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# Pennsylvania Crime Commission

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## 1989 REPORT

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# COMMONWEALTH OF PENNSYLVANIA

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## PENNSYLVANIA CRIME COMMISSION

# *1989 REPORT*

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U.S. Department of Justice  
National Institute of Justice

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# PENNSYLVANIA CRIME COMMISSION

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April 25, 1989

*Honorable Members of the General Assembly:*

The availability of narcotics, particularly cocaine and its derivative, "crack," remains the most compelling criminal problem confronting the Commonwealth. No matter where one lives, the availability of cocaine and other illicit controlled dangerous substances represents a real threat to the quality of life in these communities. Whether it be in urban areas such as Philadelphia, Pittsburgh, or Allentown, or in rural hamlets and villages in Lancaster, York, or Pike counties, narcotics continue to represent the most feared crime problem. The Commonwealth of Pennsylvania has responded accordingly, and additional resources have been allocated to address this problem. How these resources are deployed and the measures that will be used to assess the wisdom of these decisions is certain to be an issue that this Legislature and the public will be asking in years hence.

The Crime Commission, in assessing the narcotics problem in Pennsylvania, has determined that the availability of cocaine is far more prevalent today than a year ago. Crack production and distribution is a "cottage industry" populated by young, amateur entrepreneurs and more professional organizations that are competing for a share in this highly lucrative market. Violence, the natural outgrowth of a competitive market, is most visible in our urban centers where the pool of disenfranchised youth are attracted to the lure of enormous profits. The implications of this phenomenon poses some challenging and serious policy questions to the law enforcement community. The Crime Commission has addressed these in the companion report submitted to this Legislature entitled "Organized Crime Narcotics Enforcement Symposium."

Notwithstanding the scope and dimensions of the narcotics problem in the Commonwealth, there have been a number of notable prosecutions of organized crime in the Commonwealth. The conviction of Nicodemo Scarfo and his cohorts for murder and racketeering clearly demonstrated the efficacy of a coordinated, focused law enforcement offensive. Scarfo's penchant for violence and his inability to garner the loyalty of the members of this La Cosa Nostra Family, resulted in members of this Family violating the Code of Omerta — the sanction for which is death. The government proved "beyond a reasonable doubt" the existence of La Cosa Nostra and that Scarfo controlled this criminal enterprise through murder and violence. The incapacitation of this LCN Family demonstrated the effectiveness that can be achieved when prosecutors and investigators work in concert and toward a mutually-agreed upon goal.

The Crime Commission, in furtherance of its mandate to investigate and expose organized crime in the Commonwealth, held public hearings in Media, Pennsylvania. These hearings focused on traditional racketeering activities — gambling, narcotics, and loansharking — in Chester, Pennsylvania, and the inevitable inter-relationship between and among these activities. Contrary to the popular view that gambling, more particularly the video poker industry, is a benign form of criminality, the Commission demonstrated its relationship with the narcotics and loansharking rackets. The involvement of both the Philadelphia and Gambino LCN Families in the Chester gambling market was clearly described, and the limits of the criminal sanction in divesting racketeers of their control over these activities was amply demonstrated.

To fulfill its mandate in a more professional and focused manner, the Pennsylvania Crime Commission reorganized its resources and established Resident Agencies in the major urban centers of the Commonwealth. Through the Resident Agency concept, the resources of the Commission are more equitably distributed both demographically and functionally. Major urban centers which were heretofore only marginally serviced by the Commission, now receive the full-time attention of Resident Agents. The remainder of the Commission's investigative resources have been centralized at headquarters and work closely with an expanded and skilled intelligence cadre. The Chester investigation is an example of what can be accomplished through an intelligence driven investigative effort. With this structural reorganization, the Commission is accomplishing "more with less" and is beginning to "shoot with a rifle as opposed to a shotgun." It is anticipated that this structural reorganization, coupled with the enhanced functioning of an increasingly sophisticated intelligence program, will bring a more focused and efficient approach to the Commission's investigative efforts.

Respectfully submitted,

Michael J. Reilly, Chairman  
Charles H. Rogovin, Vice-Chairman  
Arthur Coccodrilli, Commissioner  
Trevor Edwards, Commissioner  
James H. Manning, Jr., Commissioner

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\*To Be Published Separately

# DRUG MARKETS AND DRUG ENFORCEMENT: AN OVERVIEW

The drug problem is the number one organized crime problem in Pennsylvania.

— 1987 Report  
The Pennsylvania Crime Commission

This prognosis has not changed today. Throughout every city, town, village, and hamlet, the availability of narcotics, and in particular cocaine and its derivative "crack," threatens the quality of life in this Commonwealth. Rural communities, once perceived as safe havens from urban crime, are now confronted with a scourge that has reached epidemic proportions. As the Commission stated in its *1988 Report*, Lancaster has become "a hub for cocaine trafficking in central Pennsylvania." One year later this finding proved quite prophetic. Seizures of cocaine and heroin in this once serene county have increased significantly, subsequent to the creation of a County Narcotics Task Force.<sup>1</sup>

Other communities throughout the state are confronted with a similar problem, the likes of which will not be solved through law enforcement alone. Demand reduction, in the long term, is the only lasting answer to supply reduction. Until that day arrives, however, law enforcement can and must maintain an aggressive, proactive enforcement posture. It can only occur when law enforcement understands the nature, scope, and dimensions of the problem, and is capable of implementing strategies that will effectively impact that problem. Measurements of effectiveness which must be conceived early, must be integrated into the strategies employed in order for there to be a rational basis for allocating and redirecting finite resources.

## The Nature of the Narcotics Problem in Pennsylvania

The Crime Commission, as part of its mandate to inquire into the nature of organized crime and public corruption in the Commonwealth, has monitored the changing nature of the drug problem and its relationship to what is commonly referred to as "organized crime." It is within this context that the Commission has addressed the problem.<sup>2</sup>

<sup>1</sup>Seizures of cocaine and heroin in Lancaster County were valued at \$800,000 and \$19,000 respectively, in a five-month period.

<sup>2</sup>The Commission sponsored a three-day symposium in May 1988 at Villanova University, which has been published under separate cover, entitled *Organized Crime Narcotics Enforcement*.

## The Market

For the purposes of this assessment, the Commission examined the narcotics market in terms of the substances most available in Pennsylvania.

## Cocaine

The cocaine market is highly competitive, resulting in an extraordinary level of violence. Cocaine is relatively inexpensive with a kilo, which is 90 percent pure, selling for approximately \$16,000; an ounce \$1,000; and a gram \$80. The market is characterized by both independent entrepreneurs and new criminal organizations, such as the Junior Black Mafia, Jamaican Posses, and Hispanic organizations. La Cosa Nostra (LCN) members do not appear to be significant players in this market. The extraordinary levels of violence are a result of the highly competitive nature of the market, the youthfulness of the participants, "rip-offs," the entree of new criminal organizations and, of course, fear of informants.

## "Crack" — A Cocaine Derivative

A relative newcomer to the drug market in Pennsylvania is "crack," a derivative of cocaine. Crack production is primarily a "cottage industry" inasmuch as the manufacture of crack occurs within homes and buildings, utilizing rather unsophisticated laboratories. An ounce of cocaine which costs approximately \$1,000, can be converted to crack which can return approximately \$2,800; a 180 percent return on the initial investment. The level of violence associated with this market is relatively high when contrasted to other vice markets. The crack market is particularly attractive to youth who can earn as much as \$100 per day soliciting customers or warning of police surveillance.

## Heroin

In contrast to the cocaine market, the heroin market is far better organized and far less violent. It represents a monopolized market, with involvement by Asian criminal organizations, as well as European groups such as the Mafia. The price of a kilo of heroin is approximately \$100,000; an ounce, \$13,000; and a gram, \$1,200. The higher cost is indicative of a monopoly, inasmuch as monopolies drive prices up,

thus consumption down. The heroin addict population has remained relatively stable — approximately 500,000 nationally and 20,000 in Pennsylvania.

## **Marijuana**

The marijuana market, which is rather benign today as opposed to that of 20 years ago, is still a viable revenue producer. A pound of marijuana costs approximately \$1,700 and an ounce, \$120. Today, a large proportion of marijuana is domestically cultivated. Little violence is associated with this market, suggesting a monopoly may exist.

## **Methamphetamine**

This market was particularly active in the early 1980s when Pennsylvania was considered the “meth capital of the world.” Today, as a result of significant prosecutions of La Cosa Nostra members and members of Outlaw Motorcycle Gangs such as the Pagans, the threat has subsided.

## **Synthetic Drugs**

The future of drugs is, of course, the synthetic market. Such a market allows for the production of drugs with the same psychic effects as heroin, cocaine, etc., using licit substances. The synthetic market is presently open for exploration and represents what could be referred to as a venture capital market. The “China White” investigation in Pittsburgh is illustrative of the narcotics problems of the future.

## **Organized Crime, Violence, and Narcotics**

The Commission, in the course of its investigations into drug markets in Pennsylvania, has examined the extent to which these markets are organized. This question is central to developing strategies in narcotics enforcement. While there is little argument that narcotics trafficking represents a “public order” problem, once order is established the problem will more than likely represent an “organized crime” problem. It is certainly true of the heroin market, and may be valid in describing the marijuana market. With respect to the cocaine market, however, another picture emerges.

In the cocaine market, particularly that involving crack, violence is a very real part of the daily milieu. Because there are few monopolies in the market, relatively high levels of violence are more prevalent. Criminal entrepreneurs and organizations are using violence primarily to establish market

superiority and territory. Criminal partnerships as opposed to monolithic structures, such as that which is often used to describe La Cosa Nostra, appear to dominate the cocaine/crack market. These partnerships are quite fluid and relationships are predicated on business “allegiances” and opportunities, as opposed to familial lineages. This suggests that the immobilization of one entrepreneur, group, or organization will not have the intended impact that might be expected if the market were monopolized. For example, if one group controlled the crack market and was immobilized, the impact on the availability of crack would be severe. With a decentralized, competitive market, the impact is dispersed, with little effect on the availability of crack.

The implications of such a market structure, of course, is important particularly in terms of measuring the effectiveness of law enforcement. Arrest and seizure data do not capture the nuances of the narcotics markets, and are relatively irrelevant in assessing the impact of enforcement on the market.

## **Criminal Organizations and Narcotics Trafficking**

The evolution and proliferation of new criminal organizations in the cocaine market has resulted in an apparent increase in violence. Such emerging criminal organizations include the Junior Black Mafia (JBM), Jamaican Posses, and Hispanic/Colombian networks. The heroin market, which has remained relatively stable over the past two decades, is still controlled by the Sicilian Mafia and the Asian syndicates. The rate of violence associated with heroin is relatively low when compared to that of the cocaine market. Moreover, La Cosa Nostra, one of the more established and mature criminal organizations is a relatively minor player when it comes to the cocaine market. It appears that the emergence of these newer cocaine organizations and their desire to capture a share of the market has resulted in a high level of violence.

## **Criminal Organizations and Methamphetamine Trafficking**

The Philadelphia LCN Family and the Pagans Motorcycle Gang clearly maintained a monopoly on the trafficking of methamphetamine in Philadelphia and other areas of Pennsylvania. The monopoly was exercised in large part through their control over the importation of a precursor, P2P, used to manufacture methamphetamine. With the virtual immobilization of the Philadelphia LCN Family and the Pagans Motorcycle Gang, their monopoly has been effectively curtailed.



## Racketeering and Drug Trafficking

The Commission's various investigations into racketeering throughout Pennsylvania revealed a discernible pattern emerging. Racketeers who have been involved in gambling and loansharking are also involved in narcotics rackets, particularly cocaine. The Commission, in its investigations into the illegal video poker industry, has found that there are definitive business partnerships between video poker vendors and narcotics traffickers, and loansharking prevails in virtually all cases investigated. In effect, the Commission found that it is often impossible to isolate narcotics trafficking from the other rackets — all of which can be found to exist throughout Pennsylvania.

## Corruption and Narcotics Trafficking

Historically, organized criminal groups relied upon violence and/or corruption to establish a monopoly over an illicit service or product. Police are often used to eliminate competition and ensure market superiority. The corruption phase is often preceded by high rates of violence. As the market stabilizes, and criminal organizations establish their position of dominance, corruption follows. This is referred to as systemic corruption, in which the criminal justice system is used to maintain monopolistic control over a criminal market.

Opportunistic corruption, on the other hand, appears to characterize the current market; that is, opportunities to seize money and not report it, "rip-off" drug dealers for their drugs (or money), and accept bribes to avoid arrest, represent the most likely form of corruption occurring. Such was the case in the testimony of the Philadelphia police officers who were members of the elite "Five Squad."

The apparent lack of systemic corruption in Pennsylvania may explain in part, the high rates of violence associated with the cocaine market.

## Cocaine Trafficking and Youth

Another dimension of the cocaine and crack market is the high number of youth, particularly in the inner cities, (where the jobless rate for the most disenfranchised minorities is the highest), who are attracted to the lure of "quick money." Unlike other rackets, such as numbers gambling and loansharking, the number of teenagers and young adults who are active in the cocaine market is relatively high. This accounts for the reason there are relatively higher rates of violence in the cocaine/crack markets; youthfulness and violence are statistically related. Unlike more established and mature criminal markets, such as gambling, the cocaine market (as distinguished from the heroin market) is quite

transient, and the youth involved represent a never-ending reserve labor force for criminal entrepreneurs and organizations. The Commission has found that it is not unusual for children in their teens to earn as much as \$100 a day for participating in these distribution networks. Youth gangs and younger children are more involved in the cocaine market than was the case two years ago.

## Synthetic Drugs and Drug Enforcement

"Sealing the borders," a phrase which, to some extent, reflects the frustration with the drug epidemic, is often used to illustrate the extent to which society must go to resolve the illicit narcotics problem. Unfortunately, this response ignores the emergence of a relatively new market that is domestic in origin: synthetic or "designer" drugs.

