle Seven), an 80-year-old immigrant from Harbin, China. The Dragons are also active in Philadelphia.

Shew developed the close relationship between the Dragons and the Hip Sing Tong immediately after assuming control of the Tong in 1974. A year later, he and eight others were convicted on a multi-count bribery indictment, and Shew was sentenced to an eight-year prison term.

A member of the Flying Dragons, Ah Thank Lee, was convicted in 1987 for the robbery and murder of Philadelphia restaurant manager Jade Wong when she refused his demand for an extortion payment. Lee was also convicted in another case on extortion charges involving a New York City restaurant.

Another Tong, the Tung On Association, is headed by Clifford Chi Fai Wong, who along with his brother, Steven (Tiger Boy) Wong, also controls the Tung On gang. The gang is involved in smuggling members of the Sun Yee On Triad from Hong Kong into the United States. The Tung On is also believed to be engaged in homicide, gambling and narcotics trafficking and provides protection for the group's illegal casino on Catherine Street in Lower Manhattan. Presently, there are some 30 members of this gang in New York and Philadelphia. Steven Wong was recently convicted of narcotics violations and is awaiting sentencing in New York City. He has previous arrests for rape, kidnapping and illegal firearms possession. This narcotics conviction resulted from a heroin purchase from a member of the 14K Triad in Hong Kong.

Clifford Chi Fai Wong was placed on the

exclusion list by the New Jersey Casino Control Commission on October 12, 1989, for his involvement with the Tung On organization. He was previously involved in a bus junket operation which arranged bus transportation for Oriental patrons from New York City to the casinos.

Wong is a close associate of Peter Chan, who also provided junkets to Atlantic City and was arrested for accepting \$200,000 in kickbacks from the vice president of marketing at the Trump Casino, a charge of which he was acquitted. Clifford Wong was known to be involved in the booking and managing of oriental entertainers including many who appeared in Atlantic City casinos.

The Fuk Ching, another New York City-based street gang comprised of members whose family origin was Fukien Province has expanded its operations to New Jersey. Ching Kwok, a Chinese businessman who owns and operates restaurants in Hoboken and Englewood, was the victim of this Fukienese extortion ring in September, 1985. The gang threatened to kill the family of Ching Kwok if protection money was not paid. This is a common and under-reported crime against Chinese and Vietnamese restaurants. Kwok broke with tradition by reporting the threat to the police and was immediately given police protection. Four Fuk Ching gang members were arrested.

The Fuk Ching is now under the leadership of Lung Kee Kwok (aka Ah Kay) and has some 60 members engaged in armed robberies, extortion, narcotics and auto theft. The United States Department of Justice indicates that the majority of heroin from Southeast Asia coming into the New York City area is now being smuggled by people from Fukien Province.

One of the most visible Chinese criminal groups in the United States in recent times is the United Bamboo gang, or Chu Lien Pang. This organization was founded in 1957 in Taipei on the Island of Taiwan. Out of about 14,000 members

worldwide, several hundred operate in this country. The United Bamboo has aggressively expanded its operations in the United States since 1979 and has initiated new members in New York City, Washington, D.C., Houston and San Francisco. The gang is heavily involved in heroin trafficking, extortion, contract murder and gambling.

In September, 1986, four United Bamboo members were convicted in Manhattan Federal Court and sentenced to long prison terms for racketeering, arms dealing and narcotics trafficking. The drug case involved the importation of more than 600 pounds of Southeast Asian heroin to New York City.

The New York office of the Drug Enforcement Administration believes that the importation of Southeast Asian heroin is now totally controlled by Chinese criminal organizations. Kon Yu-Leung (aka Johnny Kon), a Chinese businessman and importer of furs and watches, was arrested in New York City and charged with importing 500 pounds of heroin into the United States from Southeast Asia. He was also charged with illegally taking more than \$1.4 million out of the country in 1987. Kon pleaded guilty in April, 1989, to importing more than 300 pounds of heroin and was sentenced in September, 1989, to 27 years in prison.

Kon Yu-Leung is affiliated with the Wo Saing Wo Triad in Hong Kong and the Big Circle gang in New York City, a relatively new group composed of former Chinese military Red Guards who fled to Taiwan and Hong Kong from the Canton area. The gang's size is unknown but narcotics trafficking and contract murder are its specialty in New York.

As with other organized criminal groups, New York-based Asian organized crime impacts on New Jersey as well. For example, there have also been some large-scale heroin seizures in New Jersey recently involving Chinese residents. Kaw Ting T. (aka Tony Kaw), an Ocean Township, Monmouth

County, restaurateur, was arrested in February, 1988, in New York along with three other defendants and charged with importing 165 pounds of pure heroin hidden inside Oriental statues shipped from Thailand. Kaw Ting T. pleaded guilty in March, 1989, to heroin possession and was sentenced to 10 years in federal prison and fined \$500,000. Interestingly, the other defendants from Hong Kong and New York City had \$350,000 on deposit at the Golden Nugget and Caesar's casinos in Atlantic City. One of the defendants, Sak Chai Suwannapeng, a major Thai heroin wholesaler, is awaiting extradition from Hong Kong.

Most of the members of the Ghost Shadows, Flying Dragons, Fuk Ching, Tung On and other Chinese street gangs in New York are between the ages of 16 and 28. They are recruited mostly from high schools, community colleges and inner city universities. Many are in this country on student visas, with a sizeable number attending classes only long enough to achieve marginally adequate grades.

Other gang members are immigrants who are employed as waiters and kitchen help. For them, membership in a gang is a way to achieve "face" within their ethnic community.

VIETNAMESE

The fall of Saigon and the collapse of the Republic of Vietnam in 1975 caused a massive exodus of Vietnamese to the United States. Among these refugees were numerous criminals who had operated in Vietnam prior to and during the war. Unlike the Chinese and Japanese underworld, however, there is little evidence of traditional organized criminal groups in Vietnam.

The Vietnamese language and culture has been greatly influenced by Chinese values and traditions. In fact, many Vietnamese criminal refugees

are ethnically Chinese and have been assimilated into existing Chinese criminal organizations. An example is the Flying Dragons in New York City, a Chinese street gang that has a Vietnamese contingent, also known as the Viet-Ching, headed by Mink Chee Phu. The group's primary criminal activities include extortion, armed robbery, prostitution, auto theft, arson and gambling.

The Vietnamese are the most vicious and ruthless of the Asian criminal groups. The gangs are highly mobile and travel across the nation to commit criminal acts. They often move from one Vietnamese community to another, using safe houses shared by members of other gangs. The majority of gang members are engaged in armed home invasion robberies, auto theft and extortion of Chinese-owned businesses. They are more violent than the Chinese gangs. Like those gangs, however, the Vietnamese cause property damage and threaten merchants who refuse to pay.

Both Philadelphia and New York City have several Vietnamese gangs. There is also documented Vietnamese gang activity in Chicago, Houston, New Orleans, Boston, Los Angeles and Washington, D.C., cities with large Vietnamese populations.