In Pittsburgh, such a drug called "China White," was on the market. It resulted in at least 18 deaths. These deaths, all of which occurred because the "mix" of the licit substances far exceeded the tolerance level of the physiological composition of the user, demonstrates the effect of synthetic substances that can be produced and marketed domestically. To believe that "sealing the borders" will resolve the drug epidemic ignores the demand side of the equation.

## Measuring Program Success or Failure

Pennsylvania has made a financial commitment to narcotic enforcement. The 1989-1990 proposed state budget recommends an additional \$9.4 million for drug law enforcement, bringing total state spending for drug law enforcement to \$20.6 million. Next year, the Pennsylvania Legislature will assess this allocation and its impact on the problem of drug use and abuse. Without a sophisticated measurement apparatus, the traditional standards of measurement will be applied. Arrests, prosecutions, convictions, and perhaps seizures of drugs and/or money will serve as the only standards for assessing the success (or failure) of the programs implemented. These measurement standards, unfortunately, will not aid the Legislature in determining the effectiveness of law enforcement. Other unconventional measures of effectiveness will be needed.

For example, one measure of success that must be considered immediately is the impact that enforcement will have on the rates of violence associated with drug trafficking. These rates of violence have served, to some extent, as the catalyst for measuring government's apparent failure to contain the drug problem, so it only seems logical that this data be used to assess "success."

Another measurement criterion that must be considered is the impact of enforcement on the criminal organization. Unfortunately, statistical data is not collected in terms of organizations. Rather, it is collected and analyzed as it relates to individuals. Thus, it will be necessary, early on, to develop a measurement program that incorporates organizational impact statements and summaries in an assessment of effectiveness.

Lastly, as a means of assessing success, the ultimate consumer of this enforcement activity is the community. How enforcement activity has enhanced the quality of life in the community is evidenced perhaps by a decrease in predatory crime, and the renewed confidence in business and residential investment. Other indicators of enforcement impact may be the amount of time it takes to purchase a particular narcotic, the difficulty in locating a drug source, and the cost to the drug user. These data must be incorporated into an evaluation program in order to determine enforcement impact.

These unconventional standards of measurement

require an intelligence component that can routinely and continually assess these indicators. Absent such a component, measures of effectiveness in drug enforcement are likely to say nothing relevant about impact; and the Legislature will be in no better a position tomorrow to evaluate impact, than it is today.

## Corruption Control Mechanism

The history of drug enforcement is replete with cases of corruption. Anytime the state embarks on a program of drug enforcement on the scale that is occurring in Pennsylvania, there remains a very real likelihood that corruption will occur. It is thus imperative that both proactive internal affairs procedures be established to monitor the activities of narcotics units, and that an intelligence component distinct from the command structure of the enforcement element, be established. In so doing, a structural arrangement is established that creates the necessary "checks and balances" in what is an extremely sensitive and volatile investigative area.

# THE VIDEO POKER INDUSTRY: A BENIGN INVESTMENT WITH MALIGNANT IMPLICATIONS

The Commission has been involved in an investigation of the illegal video poker industry in the Commonwealth. The Commission has determined that participants in this particular industry are intricately involved in other rackets, particularly loansharking and, to a lesser extent, narcotics activity. Corruption of public officials, as was demonstrated in the 1984 bribery convictions of 33 Philadelphia police officers, is but one of the obvious consequences of criminalizing a behavior that is openly tolerated.

The modern high-tech electronic era has provided criminal organizations with a reliable, consistent, and relatively risk-free method of producing revenues. In an attempt to assess some of the economic aspects of the video poker market, the Crime Commission has interviewed tavern owners, vendors, servicing vendors, and racketeers involved in this industry. The Commission has determined that a video poker machine that may cost anywhere from \$1,400 to \$2,800 each, earns \$1,000 per week on the average, depending on how often it is played.<sup>3</sup>

The illegal video poker industry in Pennsylvania permeates the organized crime subculture. Across the Commonwealth, video poker machines are located in taverns and private social clubs. State Police have seized literally thousands of these machines as illegal gambling devices. Nonetheless, this illicit industry is flourishing.

In Pittsburgh, for example, state troopers seized 339 machines in a single raid. Some establishments, such as the McKees Rocks Social Club in suburban Pittsburgh, had as many as 15 video poker machines operating at one time. In central Pennsylvania, 189 machines were seized in the course of an evening. In April 1988, State Police seized 400 machines in four northeastern counties.

## The Legal Ambiguity

The legal status of video poker, meanwhile, varies from state to state. According to testimony before the Permanent Subcommittee on Investigations of the U.S. Senate, these high-tech versions of the one-armed bandits are being used for illegal gambling throughout the country, causing growing concern among law enforcement authorities.

<sup>3</sup>New Mexico recently voted down video poker legislation which would have resulted in as much as \$25 million in additional revenues for the state.

Sen. William Roth, Jr., (R-Del.), then chairman of the Permanent Subcommittee on Investigations, told a committee hearing in 1985 that there was a distinction between the illegal use of these machines, "rather than the machines themselves." This distinction, he said, "is important because video poker machines only become illegal when actual cash payoffs are made to winning players."

The hearings highlighted a seizure of approximately 500 of the illegal machines worth more than \$1 million. The seizure was the result of a raid in Bensalem Township, Bucks County, PA. Such seizures led Sen. Warren Rudman (R-NH) to conclude during the hearings that video poker machines are "slot machines in sheep's clothing."

Pennsylvania law dictates that it is illegal to possess a gambling device, and that any such device used for gambling shall be seized and forfeited to the Commonwealth. The determination of whether a machine is a gambling device per se requires analysis of the three elements of gambling: consideration, a result determined by chance rather than skill, and reward. If each of these elements is displayed by the machine, then it is a gambling device per se under state law.

All video poker machines possess the first two elements, but the reward element is the most difficult to prove. It requires that a law enforcement officer observe a "play" and "payoff" on the machine before it can be seized as a gambling device. This does not, however, establish the machine as a gambling device, per se.

Winning a free game or "credit" does not itself constitute a reward. It may be considered a reward when coupled with other characteristics of the machines. The ability to knock off free games, the presence of meters to enable the owner to determine how many games were knocked off, the ability of a player to hold over part of his previous play to the next game in order to increase his or her chances of winning a higher payoff on the next game, and the extremely short playing time involved, leads to the conclusion that the reward of a free game constitutes a thing of value.

From a legal perspective, the two crucial features in establishing the reward element are a knockdown mechanism and a meter to record the number of games knocked off.

If a machine meets the criteria — consideration, chance, and reward (potential for reward) — it becomes a gambling device, per se, and therefore can be seized and forfeited even though actual gambling play is not shown.

Because of the time and resources involved in investigating this newest form of illegal gambling, the sophistication of the electronic technology, and the public indifference to such gambling, coupled with the burgeoning and more volatile narcotics markets, many local police departments have taken the position that gambling does not warrant police attention. In so doing, the police have, in fact, permitted this illegal form of gambling — video poker — to remain a relatively safe investment for criminal organizations. More importantly, however, is the fact that this form of illegal gambling represents a viable avenue for official corruption, that ultimately undermines the confidence of the community in its legitimate institutions of government. Both the ambiguity in the law, and the public's and law enforcement's indifference toward what is seen as a relatively benign activity, have proven to be a windfall to organized crime and to independent criminal entrepreneurs.

## La Cosa Nostra and the Video Poker Industry

Recently, the federal government successfully prosecuted Nicodemo "Little Nicky" Scarfo, 60, the boss of the Scarfo LCN Family in Philadelphia, for racketeering under the RICO Act. In the course of this prosecution, the government proved "beyond a reasonable doubt" that an enterprise known as La Cosa Nostra exists, and that this organization engaged in violence, gambling, narcotics, and loansharking. Nowhere was this relationship found to be more illustrative than in the Crime Commission's probe of racketeering in Chester. As a result of this investigation, the Commission demonstrated quite clearly the close relationship between these activities and La Cosa Nostra.

According to the testimony presented to the Commission, the video poker industry in Chester is controlled by the Scarfo LCN Family through capo Santo Idone, 69, 1136 44th Avenue, Northeast, St. Petersburg, FL, and his non-member associates, Mario "Murph" Eufrazio, 60, 43 Klains Lane, Palermo, NJ, and Gary S. Iacona, 45, 251 West Roland Road, Parkside, who operate a vending machine business from Iacona's Auto Center Inc., 601 Concord Avenue, Chester. This combine operated a video poker vending company known as Star Amusements, which provided tavern owners with loans in order to place their machines in those establishments. They also employed violence against

competitors who stole locations or "stops" from this firm. In one particular instance, the Gotti/Gambino LCN Family of New York City intervened in a video poker dispute.

The money generated from this racket was laundered through Atlantic City casinos, and used in loansharking and narcotics operations in both New Jersey and Pennsylvania. Clearly, the relationship between La Cosa Nostra and the video poker industry was demonstrated in this investigation.

In Clairton, PA, a Pittsburgh suburb, the principal supplier of video poker machines is Keystone Music Co., located at 771 Clairton Boulevard. This company is owned by LaRocca/Genovese LCN Family capo Anthony Ripepi, 4720 Brownsville Road, Pittsburgh.

Ripepi's son-in-law, John Bazzano, 61, 107 Lynbrook Drive, McMurray, also a LaRocca/Genovese LCN Family member, has acted as a Keystone salesman. His principal function with the firm was to secure customers, or "stops", as they are referred to in the industry.

## Independents and the Video Poker Industry

While La Cosa Nostra vending/video companies bring with them an expertise in placing video poker machines, as well as a historical involvement in illegal gambling, these assets are not unique to any one criminal organization.

Though not considered members of La Cosa Nostra, the Baldassaris in Northeastern Pennsylvania have been involved in the gambling rackets for decades. A 1951 Kefauver "Rackets Committee" report identified Joseph C., 76, and Elio "Al" Baldassari, 74, as Scranton businessmen "engaged in an extensive gambling enterprise operating under official sanction." The report further stated that, with the exception of the State Police, official lethargy toward illegal gambling in the area "is so appalling as to be shocking to the public conscience."

In 1988, some 37 years later, two principal targets of an eight-month investigation into the video poker industry by the Pennsylvania State Police were vending firms operated by members of the Baldassari family of Scranton, including Baldassari Amusement Co., 1515 Cedar Avenue, operated by Robert Baldassari, 52, and Joseph C. Baldassari, 75, and Jo-Jo Baldassari Amusement Co., 1608 Linden Street, owned by Joseph O. "Jo Jo" Baldassari, 46.

During its investigation, the State Police raided 328 establishments in Lackawanna, Wayne, Pike, and Susquehanna Counties. They seized 349 machines belonging to 37 vending firms. Baldassari Amusement

Co. owned 70 of those machines; Jo-Jo Baldassari Amusements owned 12 of the machines. The case is now being investigated by a statewide grand jury.

In the Pittsburgh area, RMV Sales Inc., 336 Steubenville Pike, Imperial, operated by Carl Mark Milletary, 29, had 89 of its illegal video poker machines seized by the Pennsylvania State Police. Milletary is a distributor for video poker machines manufactured in New Jersey by the SMS Manufacturing Corp. Seized records from the New Jersey firm indicate that RMV Sales purchased 668 video draw poker machines at \$1,425 each in 1987 and 1988. Some of the machines were transported to individuals and vending firms in Miami, Tampa, and Ft. Lauderdale, FL. A 1988 State Police search and seizure of RMV's records in Imperial indicate that the firm has sold equipment to 61 other vending companies within the Commonwealth.

In a September 1988 raid, police seized 198 video poker machines at 91 locations belonging to Duffy Vending Co., 930 Saw Mill Run Boulevard, Pittsburgh. This firm is operated by John Duffy Conley, 25, 40-A Silver Lane, McKees Rocks. He owns more video poker machines than anyone else in the Pittsburgh area, and is under investigation by Pittsburgh police, who are seeking to revoke his amusement licenses because many of his machines are illegal gambling devices.

Gus Kohas, 59, 3402 Congress Street, Allentown, operates the Tri-City Amusement Games Inc., trading as Kohas Amusement Vending Co., 1516 East Woodlawn Street, Allentown. Kohas has been in the vending machine business for more than 25 years. Today he has at least 34 video poker machine locations in the greater Lehigh Valley. Those machines are used for gambling purposes.

In Chester, the Commission uncovered a system of video poker racketeering which involved Willie Price, a known loanshark and narcotics financier; Joseph and James Iacona, the brothers of Gary Iacona, who is under federal indictment with LCN Family capo Santo Idone; and John Nacrelli, former mayor of Chester and convicted racketeer, who was a "consultant" to a firm in the illegal video poker industry.

## Law Enforcement Response

Gambling enforcement against the machines is reactive at best, and generally results in nothing more than the bartender being arrested. Such charges are frequently dismissed or result in acquittals when the bartender testifies that the payoffs made are conditions of his employment. Rarely is evidence produced against the vending firms which, in an effort to avoid prosecution, have begun to lease the video poker machines to bars, restaurants, and clubs.

According to former U.S. Senate Permanent Investigations Subcommittee Chairman Sen. William V. Roth Jr., (R-Del), "Police officers and other public officials are bribed by distributors and operators to look the other way instead of cracking down on the illegal activity." In 1984, when Sen. Roth made that statement, he was opening hearings before the subcommittee, in part because 33 Philadelphia police officers had been convicted of taking bribes from video poker machine operators. Among those convicted was former Deputy Commissioner James J. Martin, once the second-highest ranking officer in the department. During one of several trials in the matter, a convicted former vice officer, four video poker machine vendors, and a retired numbers banker testified as to their roles in a system of extortion run by members of the Philadelphia Police Department.

## Public Policy Implications

In the course of examining video poker as a form of illegal gambling in the Commonwealth, the Commission has arrived at several conclusions.

First, it is obvious that this relatively new form of illegal gambling is pervasive throughout the Commonwealth. Video poker machines can be found throughout the state, in large cities as well as small communities.

Second, the tavern owner is often dependent upon the money derived from this form of illegal activity. The revenues produced from both the machines and the illegal gambling often make the difference between bankruptcy and solvency.

Third, the enforcement against illegal video poker entrepreneurs is primarily a state and federal prerogative. Local enforcement, given the openness of the activity, is virtually non-existent. While there is little argument that narcotics trafficking and predatory crimes represent higher priorities on a local level, the fact remains: illegal gambling is a significant revenue producer to criminal syndicates and entrepreneurs, and it is often used to corrupt public officials. Gambling revenues are invested in other illicit enterprises, such as narcotics and loansharking, as well as legitimate businesses.

Fourth, the role of La Cosa Nostra in the illicit video poker industry is significant, given the revenues that these machines generate coupled with a very low risk factor. Historically, LCN has invested its resources in this lucrative industry, notwithstanding the proliferation of legal forms of gambling. While numbers and sports betting remain a relatively safe investment for LCN (and other criminal organizations), the video poker industry expands the market considerably. An average video machine can earn as much as \$1,000 per week net profit, tax free.

Given this high rate of return, LCN has responded to a new demand and one that clearly has little risk from law enforcement.

Fifth, the illegal video market, while a lucrative revenue producer for LCN, is not the sole province of this criminal organization. The Commission inquiry found other entrepreneurs, some with long-standing associations with LCN and some independent of any LCN influence, tend to populate this industry. It is apparent that independent video-gambling entrepreneurs can and do supply this market. Unclear is whether new entrepreneurs can enter the market. The "independent" entrepreneurs who are involved in the video poker industry have been in the vending business for relatively long periods of time. There are not many newcomers to the industry.

Lastly, the video poker industry has created an anti-competitive business atmosphere for legitimate vending companies. As a result of the Pennsylvania

Crime Commission's inquiry into this industry, it has been determined that legitimate amusement machine vendors cannot extend to prospective customers the amount of loans that illegal video poker vendors are able to extend. This has created for the illegal vendor an "edge," against which the legal vendor cannot compete. Ultimately, the illegal video poker vendor will control the industry through economic dominance.

The pervasiveness and openness that characterize the video poker industry have all but made this form of gambling still another lucrative revenue producer, albeit illegal, for both criminal organizations and, to a lesser extent, criminal entrepreneurs. Its potential for corruption is great, and its relationship to other racketeering enterprises is well-documented. The import of these findings must be addressed in terms of developing a coherent and rational organized crime control policy.

## EXECUTIVE SUMMARY

# RACKETEERING IN A PENNSYLVANIA CITY: A CLASSIC CASE STUDY<sup>4</sup>

The Commission conducted an investigation into the rackets in Chester from October 1987 to February 1989.<sup>5</sup> That investigation revealed the symbiotic relationship of organized crime to social, political, and economic institutions in the city. It detailed a history of racketeering which has contributed to the economic decay of Chester — where retail level narcotics trafficking is rampant; gambling activity remains pervasive; and government is controlled by a convicted racketeer, former Mayor John H. Nacrelli, 59, 1134 Highland Avenue.

Through this investigation, the Commission demonstrated and reaffirmed the criminal partnerships that are formed between La Cosa Nostra and other criminal organizations in order to take advantage of business opportunities; the proven relationship that exists between the rackets — gambling, narcotics, and loansharking; and the necessary linkage between racketeers and political institutions.

The Commission investigation determined that Santo "Chester Sam" Idone, 69, 1136 44th Avenue NE, St. Petersburg, FL, who resides at 123 Meadowbrook Lane, Brookhaven, PA, when he is in Pennsylvania, is a capo in the Scarfo LCN Family, and controls much of the video poker gambling and loansharking rackets in Chester and the Delaware County region. Idone's principal associates were identified as Mario "Murph" Eufrazio, 60, 43 Klains Lane, Palermo, NJ, and Gary Steven Iacona, 45, 251 West Roland Road, Parkside, PA.

For decades, Chester has been considered a mecca for organized crime.<sup>6</sup> Vice activities, namely

<sup>4</sup>This Executive Summary represents an abstract of a Commission report to be published later this year.

<sup>5</sup>Chester is located in Delaware County about six miles southwest of Philadelphia. The city has declined nearly 5 percent in population since 1980 to a current estimated size of 43,600. Its population is approximately 70 percent African-American, 20 percent White, and 5 percent Hispanic.

<sup>6</sup>A previous Chester investigation conducted by the Commission in 1975-78, exposed how the numbers gambling combine of criminal entrepreneurs Frank Miller and Herman Fontaine had operated since the 1960s in Chester, and how then Mayor John Nacrelli had protected this operation from law enforcement. Refer to the Pennsylvania Crime Commission 1977-78 Report, pages 1 to 39, "A Chester City Racketeer: Hidden Interests Revealed"; and to Pennsylvania Crime Commission, September 1980, "A Decade Of Organized Crime. 1980 Report," pages 20 to 23, "A Chester City Racketeer," and pages 104-105, "Chester City: A Modern Day Wincanton."

gambling, loansharking, and narcotics trafficking, have served as one of the few stable revenue producing industries, albeit illicit, in Chester. Unlike other urban centers that possess an array of business, cultural, and recreational resources, Chester has witnessed a steady decline in its economic infrastructure. This summary of the Chester investigation reports on major aspects of the racketeer-influenced situation in this urban community.

## Narcotics Trafficking in Chester

The pervasiveness of drugs in Chester is not a profound revelation. The news media for the past several years has addressed the city's rampant drug trafficking. There has been a 213 percent increase in arrests for narcotic violations between 1981 and 1987. Despite this effort, cocaine and heroin in Chester are readily available. Police in Chester are confronted by a narcotics distribution situation of large magnitude at the retail level. The vice officers acknowledge that their unit is understaffed, and that although open drug trafficking has been reduced, the level of drug distribution has not been affected.

The Commission determined that the vast amount of cocaine trafficking on the retail level is occurring in the William Penn, Ruth L. Bennett, McCafferty Village, and Lamoakin Village Projects. The most notorious project for drug trafficking is the William Penn Homes. There is an area in the projects known as the "stroll" where approximately 25 dealers operate daily on three different scheduled shifts. The "stroll" covers the area between Third and Fifth Streets and from Franklin to Parker Streets, and almost any kind of illicit narcotics can be purchased openly.

The primary drug of choice in Chester is cocaine. Chester's reputation as a thriving narcotics market attracts numerous out-of-state buyers from Delaware, New Jersey, and Maryland.

Despite the large number of narcotics distributors operating in Chester, territorial disputes do not appear to be prevalent. This suggests that the market, at the retail level, is organized sufficiently to avoid violence. However, there have been several cases of homicides related to narcotics trafficking activities.



A racketeering organization that has essentially avoided serious enforcement action for years is financed by William James "Willie" Price, aka "Brother" or "Brother Price," 54, 1414 W. 6th Street, Chester, and consists of the following principal operatives:

- Warner Brooks, 36, 792 E. 24th Street;
- Anthony Brooks, 34, 1009 Central Avenue;
- Philip Brooks, 33, 909 Pennell Street;
- Marcel Harmon, 25, 1410 W. 6th Street;
- Carl Brown, 33, 728 Concord Avenue, all of Chester.<sup>7</sup>

Price is the principal African-American racketeer in Chester. He is a known loanshark who finances narcotics transactions. He is involved in the video poker gambling business through JP Amusements, and maintains a position of power, respect, and fear in the community. His nephews, Warner, Anthony, and Philip Brooks, and his son, Marcel Harmon, traffic in significant amounts of heroin and cocaine throughout the city.

## **The Involvement of LCN in the Video Gambling Industry in Chester**

The Philadelphia LCN has controlled much of the gambling activities in Chester and Delaware County since the late 1950s. Santo Idone is among the most significant LCN members to be involved in the control of the gambling rackets in Chester. One of his close criminal associates since the 1960s is Mario "Murph" Eufrazio, who was born in Chester and lived there most of his life. Idone and Eufrazio consolidated the independent gambling operations in Chester and surrounding areas of Delaware County during the 1960s. The Commission's investigation determined that a large percentage of the gambling activity in Chester was run by Idone and his associate, Eufrazio.

Video poker machine gambling became popular in Chester and the Delaware County region in the early 1980s. Several vending machine companies were aggressively placing video poker machines between 1981 and 1986. The events surrounding the growth of this illegal market demonstrate a direct relationship to La Cosa Nostra.

For example, a dispute between two video poker machine entrepreneurs led to the involvement of the New York-based Gambino LCN Family in the gambling rackets of Chester in 1986. This conflict involved the son of LCN associate Mario Eufrazio, Daniel Eufrazio, 35, 823 Colwell Road, Swarthmore, PA, doing business as F & D Amusements. The second vending entrepreneur was Alfonso Sanbe, 34, 4703 Argon Road, Arcadia, PA, a masonry contractor who was operating Action Vending Company, 12th and

Butler Streets, Chester. Sanbe was attempting to take video poker machine locations away from Daniel Eufrazio and Gary Iacona, the latter doing business as Star Amusements. Sanbe was assaulted by two men working for Iacona, in an attempt to intimidate him from conducting video poker machine business. The threat prompted Sanbe to seek help from a friend with ties to a Gambino LCN Family "soldier." Subsequently, John Gotti, 47, 160-11 85th Street, Howard Beach, NY, the "boss" of the Gambino LCN Family, intervened in this dispute. In November 1986, Idone mediated the dispute between Sanbe and Daniel Eufrazio.

In December 1986, the FBI conducted raids in Delaware County and Chester. The agents seized 60 video poker machines, and found Idone, Iacona, Mario Eufrazio, and Francis "Hank" Peticca (Eufrazio's cousin), 48, 111-1/2 Concord Avenue, Chester, counting money in the back room of Iacona's Auto Center Inc., 601 Concord Avenue. A federal grand jury returned indictments in January 1989 against all four on charges of racketeering, extortion, conspiracy, and illegal gambling. The federal investigation revealed that they were operating an illegal gambling and loansharking enterprise through Iacona's Star Amusements, out of the Iacona's Auto Center, owned and operated by a brother, Joseph Iacona, Jr., 46, 17 Morgan Road, Aston, PA.

The gambling rackets in Chester were found to be closely related to loansharking activities. The Commission determined that Price is a local loanshark, operating out of his restaurant, Taurus Flavors, 337-339 West 7th Avenue, and at other locations in and around Chester. Price is also a partner in JP Amusements, as is Joseph Iacona, Jr. The Commission examined documents that demonstrated that Price and the Iaconas provided loans, at usurious rates, to local tavern owners. In the case of Star Amusements operated by Gary Iacona, Idone, Eufrazio, and Peticca, the federal indictment charged them with leasing and maintaining video poker machines for illegal gambling and for the repayment of loanshark loans. The indictment indicated, among other examples, that "Santo Idone, Mario Eufrazio, and Gary Iacona met and discussed a loan for \$20,000 at a point and a-half a week interest." The close interaction between the gambling and loansharking rackets in Chester permits criminal entrepreneurs to generate profits through illegal video poker machines and loansharking loans disguised as vending loans to tavern owners. These illegal activities, in turn, generate further capital which may then be reinvested into other criminal enterprises, such as narcotics trafficking.

<sup>7</sup>Refer to the Chart: "Major Narcotics Distributors in Chester" at the end of this section.



## The Limits of the Criminal Sanction: The Case of John Nacrelli

John Henry Nacrelli, better known as "Jack" Nacrelli, was the mayor of Chester from 1968 to 1979. Before his federal conviction for racketeering and bribery in connection with the illegal numbers gambling operations of the Miller-Fontaine syndicate, Mayor Nacrelli's control over the political affairs and government of Chester was almost total. He was able to direct the Chester Police Department to arrest numbers operators who tried to compete with the Miller-Fontaine operations. He directed patronage matters in numerous Chester departments and controlled the Chester Republican Executive Committee.

Nacrelli spent two years in federal prison and returned to Chester in March 1982. His behavior, both in terms of political matters and with respect to illegal gambling activities, exhibited no discernible change from his previous behavior before a criminal conviction had proved "beyond a reasonable doubt" that he was a racketeer.<sup>8</sup>

A few months after his release from prison, while on probation and parole,<sup>9</sup> Nacrelli, through Dorjac Inc.,<sup>10</sup> began working as a "sales representative" for JP Amusements, a video poker machine business operated by Joseph Iacona, Jr., the brother of LCN associate Gary Iacona, and Price.<sup>11</sup> The Commission determined through witness testimony that Nacrelli approached local tavern owners to place video poker machines in their establishments, and that he intimidated the operators of a competing business, Benton Marketing, to remove their business from Chester.

Benton Marketing, from Huntingdon Valley, operated by Mark Seleznov, 40, last known address 155 Mark Lane, Huntingdon Valley, PA, and Jose Mesa, 41, 5411 Oakland Street, Philadelphia, PA, started placing video poker machines in Chester in July 1982. In March 1983, Mesa's automobile was fire bombed in the parking lot of a Chester tavern. A few hours after this incident, Mesa and Seleznov met with and were told by Nacrelli and Joseph Iacona, Jr., to remove their business from Chester. Seleznov and Mesa have since abandoned the video poker machine business. Competition in the video gambling industry was effectively stifled, and a business forced to vacate Chester.

<sup>8</sup>Refer to the Chart: "John Nacrelli's Power Brokering in Chester, PA" at the end of this section.

<sup>9</sup>The probation order for Nacrelli included the condition that, "Defendant neither seek nor hold any office or position, either elective or appointive, in local, state, or federal government."

<sup>10</sup>Dorjac Inc. is a husband and wife company that was incorporated in April 1982. The president and secretary is Doris A. Nacrelli. John Nacrelli is listed as the sole employee of Dorjac Inc.

<sup>11</sup>Another Iacona brother, James Iacona, 42, 1729 Lamp Post Lane, Aston, PA, initially financed JP Amusements and with Willie Price registered the business in March 1983. James Iacona is also the owner of Iacona's William Penn Station, 1457 Kerlin Street, formerly Iacona's B.P., and has held the Chester contract for its vehicle servicing and maintenance since May 1982.