The Vietnamese are the predominant of the Asian criminal groups who live in New Jersey. Hudson and Essex Counties have the largest Vietnamese populations in the state. Local police departments in both counties are actively engaged in gathering information on Vietnamese criminal activity. In one case, which occurred in July, 1986, the Englewood Cliffs Police Department recovered several thousand dollars worth of stolen car radios, and charged three Vietnamese from Jersey City with possession of stolen property and possession of burglary tools.

In South Philadelphia, there is a Vietnamese street gang operating in the vicinity of the Italian Market. This loosely knit group has some 25

members between the ages of 16 and 28 and is engaged in extortion and auto theft. In March, 1986, three Vietnamese minors from Philadelphia, and another from Arlington, Virginia, were apprehended in Mercer County, New Jersey, operating a vehicle stolen from Baltimore, Maryland. They were also charged with the illegal possession of two pistols. The Philadelphia group were all members of this street gang from South Philadelphia.

There is another Philadelphia group known as the West Philly Woo Boys in the area of the University of Pennsylvania that is involved in extortion, residential robberies and auto theft, and is comprised of 20 to 25 members.

Jersey City has New Jersey's largest Vietnamese community. Many young gang members picked up in New York City have been traced to Jersey City. Cuong Quoc Pham, a member of the New York City-based BTK — Born To Kill — street gang, was arrested on December 21, 1989, along with two other Vietnamese from Jersey City, for a home invasion robbery in Scotch Plains. Cuong was previously arrested in Washington, D.C., for possession of an incendiary device when he threatened to bomb an Asian brothel. BTK gang members have also been involved in three recent murders in New York City.

In July, 1990, seven persons were wounded at a cemetery in Linden (Union County) at the funeral of Born To Kill gang member Vinh Vuu when gunmen posing as mourners opened fire with automatic weapons during the burial. Vuu had been gunned down on Canal Street in New York City's Chinatown. Intelligence information indicates that Vuu's murder and the shooting at the cemetery stemmed from an ongoing feud between the BTK gang and other Asian street gangs for control of rackets among the Chinese community in New York.

Jersey City has experienced several recent invasion robberies at the homes of Vietnamese resi-

dents during which family members are forced to reveal, under threats of beatings, rape and murder, where jewelry and currency are kept in the home. Many Oriental businessmen have a distrust of American financial institutions and keep large amounts of cash in their homes rather than deposit it in banks, a fact that is common knowledge among Asian gang members.

JAPANESE

The Yakuza, as Japanese organized crime is known, dates back to the 17th century. The word Yakuza in Japanese means a worthless hand in a card game. The Yakuza of today call themselves "worthless persons and social outcasts." The Japanese National Police refer to them as "Boryokudan," or the "violent ones." The Yakuza are organized into family and sub-family groups known as Gumi, each owing its allegiance to an Oyabun, or Boss.

Yakuza members' loyalty to their leaders is expressed through ritualistic self-mutilation and tattooing. It is not uncommon, for instance, to see members with tattoos of snakes, birds and dragons covering their bodies, each tattoo being a symbol of an underworld achievement or a specific expression of loyalty to a particular crime boss or family. Other members have severed portions of their little fingers as a way of expressing their subservience. United States customs personnel in Hawaii seek out such characteristics on all in-coming flights from Japan in an effort to identify migrating Yakuza members.

At the present time, the only evidence to suggest Yakuza activity in New Jersey is somewhat dated. In 1978, Englewood resident Hiroaki "Rocky" Aoki, owner of the Benihana Restaurant chain, and Yakuza associate Ryoichi Sasakawa attempted to lease the Shelbourne Hotel in Atlantic City for casino purposes. Shortly thereafter, the United States Securities and Exchange Commission charged Aoki and Takashi Sasakawa, the son of Ryoichi, with insider stock trading. The Sasakawas lost some \$26.5 million in the business deal, Takashi Sasakawa

was forced to make restitution to investors and the group never applied for a casino license.

Recently, the Yakuza have been most active in southern California, the San Francisco Bay area and Nevada. California authorities believe that the Yakuza are investing in restaurants, commercial real estate and import-export firms, using the illegal profits from prostitution, extortion, narcotics, pornography, gambling and gun running. Another Yakuza criminal activity is the blackmailing of United States-based Japanese company employees who are in financial or personal trouble.

KOREANS

Most of the current information on Korean organized crime involves prostitution. Prostitutes obtain an entry visa into the United States, usually through a sham marriage for a set fee to United States military personnel stationed in Korea, thus enabling them to enter the country as legal immigrants. Once here, the women obtain a divorce and are placed in various massage parlors and bars that cater strictly to Oriental patrons. The U.S. Immigration and Naturalization service is currently investigating several marriage brokers who paid \$10,000 to G.I.s to marry Korean women so that they could enter the United States and engage in prostitution.

At present, there is evidence of an organized Korean female prostitution network operating out of massage parlors and bars in the Washington, D.C., Baltimore, Philadelphia, Camden and New York areas. Various federal and local law enforcement agencies continue to track the prostitution ring in Philadelphia, Camden and Wrightstown (Burlington County) locations.

During the spring of 1990, three women from Seoul, South Korea were arrested in Washington Township (Gloucester County) for operating a massage parlor without a license. One of the women, Ok Chea Kim, has prior arrests for prostitution in

Michigan and Texas. Documents seized in the raid indicated that Kim had been involved in a Korean prostitution ring in Ventnor and in Huntington Beach, California. Four Korean women were later arrested by New Jersey State Police on prostitution charges at the Ventnor establishment where records showed Ok Chea Kim to have been employed in 1988.

In the New York City area, a Queens Grand Jury in September, 1986, indicted eight Koreans for extorting more than \$1 million from Korean bars and restaurants in Manhattan and Queens. Chang-Gee Kim of Long Island City, the 39-year-old leader of the gang, was among those indicted and convicted. The owners of those businesses were forced to buy decorative plants and herbal medicines at inflated prices to disguise the extortion payments. Members of two Korean youth gangs, the Korean Killers and Korean Power, have been arrested for extorting money from Korean merchants and restaurant owners in Queens. During the past year, Korean businessmen and their families have been the victims of armed home invasion robberies in Demarest, Alpine, Rutherford and Haworth, all in

Bergen County. In every instance, the perpetrators have been identified as Korean or Vietnamese.

* * *

Asian or Oriental organized crime is now a serious matter in many parts of the world. For many law enforcement agencies, the issue is far from academic. Police departments in the United States who have encountered these groups know them to be dangerous and highly motivated. But for most American law enforcement agencies, including the majority in New Jersey, Asian organized crime is still an abstraction that may appear remote and, perhaps, beyond their comprehension. Difficulties exist in obtaining information from affected communities whose ethnic populations tolerate gambling, accept extortion fatalistically and distrust governmental authority. Most law enforcement agencies in the United States have also found it difficult to cope with Asian criminals because they are ignorant of oriental languages, culture and customs.