Nacrelli's activities since 1982 can be described as the blending of political "consulting" activities and business "representation" activities. To this day, the one person to see in Chester, if one intends to do business there, is Nacrelli.

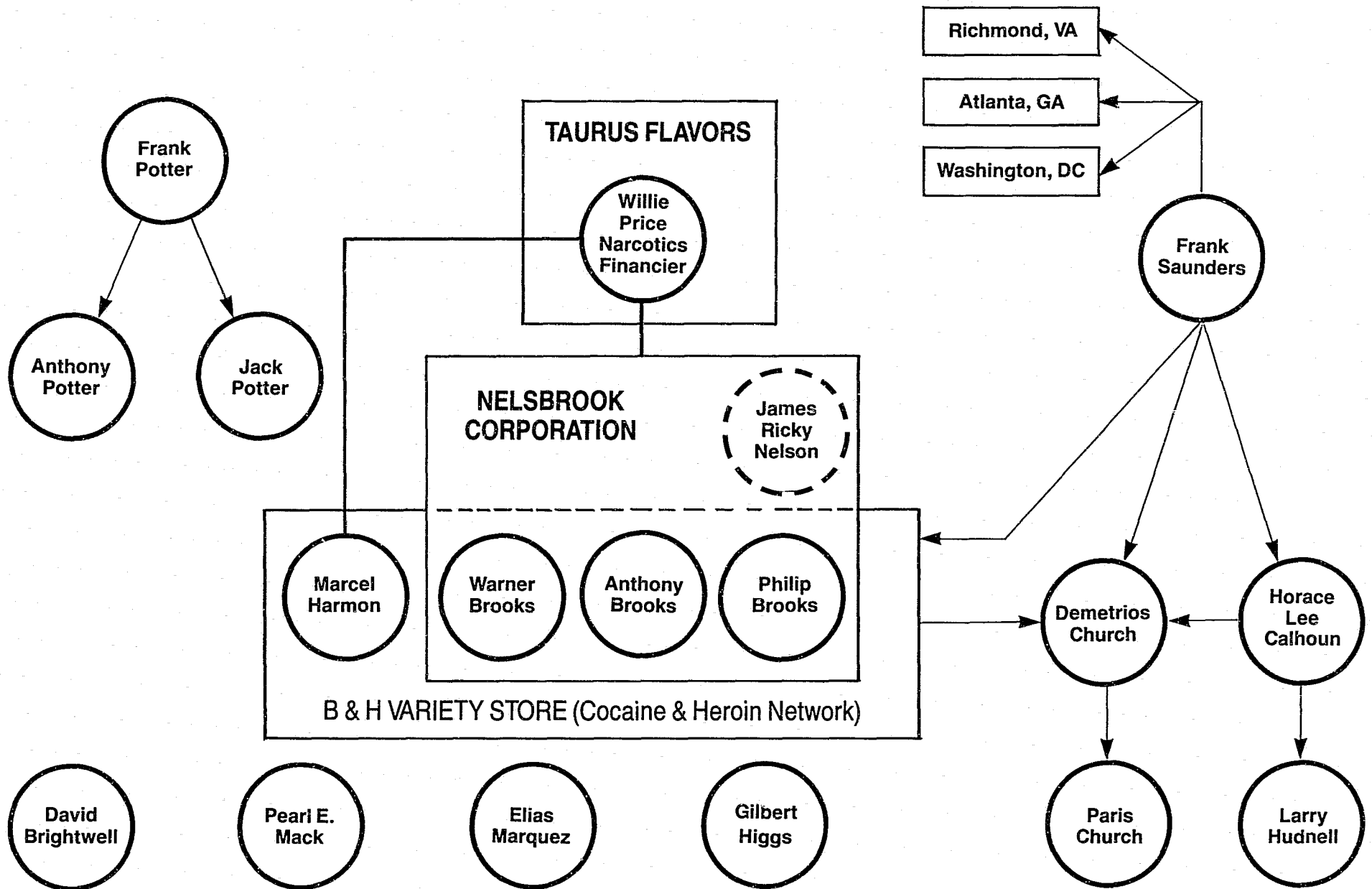
Witness testimony, supported by the Commission's independent investigation and by Nacrelli's public testimony in February 1989, determined that Nacrelli has continued to play a critical role in local politics and city government in Chester. The evidence demonstrated that Nacrelli has retained an invisible controlling hand over patronage matters and the official affairs of the Chester City Council and the Chester School District. Nacrelli publicly admitted that he had been involved in a dispute between Delaware County officials and Chester city government over a waste energy conversion project. The Commission determined that he played more than an instrumental role in changing the Chester City Council's opposition to the county waste energy project and bringing about in January 1989, the signing of a host community agreement between Chester, Delaware County, and the developers of this project. The pivotal role that Nacrelli has continued to play in the administration of Chester government, and his association with illegal video poker gambling, demonstrated that Nacrelli has cleverly and openly violated the spirit and intent of his probation order. It illustrates the limitations of criminal prosecutions in divesting racketeers of their power, influence, and control over both legitimate institutions and illicit markets.

## Conclusion

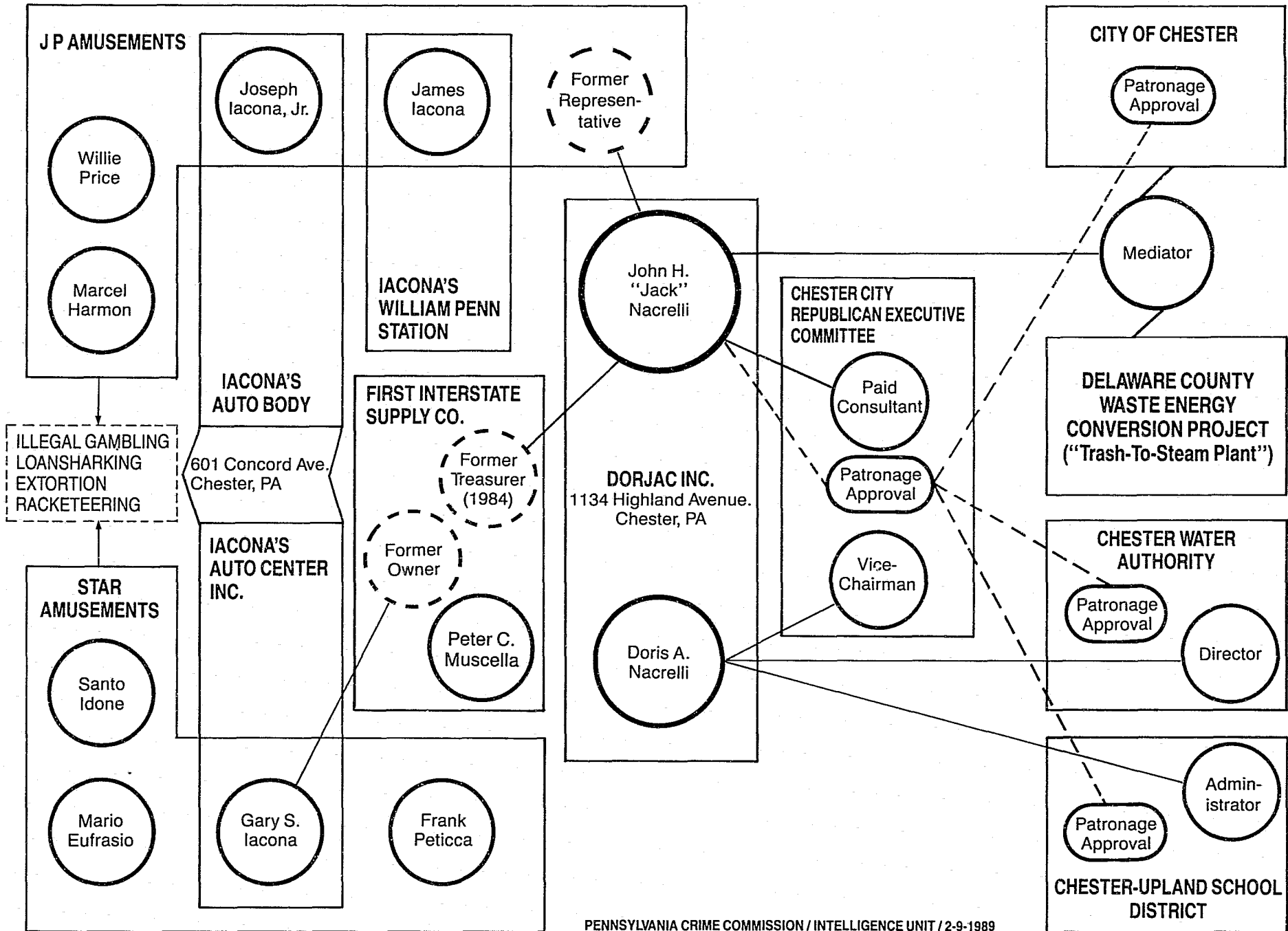
Chester is just one more example of a continuing series of case studies in the economics of organized crime. It illustrates how criminal entrepreneurs are able to undermine government, prey on legitimate institutions, promote and maintain enterprise crime in the form of the classic vice rackets; namely, gambling, loansharking, and narcotics trafficking. The investigation reaffirms the existence of interacting criminal markets, where control is exercised through violence and dispute mediation. What is frequently perceived by the public as a benign crime, such as illegal gambling, provides the revenue for other criminal activities, such as loansharking and narcotics trafficking, and the immediate danger of corruption of police and public officials. When racketeers are sought out to ensure market control or domination, they bring with them the fear, intimidation and violence that enhanced their criminal stature. This situation is further exacerbated when the racketeer is called upon to mediate inter-governmental disputes. For these and other reasons, the faith that the electorate has in its legitimate government officials surely suffers.

# Major Narcotics Distributors in Chester

12



# John Nacrelli: Chester Power Broker



13

# UPDATE AND STATUS OF ORGANIZED CRIME GROUPS

## Status of the Scarfo La Cosa Nostra Family

The Philadelphia LCN, headed by Nicodemo "Little Nicky" Scarfo, 60, 26 North Georgia Avenue, Apartment 1-C, Atlantic City, NJ, is in further disarray as a result of Scarfo's convictions for murder and for racketeering. Nineteen other Family members have also been convicted on various charges within the past year. Scarfo's primitive "gangster" mentality and vicious "street thug" characteristics are considered important factors leading to the current disintegration of his criminal enterprise. Besides these characteristics, Scarfo lacked the organizational and managerial skills necessary to run the business ventures of an organized crime Family.

Indiscriminate violence was used as Scarfo's primary means of control within the Family and on the street. Family members and associates were aware that being suspected of wrongdoing against the Family, or failure to carry out orders, was sufficient cause for Scarfo to order their murder. Instead of instilling loyalty, this type of control did the opposite. Several Family members sought the protection of law enforcement because they feared Scarfo's wrath. Nicholas "Nicky Crow" Caramandi, 53, a soldier in the Family, and Thomas DelGiorno, 48, a former capo in the Family, have testified against Scarfo and other Family members and are now in the Federal Witness Protection Program.

An example of this unrestrained use of violence by the Scarfo LCN Family was demonstrated in the federal racketeering trial of Scarfo and 16 other Family members. In this trial, nine murders and four attempted murders were among the acts for which the defendants were convicted.

Additionally, Scarfo and seven other LCN Family members were convicted on April 5, 1989, of first-degree murder for the July 1985 slaying of Frank D'Alfonso. The eight defendants were sentenced to life in prison. D'Alfonso, a Family associate, was killed because of his disrespect toward Scarfo. One of the original defendants in the trial was Eugene Milano, 29, 3000 South 15th Street, Philadelphia, who became a government witness and testified against LCN Family members and his brother, Nicholas Milano, 28, same address, rather than face first-degree murder charges.

The use or threat of violence was also displayed in the collection of street tax or "elbow" from drug dealers and bookmakers in Philadelphia. In a June 1988 indictment, based on evidence presented by the Philadelphia office of the Federal Organized Crime Strike Force, Stanley E. Branche, 55, 2201 Pennsylvania Avenue, Apartment 208, Philadelphia, and John "Johnny Chang" Ciancaglini, 33, 2040 South 13th Street, Philadelphia, the son of convicted LCN capo Joseph A. Ciancaglini, were accused of conspiring to extort and attempting to extort a monetary street tax from area drug dealers through the use of actual and threatened force, violence and fear. The indictment also named the following individuals as unindicted co-conspirators: Kevin Hartzell, 29, 1527 Grant Street; Norman Lit, 48, 2401 Pennsylvania Avenue, Apartment 5A12; Salvatore Merlino, 49, 927 Jackson Street, all of Philadelphia; DelGiorno; and Scarfo.

The indictment charged that from approximately July 1985 through about February 1986, Branche and Ciancaglini with Hartzell and Lit, working under the auspices of the Philadelphia LCN Family, participated in a scheme to extort money from at least three drug dealers. Branche and Ciancaglini had obtained permission from LCN boss Scarfo and his then underboss, Merlino, to act on their behalf in collecting as much as \$1,000 per week from the targeted drug dealers. The collected money was to be divided among the four partners — Branche, Ciancaglini, Hartzell, and Lit — with a percentage turned over to the high-ranking members of the Philadelphia LCN Family.

Lit, a former bookmaker and a self-described LCN associate, who is now in the Federal Witness Protection Program, is awaiting sentencing after pleading guilty to illegal gambling and conspiracy in another case. According to Lit's testimony in the January 1989 trial of Branche and Ciancaglini, he was approached by Branche, and invited to join the operation after being told that Scarfo had sanctioned the scheme. He further testified that the four partners worked together, collecting at least \$8,000 before making their first division of profits. It was at that time, Lit testified, that Branche was dropped from the scheme when the partners discovered he had failed to forward the first \$4,000 payment due the Scarfo LCN Family.

One of the extortion victims, admitted drug dealer Frank Trachtenberg, 47, 1833 Sinkler Circle, Southampton, PA, who is in prison on a federal drug conviction, also testified during the trial. He testified that he met with Lit and Branche in August 1985, at which time they demanded \$1,000 a week as "respect" for the "downtown mob." Trachtenberg told the jury, "I agreed to pay. I was in fear for my life," after learning from his own sources that they did indeed have permission from the Scarfo organization to "shake down" drug dealers. Trachtenberg stated that he met shortly thereafter with Lit and Hartzell to make his first payment. It was at that meeting, according to Trachtenberg, that Hartzell demanded the name of his cocaine source. When he refused to supply the name, he testified that Hartzell slashed his forehead with a knife.

In June 1988, Hartzell, who has an arrest record for assault dating back to 1978, admitted to his role in the operation, and in October 1988 began serving a three-year sentence in federal prison.

On January 13, 1989, the jury found Branche and Ciancaglini guilty of participating in the extortion operation. Branche was convicted on one count each of conspiracy and extortion. On March 20, 1989, he was sentenced to five years in prison and fined \$5,000. Immediately after the sentence was imposed, his attorney said an appeal would be filed. The judge agreed to stay the sentence pending the outcome of the appeal, and Branche remains free on bail.

Ciancaglini was convicted of one count each of conspiracy and extortion, and two counts of attempted extortion. On March 13, 1989, he was sentenced to nine years in prison and fined \$5,000, and ordered to report to prison on March 30. A prosecutor for the Organized Crime Strike Force said, "a substantial prison term was merited because Ciancaglini was the 'leader' and 'directed' the conspiracy. [He] also actively participated in the extortion and personally contacted each of the extortion victims."

## **Narcotics: The Prohibited Vice?**

The involvement of the Philadelphia LCN in the distribution of drugs was further evident during the past year. One of the charges in the federal racketeering conviction involved the illegal distribution of methamphetamine, or speed, and demonstrated the involvement of several LCN Family members in the trafficking of narcotics.

In another case, Albert "Reds" Pontani, 62, of Trenton, NJ, identified as the "hand-picked caretaker boss" of the Scarfo LCN Family, and the recognized leader of the organization's Mercer County, NJ, territory, was named with four associates in a New Jersey federal RICO indictment in February 1988.

On November 9, 1988, a federal jury in Newark, NJ, convicted Pontani of running a continuing criminal enterprise involved in the distribution and sale of cocaine, loansharking and extortion. He also was found guilty of possession of, and conspiracy to smuggle phenyl-2-propanone (P2P), a chemical component of methamphetamine, into the United States from Mexico, the Dominican Republic, and Belize, Central America.

Co-defendants in the case were Daniel Marino, 57, of Cherry Hill, NJ, convicted on charges of helping to run the criminal enterprise, extortion, cocaine distribution and involvement in the P2P conspiracy; and Angelo "Cappy" Belardo, 60, and Daniel Muccie, 52, both of Trenton, NJ, convicted of being part of the P2P conspiracy. Belardo also was found guilty of loansharking, while the jury acquitted Muccie on loansharking charges. The fifth defendant, James Wilson, 46, of Camden, NJ, owner of Wilson & Wilson Insurance Company, was convicted of using his status as a former Camden police officer and legitimate businessman to help Pontani and others conceal their distribution of cocaine.

According to the testimony of a mid-sized customer and admitted cocaine distributor for Pontani, the group sought to organize all the cocaine dealers in Camden's African-American and Hispanic neighborhoods in an attempt to gain control of their "numbers" business.

One government witness who testified about the P2P smuggling scheme was Ronald P. "Jack Diamond" Bramer, a New Orleans, LA, restaurant owner and admitted drug dealer. According to Bramer's testimony, he helped establish the smuggling operation as a way to pay off a loansharking debt he owed Pontani. Bramer, who was in Louisiana to avoid extradition to New York, had borrowed \$20,000 from Pontani in order to keep his restaurant business solvent. Bramer agreed to introduce Pontani and his associates to an acquaintance who operated a drug smuggling operation in the United States from Mexico. Bramer further stated that he viewed this as an opportunity to help decrease his debt which was accruing at an interest rate of 100 percent.

In January 1989, Pontani was sentenced to 30 years in prison. Marino received a 20-year prison sentence, and Belardo and Muccie were each sentenced to 10 years. After the authorities agreed with his defense attorney that Wilson "was not an organized crime figure," he was sentenced to four years imprisonment.

In addition to the above case, Pontani, Marino, Bramer, and others were also scheduled for trial on similar drug charges relating to the P2P conspiracy in federal court in Louisiana, based on a separate federal RICO indictment announced there in February 1988. On February 14, 1989, Pontani and Marino pleaded

guilty in federal court in New Orleans to charges of interstate travel in aid of racketeering. They were each sentenced to five years in prison and five years probation. The sentences will run concurrent with the ones they are already serving. In the New Orleans case, Bramer pleaded guilty in 1988 to conspiracy, and is to be sentenced on April 27, 1989.

Other LCN Family members and associates have been convicted of charges relating to the importation of P2P and the distribution of methamphetamine during the past several years. Ralph Staino, Jr., 56, 3127 South 13th Street, Philadelphia, a member of the Philadelphia LCN, was found guilty July 15, 1988, of charges of participating in a conspiracy to control the importation and sale of P2P. He was indicted in June 1987 with Scarfo and 26 other individuals; however, he was tried separately because he was a fugitive at the time of their trial. Twelve other individuals named on the same indictment were convicted March 7, 1988, for trafficking in methamphetamine. Through these convictions, it was clearly shown that, despite claims to the contrary, the Philadelphia LCN was heavily involved in the distribution of methamphetamine, a controlled dangerous substance.

## **Gambling: The Lifeblood of La Cosa Nostra**

The Philadelphia LCN has remained active in gambling throughout Philadelphia and New Jersey. Thomas DelGiorno, a Philadelphia LCN capo who became a cooperating witness, stated that the biggest source of illegal income for the LCN is derived from gambling, followed by loansharking, extortion, and narcotics.

Investigations by law enforcement agencies have uncovered several gambling operations headed by members of the Philadelphia LCN. A sports betting operation controlled by Salvatore "Shotzie" Sparacio, 67, 1613 Lawncrest Lane, Gloucester Township, NJ, was disrupted by a joint investigation of the Philadelphia Police Department, the New Jersey State Police, and the Camden County Prosecutor's Office. Sparacio, who was overseeing Scarfo's Southern New Jersey gambling operations, was arrested with 14 other individuals. Search warrants served at several locations in New Jersey and Pennsylvania resulted in the confiscation of \$29,070 in currency and betting slips totaling more than \$1,200,000.

An indictment was returned on June 1, 1988, charging Pasquale "Patty Specs" Martirano, 59, 821 Cranford Avenue, Westfield, NJ, a capo in the Philadelphia LCN, and four of his cohorts in a racketeering conspiracy involving loansharking and

gambling in the Newark, NJ, area. Martirano was in charge of the northern New Jersey branch of the Philadelphia LCN, and was considered a contender to become the boss of the Philadelphia LCN Family. Two of the other individuals, Anthony John Attanasio, 64, 11 Via Vitale, Kenilworth, NJ, and Nicholas Alfred Cifelli, 66, 342 New York Avenue, Newark, NJ, both LCN members, were responsible for overseeing the daily activities of the organization. Martirano, who is in Italy, has evaded arrest on these charges.

Santo Idone, 69, 1136 44th Avenue, Northeast, St. Petersburg, FL, a capo in the Philadelphia LCN Family, was indicted January 24, 1989, with three associates on federal charges of illegal gambling, extortion, conspiracy, and racketeering. An FBI and Crime Commission investigation revealed that Idone was controlling Scarfo's gambling interests, specifically video poker gambling, in Chester, PA. According to a federal indictment, Idone; Mario "Murph" Eufrazio, 60, 43 Klains Lane, Palermo, NJ; Gary S. Iacona, 45, 251 West Roland Road, Parkside; and Francis "Hank" Peticca, 48, 111 1/2 Concord Avenue, Chester, conspired to prevent competitors from soliciting video poker machine "stops" in Delaware County. The Idone group also was charged with loansharking based on loans to bar owners. The tavern owners were to pay off their loans from their share of the proceeds from the video poker machines. However, few bar owners were able to satisfy their debt.

Several illegal sports betting and lottery operations controlled by Anthony J. "Blonde Babe" Pungitore, 68, 2522 South 22nd Street, Philadelphia, were raided by the Philadelphia Police and Camden County, NJ, Prosecutor's Office. Pungitore, a Philadelphia LCN member, is currently considered the overseer of a major portion of the Family's illegal gambling businesses.

Because of Scarfo's most recent murder conviction, and a sentence of life in prison, his position as boss of the Family will be relinquished. He certainly will be unable to maintain what limited control he now has over the Family's operations. Typically, according to DelGiorno, when a boss is removed from his position, the capos convene to select nominees and elect the new boss. The new boss must then meet the approval of LCN "Commission" in New York. The current chaos in the Philadelphia LCN, as well as the decimation of the Commission, however, makes this improbable. Each of the four active capos in the Family have either been convicted or indicted by law enforcement agencies. In fact, the entire hierarchy of the Family is in disarray.

The Family's underboss, Philip M. Leonetti, 36, 2 South Adams Avenue, Margate, NJ, and capos Joseph A. Ciancaglini, 54, 732 South Hutchinson Street,

Philadelphia, and Francis A. Iannarella, Jr, 41, 2228 South 22nd Street, Philadelphia, were convicted in the racketeering trial with Scarfo and 13 other LCN Family members. Capo Santo Idone has been indicted on federal charges. Capo Pasquale A. Martirano has been indicted on gambling and loansharking charges.

Restructuring of the Family from within the soldier ranks could also prove to be difficult. Of the 53

identified soldiers in the Family, 18 have been convicted, three are currently facing charges, and one is on federal probation. Of the remaining soldiers, some are considered to be inactive due to their age or health problems. The following chart depicts the names and ages of those soldiers in the Philadelphia LCN who are not currently under indictment and are not pending sentencing for any crime.

**ACTIVE SCARFO LCN FAMILY MEMBERS**

NAME	AGE	NAME	AGE
Joseph A. Bellina	80	Raffaello Napoli	74
Felix Bocchino	70	Frank Nicoletti	77
Fulvio A. Capozzi	54	Salvatore Passalacqua	79
Anthony Casella	74	Joseph Piccolo	82
Charles I. Costello	78	Michael D. Piccolo	77
Joseph J. Costello	56	Antonio D. Pollina	96
Anthony V. Ferrante	68	Anthony J. Pungitore	68
Gerardo Fusella	72	Michael B. Ricciardi, Jr.	54
John Grande	55	Santo M. Romeo	62
Alfredo J. Iezzi	77	Domenic Rugnetta	65
Joseph Lanciano	83	Samuel A. Scafidi	67
Joseph M. Licata	47	Joseph Scalleat, Sr.	77
Peter J. Maggio	68	Antonio Sciglitano	62
Alphonse J. Marconi	64	Joseph A. Sodano	51
Guerino Marconi	58	Frank C. Zirpoli	81
Frank Martucci	63		

The average age of this group is 69 years; the youngest is 47; and the oldest is 96.

Several members within the Family have been mentioned as candidates for boss; however, most have been discounted due to arrests, convictions, poor health, and old age.

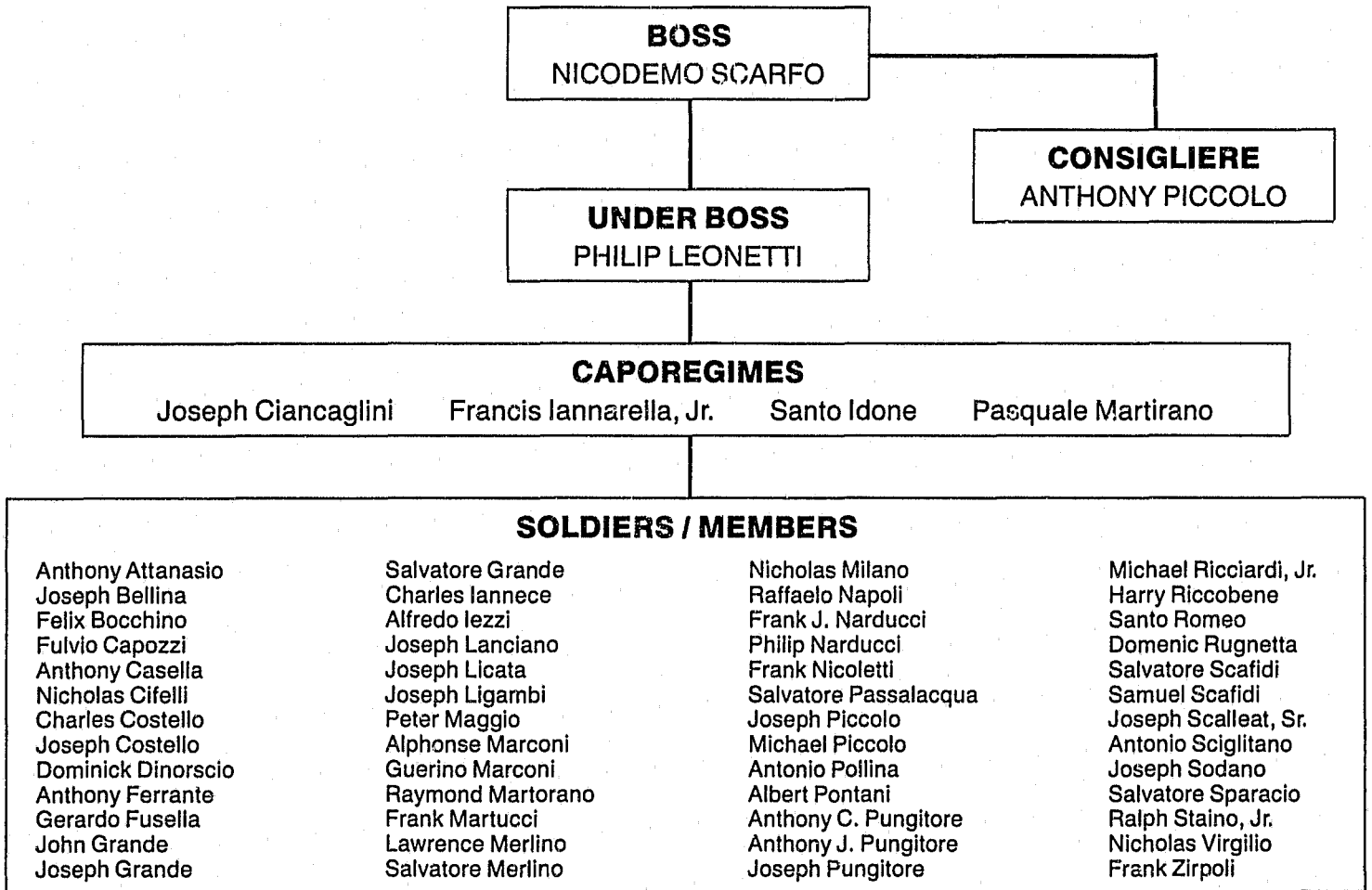
The Family consigliere, Anthony F. Piccolo, 66, White Haven Condominiums, Unit B-2, 503 White Horse Pike, Collingswood, NJ, has been mentioned as a successor because of his blood relationship to his cousin Nicodemo Scarfo and uncles Joseph and Michael Piccolo. However, Piccolo is unlikely to be able to take control of the Family because of his federal probation.