OUTLAW MOTORCYCLE GANGS

Outlaw motorcycle gangs have been in existence since the late 1940's. Their criminal activities include but are not limited to the distribution of illegal drugs, possession and illegal sale of firearms, motor vehicle theft, especially of motorcycles, and assorted crimes of violence. There are at least five gangs active in New Jersey today — the Pagans, the Breed, the Warlocks, the Wheels of Soul and the Ghetto Riders. The origin of these gangs is rooted in their philosophy of always having a good time, with little or no regard for the law. The groups are bound together through the principle of loyalty toward the organization and fellow members. An example of this camaraderie is apparent in the following excerpt taken from the credo of one of the gangs, a philosophy shared by all of them:

Look at your brother standing next to you and ask yourself if you would give him half of what you have in your pocket or half of what you have to eat. If a citizen hits your brother, will you be on him without asking why? There is no why. Your brother isn't always right but he is always your brother. It's one in all and all in one. If you don't think this way, then walk away. Because you are a citizen and you don't belong to us.

Structurally, outlaw motorcycle gangs are comprised of local chapters and a "Mother Club," which supervises the local chapters. Each local chapter has a Mother Club advisor who, in effect, exercises direct supervision over the membership. The Mother Club advisor is largely responsible for appointing members to the various positions of responsibility in the gang. As the overseer, the Mother Club establishes and enforces policy for the organization, schedules, mandatory trips or "runs,"

and has final authority over club matters.

During the late 1960's, the widespread societal use of illegal drugs, as well as a general disdain for authority and established institutions, provided a climate in which outlaw motorcycle gangs thrived. Initially, they were perceived by law enforcement only as participants in the growing drug subculture. When demand for methamphetamine was high, law enforcement initially did not recognize its potential threat and outlaw motorcycle gangs took advantage of the situation. They had, in fact, achieved a position of relative prominence in the distribution of methamphetamine.

Today, the outlaw motorcycle gangs operating in New Jersey continue to engage in drug trafficking, especially of methamphetamine. However, this illegal market is not as lucrative as it once was. As law enforcement directed some of its resources toward the methamphetamine market, gangs soon became targets and numerous prosecutions were brought against key members.

In New Jersey and other states, several successful racketeering prosecutions have caused a noticeable decline in gang membership and in overt activity. As a result, members are less ostentatious in exhibiting their gang affiliation and are maintaining a lower profile to avoid identification by law enforcement authorities. The primary way in which members demonstrate their allegiance to a particular gang is by displaying their "colors" while traveling by motorcycle on major roadways. Colors are the official uniform of all outlaw motorcycle gangs. Typically, colors consist of a sleeveless denim or leather jacket which bears an "official" patch or insignia on the back and an assortment of patches

and pins attached to other areas of the vest. Considered by members as sacred, the colors are worn exclusively by male members and, in fact, are gang property. In the past, a set of colors would contain the member's rank, his nickname and other designations which may identify his involvement in drugs, sexual exploits, or simply bear the initials of an anti-social statement.

Violence by outlaw motorcycle gangs is usually limited to turf wars and intergang rivalries. A recent example involved the December, 1988, kidnapping and vicious assault by three Warlocks on the president of the Trenton/Bucks County chapter of the Breed. Reportedly, this was in retaliation for an earlier assault by several Breed members on a Warlock member in Pennsylvania.

One characteristic of outlaw motorcycle gangs is their use of wives and girlfriends in gang activities, such as transporting illegal weapons or other contraband. They also use these women to gather information that may be useful to the gang. For example, there have been numerous incidents in which such persons held jobs in municipal, county, state or federal agencies from which they could access documents such as driver licenses, registrations, birth certificates and court records. Females affiliated with an outlaw motorcycle gang are also expected to engage in illegal activities, such as welfare fraud, to support club members. Many also work in cash generating professions such as go-go dancing or topless dancing.

Gang members have little regard for their women as human beings. Often referred to as "Old Lady, Mama, or Sheep," females are considered subservient and are expected to cater to the whims of the membership. While a woman known as an "Old Lady" is the wife or girlfriend of a member (and is spoken for), "Mamas" or "Sheep" are available to all members, usually for sexual exploitation.

Aside from recognized involvement in tattoo parlors, auto body shops and related motor

vehicle businesses, the outlaw bikers' interest in other legitimate areas seems limited. Perhaps this is because of their overall antisocial philosophy, which does not lend itself to conventional enterprise.

THE BREED

The most prolific and fastest growing outlaw motorcycle gang in New Jersey, the Breed's origins go back to the mid-1960's. Significant recruitment activity occurred in 1983 when attempts were made to absorb members of the Aces and Eights Motorcycle Club based in Riverside, New Jersey. Almost simultaneous with this effort was the assimilation of members of the Branded Motorcycle Club into the Breed. More recently, during 1986-1987, the Breed reportedly was negotiating to merge with the Bandana Motorcycle Club, with the Breed retaining organizational control.

The Breed, with a membership of about 60, has three chapters in New Jersey — the Jersey Chapter, which is the founding or "Mother" chapter, operating out of Middlesex County, the South Jersey Chapter operating out of Riverside in Burlington County, and the Trenton-Bucks Chapter operating in the state capital and in Bucks County, Pennsylvania.

There is a growing concern that Breed members in the Trenton-Bucks Chapter are exerting considerable influence in the drug market. Authorities estimate a local presence of 30 members or significant associates and indicate that this group has a substantial distribution network in place. The location and range of activities of this chapter suggests that state boundaries mean little in defining this organization's jurisdiction. All indications are that this chapter operates freely between the two states.

Similar to other outlaw motorcycle gangs, the Breed is adopting a lower public profile. Observations in the Mercer County area support their

presence there, but more conventional behavior, dress and mode of transportation make them less noticeable.

The Breed uses violence to settle disputes and enforce policy. Instances of intergang rivalry have been well documented, particularly with the Pagans. In 1987 and more recently in 1989, gang members were involved in incidents of assault and kidnapping to settle disputes or to retaliate for acts of violence against fellow members. A case in point involved a Breed member wearing his colors in the Philadelphia area, which is considered Pagan turf. After repeated warnings, the Pagans viciously assaulted the Breed member and confiscated his colors. Arrangements were made to negotiate a settlement to this dispute. However, two Breed members were arrested and charged with weapons offenses during the prearranged meeting. Reportedly, the two were present and armed to protect the chapter president, who was handling negotiations.

THE PAGANS

Operating in New Jersey, Pennsylvania, Delaware, New York, Maryland, West Virginia, Kentucky, Ohio, Virginia, North Carolina and South Carolina, the Pagans' overall membership has been estimated at between 300 and 400. Within New Jersey, estimates range from 40 to 60 active members in chapters in Atlantic County, Elizabeth and Plainfield.

As a group, the Pagans' illegal activities usually involve narcotics (methamphetamines) and chop shops. Individually, members and associates often engage in a variety of other illegal conduct such as assault, weapon possession, sex crimes and fraud. The latter activities are done for the individual's benefit and not the group. Generally, profits from illegal activities sanctioned by the Mother Club require a 10% "contribution" from the local chapter.