Illicit activities such as gambling, loansharking, and narcotics trafficking, once under the control of Scarfo, are currently operating independently. There are few individuals within the Family who have the power to control these illicit enterprises. Another indication of weakness is that LCN Family is not currently collecting a "street tax" in Philadelphia.

The powerful Gambino LCN Family in New York has had a long and close relationship with the Philadelphia Family. The Gambino Family has traditionally been involved in gambling, loansharking, and narcotics activities in New Jersey. Because of recent indictments, Scarfo's New Jersey gambling interests are operating without supervision. This leaves that operation ripe for takeover by an aggressive leader such as John Gotti, 47, 160-11 85th Street, Howard Beach, NY, boss of the Gambino LCN Family.

Efforts toward a takeover of Scarfo's rackets have already occurred. According to testimony at a federal racketeering trial in Newark, NJ, leaders of the Genovese LCN Family plotted the death of John Gotti. This was, in part, the result of a disagreement between the two Families over how to divide Scarfo's Northern New Jersey interests, formerly controlled by the late Antonio Caponigro, who was murdered by a member of the Genovese LCN Family in April 1980. Meetings between surrogates of Scarfo and members of the Gambino LCN Family are occurring, the intent of which is to resolve the current void in leadership.

# SCARFO LCN FAMILY



PENNSYLVANIA CRIME COMMISSION

MARCH 1989



## The Bufalinos: Past, Present, and Future of a Crime Family

At this writing, it appears that the Russell Bufalino Family, which operates in northeastern Pennsylvania, New York State and New York City, may be the most powerful Cosa Nostra Family in the Commonwealth . . . the power which is held by Bufalino and his Family should not be underestimated.

—A Decade of Organized Crime  
1980 Report  
The Pennsylvania Crime Commission

A dramatic change has occurred since these words appeared in the Crime Commission's Annual Report of 1980. As the decade ends, the Family is weakened and its future, problematic.

This once formidable La Cosa Nostra Family, headed by boss Russell Bufalino, traces its origins to the 1880s in the Pittston area of Luzerne County. Rosario Albert Bufalino was born on October 29, 1903, in Sicily. He became boss of the northeastern Pennsylvania Cosa Nostra Family in 1959, establishing himself as one of the nation's most ruthless and powerful organized crime figures. In fact, Bufalino, 85, 304 East Dorrance Avenue, Kingston, PA, has been credited with arranging the infamous "Apalachin Convention" of leading organized crime figures in 1957 at the Apalachin, NY, home of his predecessor, the late Joseph Barbara, Sr.

Though involved in diverse activities, the Family's power was established in labor racketeering in the region's garment and coal industries. To this end, Bufalino traveled weekly from his Kingston home to New York City for many years. Though the Family consisted of 35 active members in 1980, today it comprises less than half that number. The Family's decline can be traced back to the late 1970s when Bufalino was found guilty of extortion and sentenced to four years in prison. Bufalino began his first prison term in August 1978, despite a long career in crime.

Among the reasons for the declining power of the Family are Bufalino's apparent reluctance to recruit new members, and the aging, ill health and incarceration of principal leaders. Bufalino is in ill health and remains incarcerated at the Medical Center for Federal Prisoners in Springfield, MO. He is scheduled for release in May 1989, having served a term for violating the civil rights of Jack Napoli, a man he was convicted of extorting in 1977.

James "Dave" Osticco, 76, of 156 1/2 Elizabeth Street, Pittston, is Bufalino's underboss. He was released from federal prison in August 1988, but remains under federal supervision. Osticco was convicted of jury tampering.

During the spring of 1988, Anthony Frank Guarnieri, 78, 6531 South East Federal Highway, Stuart, FL, who oversees the Family's business there, entered guilty pleas in U.S. District Courts in New York, Nevada, and Florida for his role in trafficking in marijuana and counterfeit goods, and for conspiracy to manufacture a "silencer." He received a two-year prison term and a \$50,000 fine in July 1988, and is incarcerated at the Medical Center for Federal Prisoners in Springfield, MO, with his boss, Bufalino.

Testimony at Guarnieri's presentencing hearing revealed that the Bufalino LCN Family is involved in illegal gambling, loansharking, narcotics trafficking, and labor racketeering. Guarnieri was directly involved in "payoffs, and sweetheart contracts that would facilitate management." FBI agents testified that the Bufalino LCN Family is involved in labor racketeering with members of the Teamsters Union.

Consigliere Edward Sciandra, 76, 2340 Centre Avenue, Bellmore, Long Island, NY, has been managing the Family's business in New York, and is involved in counterfeit goods, bookmaking, and loansharking.

Sciandra also has been involved with the California entertainment industry. A top executive of MCA (Movie Corporation of America), a giant entertainment conglomerate with over \$2 billion in revenue per year, is under investigation for his involvement with a New Jersey company tied to Sciandra — North Star Graphics. A federal affidavit alleges that Eugene F. Giaquinto, 48, who heads MCA's \$100-million-a-year home-video division, funneled money to Sciandra through contracts MCA held with North Star Graphics. FBI records indicate that North Star, which provides MCA with containers for video cassette movies, is owned by Michael DelGazio, a close associate of Sciandra.

The Bufalino Family, through Sciandra, has maintained a long and veiled relationship with MCA and its subsidiary, Universal Pictures. In 1982, Sciandra was convicted on income tax charges resulting from his receipt of kickbacks for referring MCA/Universal business to a New York company, though he was neither an employee nor authorized agent of Universal. A sentencing memorandum in U.S. District Court in New York stated that "because of his organized crime connections," Sciandra was able to direct "hundreds of thousands of dollars" of MCA's Universal Division film-editing and film-processing work to one company in return for "10 percent in cash under the table." The federal affidavit alleges that Sciandra also tried to extort money from Giaquinto concerning the sale of movie rights to Universal, including one film portraying the life of the late Meyer Lansky, an underworld financial advisor, purchased by the studio in 1987.

At the heart of the current case is MCA's relationship with North Star Graphics. The FBI is attempting to determine why MCA's home-video division, of which Giaquinto was president until December 1988, contracted with North Star for its printing and packaging business. MCA's contract with North Star is estimated at several million dollars per year.

According to a former MCA executive, an internal audit conducted "a few years back . . . turned up some irregularities, somewhere between \$400,000 and \$500,000 that had been paid out for work that wasn't actually done" by North Star. The audit was critical of Giaquinto for awarding a multi-million-dollar contract to North Star at higher than normal prices, the former official said.

In the summer of 1987, Giaquinto informed Sciandra that, as a result of the audit, something might occur to end North Star's relationship with MCA. The affidavit, relying on FBI-intercepted conversations, states: "Sciandra's reaction to this news was irrational and of concern to various LCN

members. The LCN may be concerned that Sciandra may attract attention and should be retired."

Afraid he was being eliminated from his lucrative relationship with MCA, Sciandra began pressuring Giaquinto. In an effort to protect himself, the FBI claims, Giaquinto sought the help of John Gotti, boss of the Gambino LCN Family in New York City. During a "sit-down" with Sciandra, Gotti ordered him to stay away from Giaquinto.

The investigation is being continued by the United States Department of Justice.

A Family member who has remained in close contact with Bufalino during his incarceration is William D'Elia, 42, 18 Northview Drive, Hughestown, PA. D'Elia has been a surrogate for Bufalino during the latter's incarceration. The table below reveals an average age of 65 years for all Bufalino LCN Family members and a median age of 67 years. In addition, all currently identified members were members at the beginning of the decade.

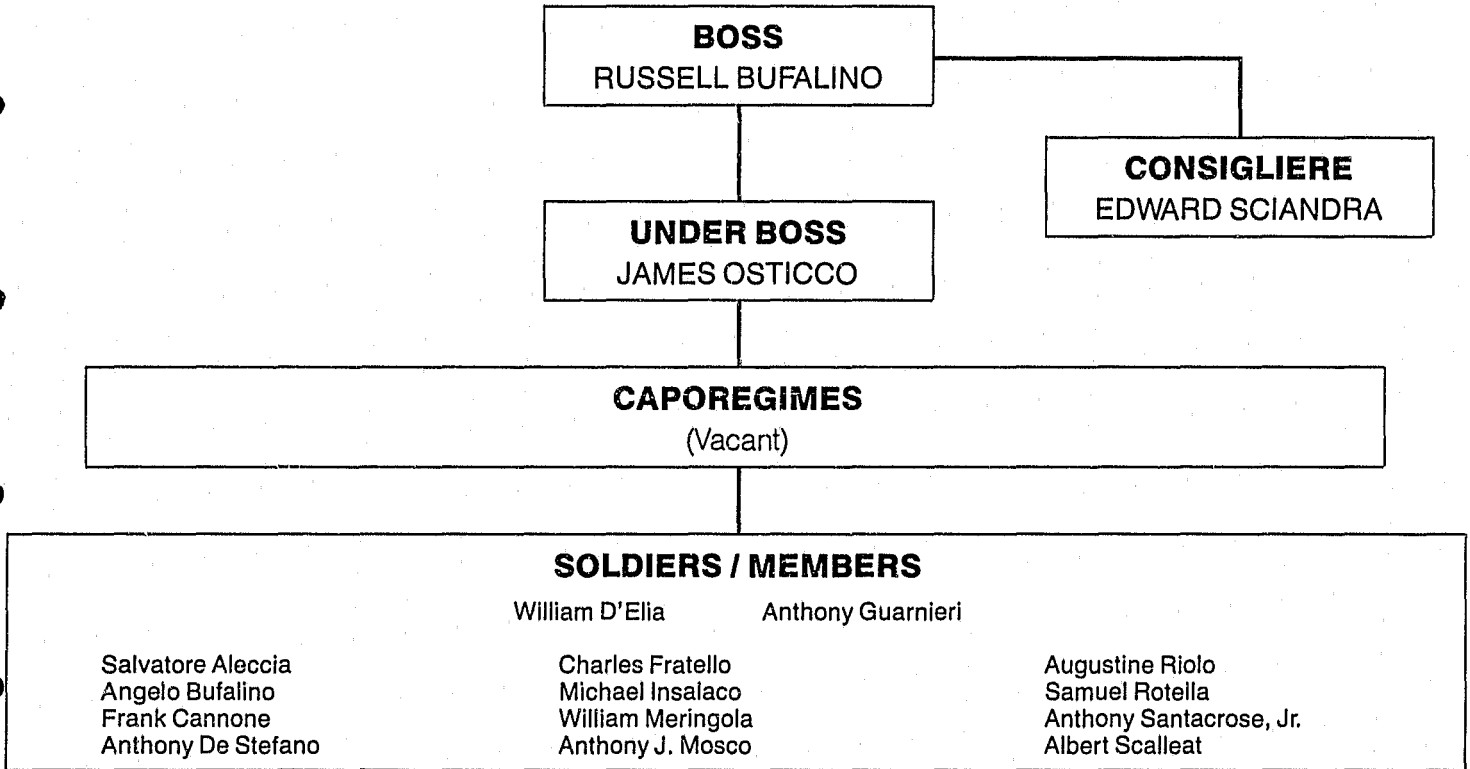
#### BUFALINO LCN FAMILY MEMBERS

NAME	AGE	NAME	AGE
Salvatore Aleccia	74	William Meringola	63
Angelo Bufalino	59	Anthony J. Mosco	46
Russell Bufalino	85	James Osticco	76
Frank Cannone	67	Augustine Riolo	71
William D'Elia	42	Samuel Rotella	66
Anthony De Stefano	78	Anthony Santacrose, Jr.	57
Charles Fratello	48	Albert Scalleat	69
Anthony Guarnieri	78	Edward Sciandra	76
Michael Insalaco	52		

Despite the evidence of ongoing activity, the leadership of the Bufalino LCN Family is aging and in poor health; its membership is in decline. Bufalino has been reluctant to admit new members. If the Bufalino

LCN Family is not soon revitalized, there is a probability that the interests of this Family will be assumed by another LCN Family or criminal organization.

# BUFALINO LCN FAMILY



PENNSYLVANIA CRIME COMMISSION

MARCH 1989

## Western Pennsylvania La Cosa Nostra

When Joseph Rosa, 29, proclaimed himself a "made" member of the LaRocca/Genovese LCN Family, it signaled the beginning of still another examination into this LCN Family. Rosa testified that he became an LCN member as a matter of birthright and had cemented his place among Family members by engaging in various criminal activities for their benefit. Coupled with testimony from LCN enforcer Marvin "Babe" Droznek, 41, their allegations assumed a level of credibility and were instrumental in sending 27 individuals to prison.