The Pagans have a following of associates who, for various reasons, elect not to seek membership. Often, the relationship between the member and associate has its basis in a mutually beneficial venture, usually of an illicit nature. A case in point was the association between Roland Kownacki of Atlantic City and the Pagans. Kownacki, a convicted drug dealer, served the Pagans' purposes as a "chemist" or "cooker" in the production of methamphetamine. Other examples of symbiotic relationships can readily be found in the activities typically associated with outlaw biker groups, including chop shops, bars, tattoo parlors, narcotics distribution and firearms trafficking.

There is also evidence that the Pagans have maintained a working relationship with the LCN. Prior to the decline of the Scarfo organization, there were instances of both cooperation and conflict between the two groups, most notably in the area of narcotics. Cooperation existed as a result of the Scarfo group's access to P2P, a necessary chemical precursor in the production of methamphetamine. However, conflict surfaced when members of Scarfo's crew robbed Kownacki, who was part owner of a jewelry store, of gold and cash. In retaliation, the Pagans apparently aligned themselves with an out-cast faction of the then-warring Scarfo mob. Such alliances and conflicts appear to be a thing of the past. With changes occurring in both groups and the absence of a mutually beneficial illegal activity, there does not appear to be a need or desire for this association to continue.

During the latter part of the past decade, the Pagans experienced a decline in demand for methamphetamine, as cocaine became society's drug of choice. There has also been an increase in successful prosecutions against key group members. In January, 1989, 29 members and associates were indicted under the federal racketeering statute. Among those charged in the indictment were national president Daniel (Dirty Dan) Delp of Ohio, national vice-president Kenneth Blain (Bad Hand) McMillion of West Virginia, Mother Club member Thomas (T.C.)

Cusack of Philadelphia, and numerous high level members from various chapters. This extensive indictment came in the wake of the 1988 conviction of former national president Merle (Jackpot) King, national secretary Gary (Bizzy) Keith, and Mother Club member Kenneth David (Iceman) Murray. Twenty-eight defendants were either convicted or pleaded guilty.

THE WARLOCKS

The Warlocks have maintained a presence in New Jersey since the early 1960's. Estimates of membership in the Pennsylvania-New Jersey area range from a low of 60 to a high of 136, and within New Jersey alone from 10 to 31. The Warlocks mother club is in Philadelphia and the group has chapters in southern New Jersey and Delaware County, Pennsylvania. Characteristic of most outlaw motorcycle gangs, the Warlocks are involved in narcotics distribution. They employ both the threat and the actual use of violence in maintaining their image and enforcing policy. Members of the Warlocks have been implicated in a number of unsolved homicides.

The Warlocks have been known to have ties to the LCN- influenced Roofers Union Local 30 in Atlantic City. However, considering the leadership changes which occurred following the murder of union boss John McCullough and the recent incarceration of his successor Steven Traitz, that organization exerts less influence in the area and, consequently, this association is less significant.

THE WHEELS OF SOUL AND THE GHETTO RIDERS

Unlike the other outlaw cycle gangs, the Wheels of Soul and the Ghetto Riders are comprised

predominately of African-Americans, although the Wheels of Soul is considered a bi-racial group. This membership is somewhat uncharacteristic in that most other outlaw motorcycle gangs espouse a philosophy akin to neo-nazism and exclude non-whites from their ranks.

In the early 1970's, the Wheels of Soul was considered to be a social organization but it deteriorated to its current status of an outlaw club. At one time this group was active and maintained a clubhouse in the Atlantic City area. However, following raids by local authorities, the club dispersed and relocated in outlying areas of the county.

During its more active years in the late 1970's and 1980's, the Wheels of Soul had a combined membership of approximately 50, with chapters in Atlantic City, Atco, Freehold and a motor club in Philadelphia. However, in more recent years, the chapters have been reduced in this state to only one in South Jersey having about 10 members. Philadelphia continues to host the Mother Club, last reported to have approximately 50 members.

An offshoot of the Wheels of Soul, the Ghetto Riders was formed in the late 1970's and is headquartered in the City of Camden, where it maintains a clubhouse. Numbering approximately 30 members and 20 associates, the club operates primarily in the Camden County area.

Of the two organizations, it would appear that the Ghetto Riders are maintaining an active membership, whereas the Wheels of Soul seem to be in decline. Both continue, however, to be involved in traditional outlaw motorcycle gang criminal activities such as narcotics distribution and acts of violence.

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Due to the recent successful interdiction efforts by law enforcement, coupled with the diminished demand for methamphetamine, outlaw motor-

cycle gangs are generally considered an organized crime force in decline. However, if these groups are able to adapt to the new conditions facing them, they may once again become a force within the narcotics marketplace. It has been suggested that one way they could accomplish this would be through the production and distribution of the new methamphetamine derivative, "ice." This drug, which is extremely addictive, has become popular in fast-paced

environments on the West Coast and is expected to make its way east. Unfortunately, the Atlantic City casino environment represents an already established market for "ice." And since the outlaw motorcycle gangs have established themselves as a dominant force in the manufacture and distribution of methamphetamine, the transition to producing and distributing "ice" would be feasible.

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The information in this section was compiled under the direction of Justin J. Dintino, former Chief of Organized Crime Intelligence, by Senior Special Agent Francis A. Betzler, Special Agents Bruce C. Best, Robert Diszler, Michael R. Hoey, Dennis McGuigan, Kurt S. Schmid and James J. Sweeney, former Special Agent Michael Dancisin and Intelligence Analyst Paula A. Carter.

II

PUBLIC ACTIVITIES

The Commission in 1989 issued two written reports on investigations it had conducted. The first report was entitled simply COCAINE, and was a summary of two days of public hearings conducted in November, 1988, regarding problems in New Jersey stemming from the spreading addiction to cocaine. The second report was entitled SOLID WASTE REGULATION and was the Commission's first revisitation to a problem dealt with in earlier years and made current by a new investigation.

SOLID WASTE REGULATION

In April, 1989, the Commission issued a report concerning recurring problems in solid waste regulation. The report focused on the failure of utility-style rate regulation of trash collection companies to sufficiently curtail anticompetitive practices and organized criminal involvement in the solid waste industry. The Commission concluded:

Had the resources that were devoted to this futile regulatory system been devoted to more intensive antitrust enforcement and to more expeditious and resolute screening of unsavory operators, greater strides would have been made in improving the industry's price and service levels.

The report traced the history of law enforcement efforts to attack illegal "property rights" schemes that unlawfully allocate customers among trash haulers. The role of organized crime groups in enforcing such conspiracies included the unsolved murders in 1976, 1978 and 1980 of the presidents of three leading garbage collection companies actively

involved in disputes over "rights" to customers. The SCI noted that even where organized crime figures take no direct part in dividing the market, the mere reputation or suggestion of organized crime influence is enough to deter certain companies from aggressive competition. That aura also discourages customers from resolutely seeking alternative service or resisting price increases.

The report noted several unsavory connections between industry members and organized crime figures. For instance, it described the role of the now-defunct New Jersey Trade Waste and Hudson County Sanitation Associations in resolving disputes over customer allocations during periodic "grievance" meetings at local restaurants. The report also recounted the history of Teamsters Local 945, which represents approximately 1,200 solid waste drivers and helpers in New Jersey. Although Local 945's power over the industry has gradually diminished, the SCI warned that the failure to eliminate organized crime associates from the local's leadership continues to threaten efforts to encourage competition.

In the 1980s, the New Jersey Division of Criminal Justice prosecuted or brought civil suits against approximately 200 corporations and individuals for unlawfully restraining trade in the solid waste industry. Although significant, these cases have begun the elimination of the worst malefactors from the industry but only after lengthy and expensive administrative debarment proceedings.

The Commission pointed out that another important procedure for ensuring integrity in the industry — background checks as a requirement for licensure — did not become law until December 14,

1983, when Assembly Bill 901, the Waste Industry Disclosure Law, was enacted. Implementation of this law, however, was delayed until mid-1986 because of unsuccessful constitutional challenges. The Commission added that the law has been ineffective because the background unit was seriously underfunded had a substantial backlog of reviews to conduct and was unable to monitor firms on an ongoing basis or to locate those attempting to evade the system.

The SCI's report confirmed the failure of utility-style rate regulation for each carter handling commercial-industrial or private residential (scavenger) accounts, a system which exists only in New Jersey. The antithesis of competition, this expensive, burdensome system, created by the Solid Waste Utility Control Act of 1970, has utterly failed as an economic guiding force for the industry. Moreover, the system has been ineffective in curtailing unlawful allocations of customers in either the commercial-industrial collection market or the municipal contract market.

The SCI report also described widespread violations of waste flow regulations directing garbage collected in each county to officially authorized transfer stations, landfills or resource recovery plants. Such infractions allow haulers who defy the waste flow directives to make far more money than they are entitled to, rendering irrelevant the rate setting activities of the Board of Public Utilities (BPU). Such carters also have an unfair competitive advantage over collectors who comply with the law.

The Commission pointed out that although the Solid Waste Utility Control Act authorized the BPU to review municipal contracts and to adjust "excessive" prices so that they are "just and reasonable," the BPU has rarely invalidated any contract between a municipality and a potential contractor on account of price. While there are fewer "one-bid towns" today than in past years, and competition for municipal contracts has gradually increased, the SCI concluded that tacit or deliberate collusion has

endured in certain areas. The Commission further found that the BPU's regulations contribute to the lack of competition. Moreover, municipalities themselves have, wittingly or not, contributed to sluggish competition by restrictive and unnecessary bid specifications.

The report made a number of recommendations to encourage the industry to operate according to the precepts of free enterprise.

—BPU regulation of haulers' rates should be abolished. Meanwhile, the State should concentrate its efforts on encouraging competition by, among other strategies, eliminating unsavory elements from the industry. A single licensing system should replace the dual system presently operated by the BPU and the Department of Environmental Protection (DEP).

—An independent Solid Waste Authority should be created, subsuming the solid waste resources and remaining authority of the BPU and focusing its attention on monitoring and stimulating competition among haulers. This would not automatically expand the state bureaucracy but would direct existing resources toward solving the problems which really confront the industry. In addition to regulating the prices of scarce disposal facilities, creating uniform specifications for municipal contracts and consolidating enforcement of waste flow directives, the Authority should monitor costs, bid prices and other economic factors. Starting with municipal contracts, the Authority should be empowered to publicize situations where it found that there was either collusion or a lack of competition creating artificially high prices. The Authority should also be empowered to determine a fair or "engineer's estimate" price for specific contracts. If competitive bids were not then forthcoming, the Authority would be em-

powered to bid to perform the work itself. Any contracts it would obtain would be paid for by the affected municipalities, which would themselves benefit from the lower prices. As competition was stimulated this aspect of the Authority's operations would wane or disappear.

—Already scarce disposal facilities should continue to be regulated rigorously by both the DEP for the protection of the environment and by the Authority to ensure reasonable disposal costs.

—Waste flow directives should be continued and strengthened to ensure the economic viability of transfer stations and resource recovery facilities. Waste flow enforcement powers and resources, presently located in both the BPU and the DEP, should be consolidated in the proposed Authority.

—The Local Public Contracts Law should be amended to require the new Solid Waste Authority, in consultation with other appropriate state agencies, to mandate uniform specifications for municipal garbage hauling and to eliminate those that impose unreasonable demands on prospective competitors.

—The federal government should monitor union activity more closely to make certain carters are paying their employees the wages and benefits they are entitled to so that all carters can compete on an equal footing. Criminal convictions for bid rigging, restraint of trade and commercial bribery should serve to bar individuals from union positions for substantial periods.

—Antitrust, electronic surveillance and disclosure laws should be strengthened so that organized anticompetitive activities can be more readily detected and deterred.

The report generated wide interest in reforming the system of solid waste regulation. Legislative and regulatory movements have begun. Other states facing similar problems have requested information from the Commission. In November, 1989, the SCI's Deputy Director and its Chief of Organized Crime Intelligence (now Superintendent of the New Jersey State Police) testified at a public hearing held by the Pennsylvania Crime Commission concerning the incursion of New Jersey-based racketeers and their associates into the Pennsylvania solid waste industry. While in many respects New Jersey is far ahead of states like Pennsylvania in recognizing and dealing with problems in the industry, our state can still do more to safeguard its own citizens.

COCAINE

In March, 1989, the Commission issued a report on its public hearings into the cocaine problem in New Jersey. Because the problem is so extensive, the SCI received nearly 200 requests from outside New Jersey for copies of the report.

The Commission concluded that in light of the grave drug problem that continues to plague our society, the war on drugs, especially on cocaine, must be escalated if it is to succeed. The commitment to reducing the supply of and demand for cocaine must meet the enormity of the crisis. Theorizing about decriminalization of cocaine must be rejected as a diversion from the mission at hand. A meaningful and long-range commitment of resources must be applied equally to the areas of law enforcement, treatment and prevention. No one area can be sacrificed in favor of another. To commit less will result only in increased costs—in terms of crime, violence, public corruption, diminished economic productivity and health problems—to both society and government.

Law Enforcement

All law enforcement agencies, including the Statewide Narcotics Task Force, must focus more resources in targeting, investigation and prosecuting organized crime groups involved in drug trafficking. The Task Force will enhance its effectiveness by assigning more officers to investigations, training more black and Hispanic narcotics officers, developing an extensive intelligence system on the nontraditional organized crime groups and acquiring an expertise on the structure and methods of operation of these groups.

To assist all law enforcement agencies in targeting and analyzing drug trafficking organizations, the state must compile specific information on drug arrests. Therefore, the Uniform Crime Reports must distinguish among arrests for cocaine, crack and opiates. In addition, the Uniform Crime Reporting system and all arrest reporting procedures must classify the full name, race, nationality and place of birth of the arrestee. Specifically, the full name of the individual arrested must be obtained, with the knowledge that a Spanish name is composed of two last names—a paternal name and a maternal name—and that the primary family name does not appear as the final unit of the full name. The full and correct name, together with the arrestee's nationality and city of origin, will enable law enforcement to discern relationships and associations among individuals. Familial relationships among Colombians are particularly important to establish because of the involvement of family members in cocaine trafficking.