The Rosa/Droznek narcotics case was the largest in Western Pennsylvania history. Some of the defendants are associates of the LaRocca/Genovese LCN Family; others include an assistant district attorney and a veteran police officer. According to the 113-count federal grand jury indictment, the defendants distributed more than 200 kilograms of cocaine in the eastern suburbs of Pittsburgh during the last four years.

The federal grand jury indictment charged that LCN associate Rosa and William Kostrick, 42, 507 Chestnut Street, McKeesport, were the ringleaders of this cocaine operation. Rosa is the son of the late Frank J. Rosa, a member of the LaRocca/Genovese LCN Family and the grandson of Joseph Sica, 80, also an LCN Family member. Rosa pleaded guilty to charges that he operated a continuing criminal enterprise, and of tax evasion, and was sentenced in February 1989 to 10 years in prison with no possible parole.

Kostrick, who formerly operated a business firm in McKeesport called Zip Vending, was a major cocaine supplier to Droznek, a bookmaker and drug dealer. Droznek pleaded guilty to operating a continuing criminal enterprise and is serving a 15-year prison term with no possible parole.

Droznek, formerly of Monroeville, was the first to turn state's evidence in the case and agree to cooperate with federal authorities. Droznek wore an FBI body wire and purchased a half-kilo of cocaine from Rosa with FBI agents videotaping the transaction. Because of his cooperation, his undercover role, and his testimony before a federal grand jury and his later trial testimony, 25 of the 27 defendants pleaded guilty, leaving only Kostrick and Dino "Dough Boy" Romano, 32, 175 McKenzie Drive, Penn Hills, to face trial.

During the trial Rosa, a government witness, was asked by a defense attorney if he was a member of organized crime:

A. Yes.

Q. *What's it called?*

A. The Mafia.

Later in his testimony, Rosa told the court, "In my case, I was born into the Family."

Kostrick and Romano were convicted of conducting a continuing criminal enterprise by a jury trial in U.S. District Court. During the sentencing hearing, the judge told Kostrick that he was a "danger to society and needed to be isolated." The judge sentenced Kostrick to 30 years in prison with no possible parole and five years of supervised release.

Romano received a 15-year prison term plus five years of supervised release. Among the remaining 25 defendants were former Allegheny County District Attorney Perry C. Perino, 32, 227 West 8th Avenue, Homestead, and Mark D. Nicklow, 37, 2034 Luehm Avenue, North Versailles, a veteran member of the police department in that municipality.

Perino admitted that he assisted members of the drug conspiracy by providing them with information entrusted to him in his capacity as a public official. During the sentencing hearing, the judge told Perino that he was "despicable and violated the public trust." Instead of prosecuting criminals, the judge continued, "you assisted them by providing them with information."

Perino and Nicklow each were sentenced to 10 years in prison plus 5 years of supervised release.

Another defendant was Ronald "Fat Sam" Plisco, aka "Sam Catalano," 37, 161 Regal Court, Monroeville, a long-time bookmaker and LCN associate with ties to Charles J. "Chucky" Porter, 55, and Frank D. "Sonny" Amato, 61, both of whom are members of the LaRocca/Genovese LCN Family.

Victor E. Marchitello, 39, 541 Bessemer Avenue, East Pittsburgh, who operated a tavern known as Maestro's Cafe in Wilmerding, from which Droznek and others had been operating for years, also pleaded guilty and received five years in prison without possible parole and five years of supervised release.

Another significant individual in the case was William A. "Machine Gun Tony" D'Adamo, 59, 104 Garden Street, Monongahela. D'Adamo pleaded guilty to providing members of the drug cartel with machine guns and silencers. D'Adamo, an LCN Family associate with a history of firearms violations, received a 10-year sentence.

Despite Rosa's public declaration of being a "[LCN] member by birth," law enforcement authorities view this with skepticism. Rosa's and Droznek's testimony has again focused public attention on the LaRocca/Genovese LCN Family. Furthermore, it has generated residual investigations that threaten to further undermine this LCN Family.

## A New Hierarchy Begins to Emerge

During the past few years there has been a noticeable shift in the power structure of the LaRocca/Genovese Family. Rosa's and Droznek's testimonies confirmed that Porter and his closest associates, Louis Raucci, 58, and Henry "Zebo" Zottola, 53, are major income producers, and that Porter has "the ear" of the Family boss, Michael Genovese, 69. According to Robert "Bobby I" Iannelli, 58, 315 Thompson Run Road; August "Augie" Ferrone, 62, 1079 North Avenue; Adolph "Junior" Williams, 55, 274 Foxcroft Drive, all of Pittsburgh; and Paul "No Legs" Hankish, 57, 92 Brentwood Avenue, Wheeling, WV; turn in betting action to Porter. Rosa and Droznek claimed that Raucci and Zottola are both active in narcotics trafficking and loansharking.

On the surface, Porter's involvement with narcotics appears inconsistent with Genovese's philosophical opposition to drugs, but Porter is credited with saying that he views narcotics as a means to quick capital, and not a major source of revenue. He prefers to let associates rather than members absorb the risk, as can be seen by the Rosa trial. Although 27 individuals were eventually convicted of narcotics trafficking or associated offenses, none were considered LCN members.

The following are members of the LaRocca/Genovese LCN Family:

- Michael Genovese, 69, 4348 Clendenning Road, Gibsonia, PA;
- Frank "Sonny" Amato, Jr., 61, 704 Broadway Street, East McKeesport, PA;
- John Bazzano, Jr., 61, 107 Lynnbrook Drive, McMurray, PA;
- Anthony A. "Wango" Capizzi, 63, 4451 Middle Road, Allison Park, PA;
- Thomas A. "Sonny" Ciancutti, 59, 1906 Kenneth Avenue, New Kensington, PA;
- Pasquale Macri "Pat" Ferruccio, 71, owner of Liberty Vending, 401 High Street, NW, Canton, OH;
- Charles J. "Chucky" Porter, 55, 3999 Old William Penn Highway, Penn Hills, PA;
- Louis Raucci, 58, 133 Hulton Road, Verona, PA;
- Antonio "Anthony" Ripepi, 86, 4720 Brownsville Road, Pittsburgh;
- Joseph Sica, Sr., 80, 1148 Jefferson Heights, Penn Hills;
- Henry Zottola, 53, 9242 Wedgewood Drive, Pittsburgh.

The control exercised by this LCN Family can be seen in the Erie, PA, gambling market. Iannelli, a close associate of LCN Family member Anthony "Wango" Capizzi, 63, collected Erie layoff gambling

money from Alfred DelSandro until DelSandro's death in July 1988. At DelSandro's funeral, however, Iannelli purposely avoided contact with DelSandro's successor, John "Jack" Miller, 59, 5449 Pepperwood Circle, Erie. Miller had in excess of 35 numbers writers grossing \$125,000 weekly in sports and numbers "action" at that time and, until late 1988, was considered the largest bookmaker in Erie. Since then, Miller's organization has declined and is now ranked third. In March 1989, Miller was indicted by the IRS on charges stemming from gambling-related activities.

During the past three months, a new hierarchy has emerged within the Erie gambling community led by William J. Anderson, 60, 1809 Treetop Drive, and his partner, Leonard Alecci, 55, 9 West 4th Street, Apt. 1. The second largest operation is the province of Phillip S. Torrelli, 56, 2908 Broadlawn Drive, and Raymond Ferritto, 59, 724 Brown Avenue, both of Erie. Torrelli and Ferritto inherited Frank "Bolo" Dovishaw's sports and numbers action in 1983 after Dovishaw was murdered.

Anderson and Alecci lay off their betting action to LaRocca/Genovese LCN Family associates, while Torrelli and Ferritto lay off to another LCN associate, Manuel "Mike the Greek" Xenakis, 41, 100 Hayeswold Drive, Coraopolis, PA. Xenakis and Ferritto were arrested together in June 1987 on gambling charges; that case is still pending. Xenakis, in turn, lays off to Ciancutti associate John Sabatini, 48, 1693 Seaton Avenue, Coraopolis.

The LaRocca/Genovese LCN Family has invested in video poker vending, while remaining firmly entrenched in traditional criminal activities including gambling, loansharking, extortion, and narcotics. On January 19, 1989, LCN Family member Pasquale Ferruccio, 71, owner of the Liberty Vending Company in Canton, OH, was indicted by the Cleveland Federal Organized Crime Strike Force on racketeering charges resulting from the illegal use of video poker machines as a gambling device in Ohio and Pennsylvania.

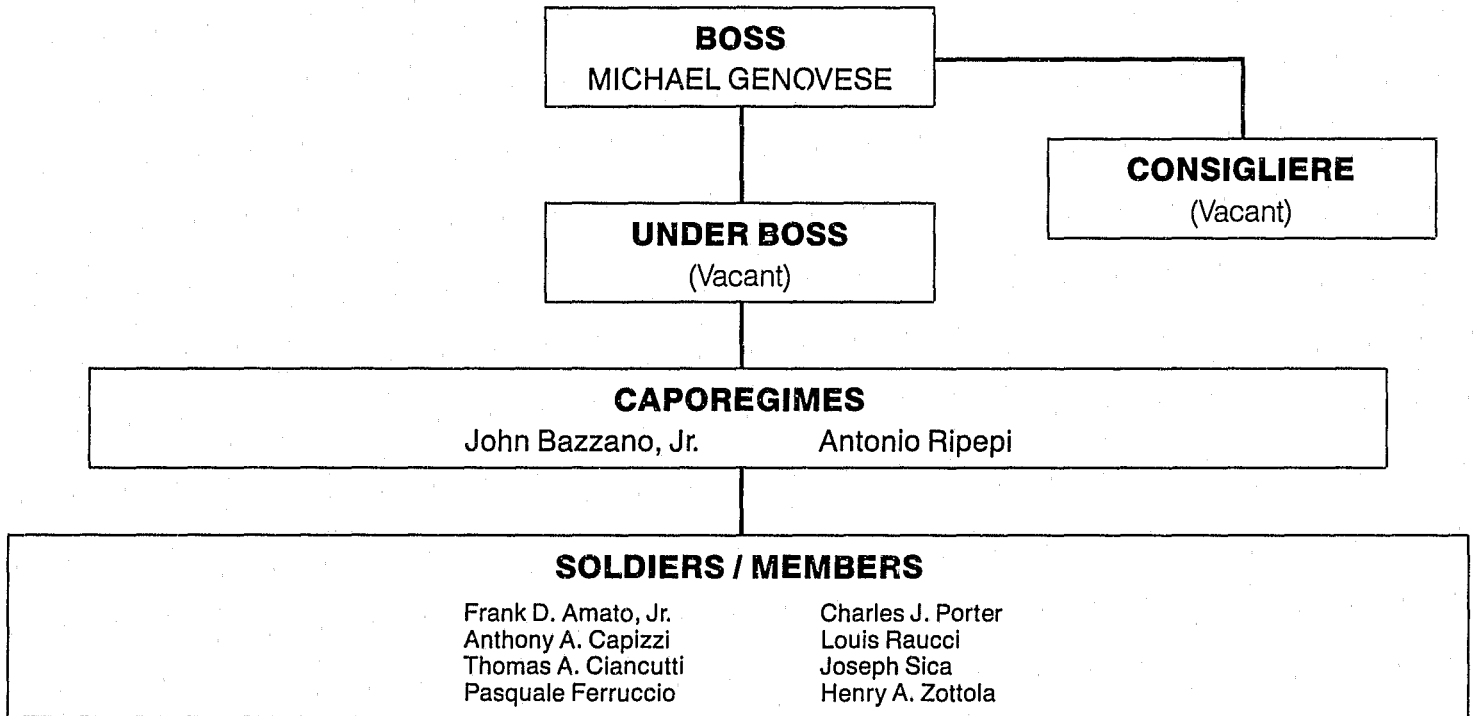
Over the past few years, law enforcement agencies have reported that the LaRocca/Genovese Family is experiencing a decline in influence. These observations are based upon an apparent lack of new "blood," coupled with an aging leadership. Sica and Ripepi are both in their 80s, and Ferruccio is 71; only Ripepi remains an active member and Ferruccio's future is clouded by his recent indictment. Still, the average age of the LaRocca/Genovese LCN Family members, currently figured at 65 years, drops to only 60 years when those three individuals are excluded from the equation.

Age alone will not precipitate the decline of the LaRocca/Genovese LCN Family; rather, the limited

membership will be hard-pressed to withstand a series of prosecutorial efforts aimed at the Family's hierarchy. Several convictions would have enormous impact, perhaps comparable to that encountered by Cleveland's Licavoli LCN Family, which was

devastated by prosecutions brought by an FBI Organized Crime Task Force. Notwithstanding similar circumstances, the LaRocca/Genovese Family appears capable of enduring.

## LAROCCA / GENOVESE LCN FAMILY



PENNSYLVANIA CRIME COMMISSION

MARCH 1989

## The Junior Black Mafia: A Philadelphia Phenomenon

The appearance of new criminal organizations is indicative of the changing nature of organized crime. One such criminal organization that has emerged in Philadelphia over the last two years is known as the Junior Black Mafia (JBM). This group appears to have modeled its criminal methods after the Scarfo LCN Family, relying heavily on violence and extortion to further its entrepreneurial interests. The JBM has shown its presence in the Northwest, Southwest, South, West, and Germantown sections of Philadelphia, with a leader assigned to each section. This organization is primarily involved in the distribution of drugs, mainly cocaine, and also offers murder contract services. Originally, the JBM was constituted of approximately 40 members and an unknown number of associates. The traditionally strong family bonds peculiar to LCN cohesion do not appear to have contributed to the organizational structure of the JBM.<sup>12</sup> Some criminal partnerships between JBM members and LCN associates have been uncovered.