In order to insure the highest integrity of those who enforce the laws, every law enforcement agency must assess the potential for corruption because of the drug trade and must establish safeguarding measures, both in the pre-employment process and during employment. There must be vigilance in implementing internal controls in order to minimize the possibility of corruption.

The Criminal Justice System

The criminal justice system must be bolstered with additional personnel at every level before it becomes paralyzed by the results of drug trafficking prosecutions. Certainty of prosecution and punishment for those who deal in drugs is essential. The juvenile justice system must be updated to mete out appropriate sanctions for the juvenile drug dealer.

Although each segment of the criminal justice system requires fortification, immediate relief must be afforded the county jails. State prisoners should be removed from the county jails to relieve overcrowding and accommodate additional county inmates. Measures must be pursued to expand existing county and state facilities where possible and to construct new facilities where needed. Consideration should be given to constructing new sites on the extensive, vacant acreage of the facilities of the Department of Corrections and the Department of Human Services. Of the approximate 4,400 acres assigned to the Department of Corrections, fewer than 1,200 acres constitute actual institutional acreage. In addition, 8,296 acres assigned to the Department of Human Services are deemed disposable acreage and 30 buildings, comprising nearly 850,000 square feet, are not being utilized. The state must also pursue vigorously the continued and expanded use of facilities on federal bases to house state prison inmates.

Drug abusers, who are under the supervision of the courts or on probation or parole, constitute a captive group for treatment that can no longer be ignored. Specific programs must be implemented to address the high rate of drug addiction among those entering the criminal justice system. Such programs will reduce drug use and the commission of crimes, expose public health problems and serve to monitor community drug trends. The Commission recommends that the state initiate a program whereby all adults and juveniles arrested would be tested for drug use. Where the arrestee is drug positive and

placed on bail, urine monitoring and, if appropriate, drug treatment would be required. Following conviction and placement on probation or parole, the defendant would be subject to a program of regular urine monitoring and drug treatment. The cost for drug-testing should be borne by those convicted of crimes.

Further, it is recommended that the county jails and the state prison system expand the drug treatment capacity for the increasing numbers of drug abusing inmates, with a mandated intensive program for prisoners prior to their release. Private, self-help organizations should be encouraged to conduct regular meetings at the jails and prisons. The Department of Health should be involved in formulating programs, with follow-up measures, for prisoners who are nearing release.

Treatment

The state must set as a goal "treatment on demand." Comprehensive drug treatment must be available to those who need it. Accordingly, additional funding should be channeled immediately to drug treatment facilities to enable them to provide complete services to persons already in treatment. The quality of treatment service can no longer be sacrificed to accommodate swelling admissions. Funding must also be provided for the expansion of existing facilities or the establishment of new facilities to meet the increasing demand for treatment from all sectors, including the school system and the criminal justice system.

In order to maximize the effectiveness of the treatment process, the Department of Health must mandate, as a minimum, weekly drug testing of individuals in out-patient programs. Further, the Department's monitoring process should be as extensive as necessary to insure full and effective treatment service for each patient. Finally, the Department should initiate a study to determine and formulate the most effective treatment plan for

cocaine use.

The inner city youth pose a unique problem in the area of drug treatment. The Commission recommends that drug treatment facilities be established on the acreage assigned to the Department of Corrections or Department of Human Services for these youths, whether they are referred for treatment through social or educational agencies or through the criminal justice system. By removing them from their drug infested environment, their chances for successful treatment will be improved. However, it bears emphasis that ultimate success is tied to economic opportunities in their communities.

The state must respond to the alarming rise in the number of pregnant women who use cocaine and the number of "cocaine babies" nationwide. The Department of Health must assess the extent of the problem in New Jersey and then formulate and implement a high-risk pregnancy program directed at reducing the use of drugs by pregnant women.

The Cities

The state must recognize the crucial role of urban centers in formulating a strategy to reduce and eradicate the drug problem. The major cities must be saturated with resources for increased enforcement of drug laws, as well as for enhanced treatment facilities and prevention programs in the schools. The police force in each city should be expanded immediately in order to create a real police presence throughout the neighborhoods that are now besieged by cocaine and crack. The countywide narcotics task forces, together with the State Police where necessary, should focus their attention on supplementing the efforts of police in the cities in order to displace the drug traffickers.

Education

The state should mandate a specific, all encompassing curriculum on substance abuse pre-

vention for the elementary schools. The exercise of broad discretion by local schools boards must be replaced with strong direction by the Department of Education. Consideration of the Drug Abuse Resistance Education program as the focal point around which supporting and follow-up programs are developed is urged by the Commission. The Department should develop a system to monitor implementation of prevention programs by schools in order to insure full and effective compliance. It bears emphasis that a future of drug-free citizens demands early orientation against drug use.

Drug Related Information Network

The state should accumulate the data necessary to enable law enforcement, education and health officials to identify trends in drug use, to target groups and areas for appropriate action and to formulate strategies. A data system must be developed whereby a state agency, most appropriately the Department of Health, would receive mandated statistics from the State Medical Examiner's Office on drug-related deaths and from hospital emergency

rooms and admissions on drug-related overdoses and deaths. In each instance, information should be provided on the type of drug used and the demographic characteristics of the user. Physicians and emergency rooms should become attentive to the possibility of the presence of drugs in a person's system and must test for it. Accurate statistics will depend upon correctly identifying drug overdoses and drug-related causes of death. In addition, the agency should collect demographic information from the State's Drug Hotline. All of this data should be analyzed and made available to improve law enforcement, prevention and treatment strategies.

III

PRIOR YEARS' ACTIVITIES

The following list summarizes the SCI's investigations, hearings and reports since the Commission began operations in 1969:

1969-72 Garbage Industry

The SCI recommended licensing members of the garbage collection industry. The Legislature enacted a law providing for licensing and regulating of the garbage industry by the State Public Utilities Commission, later the State Board of Public Utilities (BPU).

1970 Monmouth County Prosecutor's Office (Misuse of Funds)

The SCI recommended that all counties be served by full-time prosecutors. This proposal was gradually implemented, to the point where by 1986 all counties had full time prosecutors. The SCI recommendation that supervisory regulation of prosecutors be centered in the Attorney General's department was implemented.

1970-71 Organized Crime Control of Long Branch

The SCI referred to the U.S. Attorney for New Jersey its findings, data and fiscal records relating to corporations formed by Anthony (Little Pussy) Russo. These materials were in part the basis for a 1971 indictment of Russo for failure to file corporate income tax returns. Russo pleaded guilty to that charge and was sentenced to three years in jail, to run concurrently with a New Jersey

court sentence for perjury. (Russo subsequently was murdered).

Additionally, a police chief whose conduct was targeted by the SCI's probe resigned from office and Long Branch voters at the next municipal election following the public hearing elected a new administration.

1970-71 Corrupt State Purchasing Practices

A state buyer who was receiving payoffs from vendors was dismissed. SCI records were turned over to the Attorney General's office, which obtained an indictment charging the buyer with misconduct in office. He pleaded guilty, was fined and placed on probation.

Additionally, officials of the State Division of Purchase and Property, who assisted in the investigation, revised purchasing and bidding procedures to deter rigging of bids, renewal of contracts without bids, and acceptance of unsatisfactory performance and supplies.

1971-77 Building Service Industry Abuses

The Commission's investigation of restraints-of-trade and other abusive practices in the building service industry aroused the interest of the United States Senate Commerce Committee. The committee invited the SCI to testify at its 1972 public hearings on organized crime in interstate commerce. As a result of that testimony, the Antitrust Divi-

sion of the United States Justice Department, with assistance from the SCI, began an investigation into an association which allocated territories and customers to various member building service maintenance companies in New Jersey. In May, 1974, a Federal Grand Jury indicted 12 companies and 17 officials for conspiring to shut out competition in the industry. The companies were the same as those involved in the SCI's public hearings. On Oct. 25, 1977, the defendants agreed to a consent judgment to abandon the practices alleged against them. Earlier, the government's criminal action against the defendants was completed in March, 1976, by which time one company had pleaded guilty to the charges, the other defendants pleaded no contest. Fines totaling \$233,000 were levied.

Additionally, after the Senate Commerce Committee's hearings, the U.S. General Services Administration amended its regulations to bar purchases of certain cleansing products sold by organized crime figures (as exposed by the SCI investigation).

1971-72 Hudson County Mosquito Commission Embezzlements

After the SCI probe, the Mosquito Commission was abolished, resulting in an annual county budget reduction of \$500,000.

After the SCI referred its findings to the Hudson County Prosecutor, a County Grand Jury in 1971 handed up conspiracy and embezzlement indictments against the Mosquito Commission's executive director, his two sons, his secretary and the Commission's engineer and foreman. The executive director pleaded guilty to embezzlement in 1972 and was sentenced to two-to-four years in jail. His sons were fined \$1,000 each and placed on four-year probation. The other

indictments were dismissed.

1971-72 Point Breeze Development Frauds, Jersey City

Two bills implementing SCI recommendations from this probe were enacted into law. One improved the urban renewal process and the other tightened statutory provisions to prevent a purchaser of publicly owned lands from receiving any part of the brokerage fee on such a purchase.

In addition, the Commission referred records to prosecutorial authorities. A Hudson County Grand Jury returned an indictment charging a former Jersey City building inspector with extorting \$1,200 from an official of the Port Jersey Corp. and obtaining money under false pretenses. The inspector was convicted of obtaining money under false pretenses, fined \$200 and given a six-month suspended sentence.

1972 Stockton College Land Acquisition Deals

The State Division of Purchase and Property implemented SCI recommendations for tighter controls over land acquisitions and evaluations, including pre-qualification of appraisers and post-appraisal reviews by nationally accredited appraisers.

1972-75 Improper Municipal Planning, Zoning Procedures

The SCI cancelled scheduled public hearings after a one-day session because litigation prevented three key witnesses from testifying about land developments in Madison Township in Middlesex County. Although the courts subsequently ruled the witnesses must testify, the Middlesex Prosecutor in the meantime had requested the SCI to postpone its hearings and submit its inves-

tigative data for prosecutorial use. In early 1974 the Middlesex Grand Jury indicted three former Madison Township officials for extortion, bribery, misconduct in office and perjury in connection with housing development kickback schemes. In February, 1975, a former Township councilman was found guilty of extortion and misconduct in office.

1972-73 Bank Fraud in Middlesex County

The SCI cancelled public hearings in this investigation at the request of bank examiners who feared a bank would be forced to close in the face of adverse hearing disclosures. Federal authorities, after receiving the SCI's investigative findings and data, arrested Santo R. Santisi, who had been president of the targeted Middlesex County Bank, on charges of misapplication of more than \$500,000 in bank funds, authorizing bank loans not approved by bank directors to a holding company he controlled and to his associates. He pleaded guilty and was sentenced to three years in prison. A member of the bank's board of directors pleaded guilty and was sentenced to a one-year prison term. Suspended prison sentences were imposed on two others, including Santisi's lawyer, after they also pleaded guilty.

1972-80 Organized Crime in Ocean County

SCI records were made available to federal authorities, who subsequently obtained extortion-conspiracy indictments against nine organized crime figures active in the New York-New Jersey region. One was Frank (Funzi) Tieri, then the acting leader of the Genovese organized crime family. The indictments described a shylock loan dispute which culminated in a "sit-down" - organized crime jargon for a star-chamber trial — which was described publicly for the

first time by Herbert Gross, an informant, at the SCI's public hearings. The federal investigation resulted in the conviction in 1980 of Tieri, who by then had risen to "boss-of-bosses" among New York's organized crime families. An SCI agent testified for the prosecution during Tieri's trial.

1973-74 Workers Compensation Frauds

The SCI's investigative findings were referred to the Essex County Prosecutor, who in 1975 obtained indictments of two partners of a law firm and the firm's business manager in connection with bill-padding and a phony medical treatment scheme. The indictments charged the defendants with conspiring with certain doctors and others to submit fraudulent reports to insurance companies.

All indictments were dismissed but one, which charged a lawyer-defendant with obtaining money under false pretenses. Essex authorities, after being deputized in Middlesex County, obtained a seven-count indictment from a Middlesex Grand Jury.

In addition, the New York-New Jersey Waterfront Commission enlisted the SCI's assistance in its investigation and exposure of Worker Compensation frauds involving dock workers in 1974-75.

Finally, three New Jersey Judges of Compensation were suspended, one of whom subsequently was dismissed by the Governor and suspended from law practice for six months by the New Jersey Supreme Court.

1973-78 Passaic County Voc-Tec School—Misuse of Funds and US Surplus:

The SCI referred its probe data to the Attor-

ney General's Criminal Justice Division, which in May, 1974, obtained a State Grand Jury indictment charging the school's business manager-purchasing agent with bribery and misconduct in office. The official was convicted of bribery, sentenced to one-to-nine years in prison and fined \$9,000. The conviction was upheld by an appellate court in 1977. In March, 1977, Passaic County Freeholders filed a civil suit against the official, resulting in a court order that he return all salary received while he was suspended from his job as well as the bribe money. In February, 1978, the official agreed under a court-approved settlement to repay the county more than \$50,000 in 60 installments during a five-year period after his release from jail.

1973-74 Narcotics Traffic and Drug Law Enforcement

The SCI identified the victim of a murder and then located three suspects and participated in their arrests. In October, 1974, one of the suspects was convicted of the murder. The other two defendants pleaded guilty to lesser charges and testified for the prosecution. Also, as a result of evidence referred by the SCI to the Essex County Prosecutor, a burglary ring was exposed by the Prosecutor's staff. A Newark jeweler and his son were indicted and convicted of conspiracy and of receiving stolen property. The Essex Grand Jury in 1974 handed up more than 20 indictments against members of the burglary ring.

1974-77 Pseudo-Charitable Firms Misusing Handicapped

The SCI acquainted federal authorities with investigative findings during and after this probe. Subsequently, the owner of one company and the sales manager of another

company, who were targets of the SCI inquiry, pleaded guilty to federal charges of fraud. Both received suspended jail sentences.

Two laws were enacted in 1977 that implemented SCI recommendations. One law required authorization by the Attorney General before a corporation could identify itself as a fund raiser for the handicapped or the "blind." The other statute required professional fund raisers to submit financial reports to the Attorney General.

1974-77 Conflicts of Interest at Delaware River Port Authority

Based on evidence from the SCI probe, the Port Authority claimed more than \$64,000 from its former chairman as repayment of profits his firms made on Authority construction projects. The claim was settled in 1977 for \$50,666. Although the former chairman was absolved of any wrongdoing, he was not reappointed to the Authority.

1974-77 Lindenwold Municipal Corruption

As a result of State Grand Jury indictments in 1975, a former Lindenwold mayor and a real estate developer pleaded guilty to bribery and conspiracy charges as their trial was scheduled to begin. One former councilman was found guilty on three counts and another former councilman was found guilty on two counts at the conclusion of the trial in October, 1977. The SCI's public hearing testimony and investigative findings led to these actions.

1975-77 Investigation of Medicaid Abuses

A number of statutory and regulatory steps were taken during and subsequent to the Commission's investigations, interim reports

the enactment of a comprehensive law giving the State Local Government Services Division the same effective control over the fiscal and administrative operations of sewerage and other local authorities that it exercises over municipalities.

1982-85 Inappropriate Activities of the Lakewood Municipal Industrial Commission

The report on this inquiry resulted in the enactment in 1984-85 of the SCI's recommendations for reforming the operations of all such local industrial commissions throughout the state.

1983 Abuse and Misuse of Credit Controls at Gambling Casinos

This inquiry, public hearing and report resulted in more effective controls, albeit less stringent than recommended.

1983 Improprieties in the Leasing of State Lands at Great Gorge in Sussex County to a Ski Resort

The public hearing and report were followed by criminal and civil actions based on the SCI's investigative findings which resulted in the reimbursement of millions of dollars owed to the State and in substantial fines and other penalties against the major principals of the Vernon Valley conglomerate and its subsidiary companies.

1983-88 An interim report on the Inadequacy of Laws and Regulations Governing the Boxing Industry

In line with the SCI's recommendations, a law was passed revising the tax structure for boxing events, and another bill revising the entire administration of the sport, including medical and safety provisions, was subse-

quently enacted. Revelation of improprieties by the State Athletic Commissioner led to his resignation. The regulatory reforms, particularly those that were intended to protect the health and physical welfare of boxers, as enacted in 1988, fell far short of the SCI's reform proposals.

1984 Misconduct and inappropriate controls in the Newark school security system

Bills were introduced in the 1986-8. Legislature to implement certain reforms recommended by the SCI report.

1984 Excessive spending that almost led to the insolvency of the Newark Board of Education/Newark Teachers Union Supplemental Fringe Benefits Fund

A report on the investigative findings was incorporated in the Commission's 16th Annual Report. Litigation involving the Fund's director, who was dismissed during the SCI probe, is pending.

1983-85 Organized Crime in Boxing

The SCI's final report confirmed so serious an intrusion of organized crime into boxing that, were the same mob presence to afflict such other professional sports as baseball or football, it would constitute a public scandal. Dissection of a dozen case histories not only reflected the ineffectiveness of the regulatory process in stamping out organized crime but also the inability of the regulators — and managers and promoters as well — to prevent boxers from becoming brain-damaged and blinded. As a result, the SCI joined the American Medical Association and other medical groups in urging that boxing be banned. In the meantime, the SCI proposed a series of further reforms, to reduce the physical hazards of boxing as well

1988-89 Cocaine

The SCI held a public hearing in November, 1988, and issued a written report in March, 1989, regarding the cocaine problem in New Jersey. The Commission recommended a major increase in the state's commitment to help solve all facets of this serious criminal, social and health problem.

1987-89 Solid Waste Regulation

In its first revisitation to a problem already studied, the SCI studied the solid waste problem and the way it is regulated in New Jersey. The Commission concluded that the Solid Waste Utility Control Act of 1970, enacted after the Commission's 1969 report on the garbage industry, had failed as a

regulatory mechanism. The Commission found that organized crime, while no longer dominant, still had a presence in the industry. Moreover, the regulatory system had failed to stimulate competition in an industry that was amenable to it. The Commission recommended transferring responsibilities for garbage collection from the BPU to a new State Solid Waste Authority, which would monitor economic conditions in the industry, ensure fair prices for contracts and even compete, if necessary, to keep prices reasonable.

as its organized crime taint. Bills requiring background checks of prospective licensees, including promoters and managers, were enacted in 1986-87. Other "reforms" which were below the standards urged by the SCI also were enacted in 1988 (See 1983-88 interim report on boxing).

1985-86 Probes of N.J. Division of Motor Vehicles

1) Photo license controversy, an investigation directed by the Legislature to be completed in 30 days. The Commission criticized the Division of Motor Vehicles and the Attorney General for the intentional non-disclosure of a major political contributor's proposed role in a universal photo license system.

2) Investigation, public hearing and report on the DMV's politicized, inefficient agency system. The Commission recommended conversion of all motor vehicle agencies to state operated entities as well as internal reforms within the Division to enhance the integrity of the licensing and registrations processes.

3) Investigation of the DMV-Price Waterhouse computer fiasco, which had its origins in the collapse of the DMV's services to the public in mid-1985. This probe resulted in a report critical of DMV's management of the computer project as well as the serious policy misjudgments and professional misconduct by the computer contractor. The report made recommendations for reform of bid waiver procedures.

1986 State Racing Commission's regulatory deficiencies

The SCI's review noted the Racing Commission's reform efforts during the course of its investigation, but emphasized numer-

ous areas — race track security and integrity, regulatory timidity, auditing of track operations, more stringent drugs controls and tighter licensing procedures — that remained to be corrected. A bill incorporating most of the SCI's reform proposals has been passed by the Assembly and is awaiting final legislative action in the Senate.

1986-87 Investigation of Organized Crime-Influenced Contractors on Casino and Publicly Funded Construction Projects

This report was combined with the Commission's annual report for 1986. It recommended centralization and strengthening of state and Casino Control Commission procedures for prequalifying and disqualifying prospective contractors and subcontractors. The investigative findings demonstrated that two mob-operated companies had amassed millions in revenues from casino projects and public works from which they should have been barred. Bills which would extend Control Commission scrutiny to subcontractors and casino license applicants were enacted.

1986-87 Investigation and Report on Impaired and Incompetent physicians

A report on the Commission's investigation on Impaired and Incompetent physicians was issued in October, 1987. The report was critical of the New Jersey Medical Society's Impaired Physicians Program and the inability of the IPP and the State Board of Medical Examiners to adequately rehabilitate and monitor impaired doctors to prevent harm to patients. Legislative action to improve the reporting, rehabilitation and supervision of impaired and incompetent doctors was immediately initiated in the State Senate and the SCI was represented at a legislative committee hearing on the reform proposals.