Junior Black Mafia members exhibit the idiosyncrasies of modern urban gangs. They set themselves apart by driving expensive vehicles, and by wearing gold jewelry and rings with the "JBM" initials encrusted in diamonds. Originally, admission into the group required a \$1,000 initiation fee, the absence of a criminal record, and the operation of an established illegal activity.<sup>13</sup>

Sources indicate that JBM members and young LCN associates, such as Joseph Merlino, 27, 927 Jackson Street, Philadelphia, continue to associate and work together in the distribution of cocaine.

Law enforcement officials in Philadelphia continue to investigate the activities of the Junior Black Mafia. The Philadelphia Police Department Narcotics Unit raided two JBM locations on December 1, 1988, and

<sup>12</sup>F. Ianni's research ("Black Mafia, Ethnic Succession In Organized Crime"; NY: Simon & Schuster, 1974) on African-American and Puerto Rican criminal groups suggests that family ties are weak bonding relationships in these criminal networks; childhood friendship or prison acquaintanceship, for example, are more significant bonding types of linkage.

<sup>13</sup>Ianni (1974) also classified African-American criminal networks into two functional types of organizations. The first is the "associational network," held together by close personal relationships among its members. The second refers to networks that follow an "entrepreneurial model," where a group of participants are employed by an individual entrepreneur, who is in charge of the illegal activity by virtue of the fact that he pays the salaries or commissions of "employees." The JBM could be considered a hybrid organization, something like a criminal association of individual entrepreneurs.

seized approximately \$90,000 in currency, approximately 856 grams of cocaine, drug paraphernalia, a .357 magnum revolver, and two automobiles. Six JBM members were arrested: James Gaines, 36, 3517 North 7th Street; William McNeil, 24, 1922 Plymouth Street; Tracy Mason, 26, 1637 Annin Street; David Shabazz, 24, 2360 75th Avenue; Traci Harris, 22, 1336 South 16th Street; and Jules Pickard, 23, 1725 North 5th Street.

Several locations used as stash houses for JBM member Marvin "Big D" Robinson, 25, 2520 West Dakota Street, were raided by the Philadelphia District Attorney's Office and the Philadelphia Police Department. Seized during these raids were approximately \$350,000 in currency, three and one-half pounds of cocaine, 178 vials of crack, five weapons, four automobiles, two motorcycles, jewelry, and furs. As a result of these raids, Robinson surrendered to the district attorney's office on January 6, 1989.

JBM members who have been identified as high-ranking operatives include, in addition to Mason, Harris, Pickard, and Robinson, Leonard Patterson, 28, 5643 Florence Avenue, and Benjamin Goff, 31, 416 East Horter Street.

The emergence of the JBM has generated conflicts with other narcotics operatives in Philadelphia. Established African-American drug dealers in the city, such as Richard Spraggins, 63, 112 West Johnson Street; Leroy Keys, 37, 2435 North Chadwick Street; and George Blakely, 48, 12430 Sweetbriar Road, had a meeting with drug distributors from New York to discuss how to recoup territory currently under the control of JBM dealers.

Several independent African-American narcotics dealers affected the narcotics profits of the JBM by establishing their own operations and drawing customers away from the JBM. JBM members offered these individuals membership in their organization so that the JBM could cut into profits of the independents. When these individuals refused the offer, the JBM targeted them for death. This was the case when Terrence Goss, 21, 1912 West Erie Avenue, Philadelphia, was shot and critically wounded, on February 2, 1989, by JBM members. On February 21, 1989, Richard Isaac, 33, 2311 Turner Street, Philadelphia, was shot ten times. Isaac identified his assailants as JBM members. Both of these individuals were independent dealers who had been offered and refused membership in the Junior Black Mafia.

The JBM is intent upon establishing itself as a respected organization in the Philadelphia criminal underworld, and on capturing a sizable share of the lucrative narcotics markets. More likely, however, they will be stymied by the same traits that hampered and eventually crippled the Scarfo LCN Family — high visibility and a penchant for violence.

The inability to balance these two characteristics will prove just as costly to the JBM, eventually decreasing territorial control and severely diminishing their prospects for future revenue. Moreover, when compared with the more mature and established gambling organizations in the African-American community, the longevity of the JBM will certainly suffer.

## African-American Illegal Numbers Operations in Philadelphia

Illegal lottery operations continue to flourish in Philadelphia's African-American community despite the existence of the legal state lottery system. Unlike the state lottery, illegal lottery operations have no minimum wager; they offer better odds than the state system and, in many instances, extend short-term credit to the bettors. Convenience and cultural traditions also play a role in the continued existence of illegal numbers.

The financiers of illegal lotteries are called "numbers bankers"; their employees are called "numbers writers." Although some numbers writers accept bets on the street, major operations in Philadelphia use fixed locations called "lead houses." These locations are typically grocery stores or variety stores, taverns and restaurants where individuals can place their numbers bets with the writers.

Several significant illegal African-American numbers operations in Philadelphia continue to operate. Many of the individuals involved in these operations have criminal records relating to illegal numbers activity. Some of the principal operatives are:

- James W. Nichols, 66, 5714 Nassau Street, Philadelphia, considered the largest numbers operator in West Philadelphia. This operation has employed more than 40 street writers and has grossed in excess of an estimated \$10 million annually. Nichols and eight other members of this operation were arrested January 26, 1988, on charges relating to bribery, corruption, and racketeering violations. The trial is pending. This operation is also involved in cocaine trafficking.
- John "Slim" Creagh, 69, 3940 G Street, Philadelphia, an American white banker operating in several predominantly African-

American locations in the city. Creagh's operation is considered to be one of the largest numbers organizations in the Philadelphia area. Sources indicate that its activities are expanding. It employs a large number of street writers and utilizes many lead houses.

- Richard Spraggins, 63, 112 West Johnson Street, Philadelphia, a numbers operator centered in North Philadelphia and Germantown. This operation employs a number of writers and utilizes several lead houses. On February 2, 1988, Pecola Spraggins, 63, wife of Richard, was arrested in their home. Police confiscated papers with numbers action and \$2,500 cash. Mrs. Spraggins was charged with illegal lottery violations and destruction of property. Richard was not on the premises during the execution of the search warrant. This operation continues its loansharking and narcotics trafficking activities.
- Clifford "Lamont" Ballard, 47, 5 Wissahickon Avenue, Philadelphia, who runs an operation centered in North Central Philadelphia, which utilizes several lead houses. His operation, along with several others, was raided on August 13, 1988, the result of an investigation which revealed that LCN associate Joseph "Jake" D'Amato, 42, 1723 South Hicks Street, Philadelphia, was controlling an illegal lottery operation. Ballard and several others were arrested for numbers gambling violations.
- Isaiah "Ike" Ford, 55, 1 Wissahickon Drive, Philadelphia, has a numbers operation centered in North and Northwest Philadelphia which utilizes several writers and a number of lead houses. It averages an estimated \$20,000 a week in betting action.
- Junious Blackwell, 56, 1951 West Godfrey Avenue, Philadelphia, and Charles Blackwell, Sr., 63, 2201 Parkway Avenue, Philadelphia, who together run a numbers operation centered in Northwest Philadelphia. Several other family members also are involved in this organization which employs several writers and utilizes a number of lead houses. It averages an estimated \$7,000 to \$10,000 a day in betting action.
- Ceasar Nelson, 81, 1620 North 26th Street, Philadelphia, operates a numbers business in North and Central Philadelphia. This operation utilizes at least five lead houses. It continues to be managed by Nelson's girlfriend, Lorraine Kenney, alias Lorraine Taylor, 54, 1206 Sydney Street, Philadelphia.

The illegal lottery in the African-American community is an industry to which there are few new entrants and in which most bankers have long established careers. While the operations appear to be distinct, they are economically interdependent due to



the need to reciprocate in the exchange of excessive wagers on any one number. This is known as "laying-off" bets. Currently, these operations do not pay "street tax" to the Scarfo LCN Family; they are likely to thrive free of interference in the future as a result of the declining power of the Scarfo Family.

While society frequently views numbers as a benign activity and considers it a low priority for law enforcement, illegal gambling provides organized crime with "easy" money. It gives criminal entrepreneurs a relatively secure and stable source of revenue, which is often used to finance other criminal activities such as loansharking and drug trafficking.

## Jamaican Narcotics Networks

During the past few years, Jamaican criminals have emerged as a significant criminal element in the Philadelphia area. Their involvement in violent incidents has captured the public's attention, and police officials have openly expressed concern over the cold-blooded ruthlessness that characterizes this group.

Jamaican criminal groups are referred to as "posses," which are organized cocaine and marijuana networks often having ties to political factions in Jamaica. The most dominant of these is the Shower Posse, which operates in Southwest Philadelphia. Other posses include: Spangler, operating in North and Northcentral Philadelphia; Waterhouse, operating in North Philadelphia; Spanish-Town, which, along with the Montego Bay Posse, have aligned themselves with the Shower Posse; Rema and Jungle or "Jungleites," both operating independently throughout the city; Rag-a-Muffin, which has Texas connections and operates in West and Southwest Philadelphia; and the Ninja, operating in West Philadelphia. Additional Jamaican criminal strongholds can be found in the Logan, Germantown, and West Oak Lane sections of the city.

Jamaican criminals utilize several methods when infiltrating a community. The most common approach is to select an African-American female and lavish her with gifts, money, cocaine or crack. In return she permits the Jamaicans use of her house for drug trafficking. Another method is for Jamaicans to pay selected individuals money to rent apartments for their activities.

Jamaicans also establish "gatehouses" for drug distribution. Gatehouses are usually vacant buildings the Jamaicans fortify to make their operation less vulnerable to police raids and robberies by competitors. One criminal enterprise, led by Robert "Cush" Smith, 32, utilized 20 gatehouses in North and West Philadelphia. The Smith Narcotics Organization was comprised of individuals who served as

wholesalers, packagers, retailers, lookouts, and carpenters whose jobs were to fortify and operate the gatehouses.

Smith and three others have been charged under the Federal Drug "Kingpin" Statute and, if convicted, could spend their lives in prison. Also charged are Smith's brother, Everton "Dread" Smith, 29; Robin Byrd, 28; and Anthony "Ducas" Spinks, 27. Of these four, only Spinks is still a fugitive; the other three are currently incarcerated.

Smith used violence both to control his gang members and to thwart competition. In a non-related case, Smith pleaded guilty in January 1989 to a third-degree murder charge and was sentenced to a term of 20-to-40 years for the 1988 shooting death of a competitor, Joel Hinnant, 19.

Jamaican criminals have not confined their efforts to large cities; the burgeoning narcotics market has spilled into other communities throughout the Commonwealth. In early 1988, a New York posse, the Bronx-based "Valley Boys," led by Gregory "Troop" McQueen, 21, 3243 Kingsland Avenue, Bronx, NY, began making inroads into the Wilkes-Barre/Scranton, PA region.

These Jamaicans were buying high quality cocaine in the Bronx and selling it on the streets of Scranton and Wilkes-Barre. A portion of the profits were then transmitted through Western Union to gang members in New York. To avoid detection by law enforcement, they rented cheap hotel rooms and changed locations frequently.

Jamaican criminals also are present in the Harrisburg area. In 1987, two New York-based brothers, Rudolph "Anthony" Rossi, 23, 300 Sullivan Place, Brooklyn, and Randolph Rossi, 24, 2100 Westburn Court, Flatbush; and Kenneth "Kip" Hibbert, 27, 4941 East Main Drive, Harrisburg, were convicted on narcotics and weapons charges. Both Rossis were extradited to New York to face outstanding bench warrants for previous narcotics violations. New York City law enforcement officials reported that both Rossis are notorious crack dealers, having prior convictions for narcotics possession and distribution as well as for other firearms offenses. In addition, both claimed to be members of the Spangler Posse in New York City.

Another New York-based Spangler Posse member, Harold "Valentine" Brown, 36, 1-J Hall Manor, Harrisburg, was convicted on narcotics charges on April 13, 1988, along with his common-law wife, Vonzella Levon Hicks, 35, same address; and Radcliffe "Juice" Stephenson, 25, 271 East 37th Street, Brooklyn, NY. Brown later was extradited to New York City to face a felonious assault charge.

Other Jamaicans active in the Harrisburg area include Barrington Gayle, 30, 124 North 13th Street, Harrisburg, and his brother, Patrick Gayle, 25, same address. Patrick Gayle was convicted in 1988 on charges of possessing a controlled substance and sentenced to three-to-12 months in prison. In 1981, Barrington Gayle was convicted in Maryland of illegal possession of a weapon. A Barrington Gayle associate, Clinton Johnson, 28, 120 North 13th Street, Harrisburg, also has a prior history of arrests for narcotics and weapons-related offenses.

## Hispanic Vice Activities in Philadelphia

Hispanic drug traffickers continue to play an active role in the Philadelphia drug market. Through connections in New York and Florida, Hispanic dealers can offer quality drugs at competitive prices in the Philadelphia area. Hispanic traffickers travel to Florida to obtain their cocaine because of their connections in Miami, and the relatively inexpensive wholesale cost compared to prices in other areas. Florida remains a major distribution center for cocaine entering the United States. Because of the availability of drugs in New York, and its close proximity to Philadelphia, New York also is a source of drugs for Philadelphia drug dealers. Kilograms of cocaine in Philadelphia are currently selling for approximately \$10,000 to \$15,000.

Colombia, South America, processes and distributes the majority of the cocaine used throughout the world, including an estimated 80 percent of the cocaine entering the United States. Two prominent Colombian international drug smuggling organizations are the Medellin and Cali cartels. Both of these organizations actively operate in New York.

In the past year, substantial shipments of cocaine have been intercepted entering the country through the Philadelphia Port en route to New York. In May 1988, a Colombian-registered cargo ship arrived in Philadelphia carrying 1,052 pounds of cocaine. After discovering the drugs hidden in machinery on the ship, U.S. Customs and Drug Enforcement Administration officials tracked the cargo to a warehouse in Brooklyn, where they arrested three Colombian nationals preparing to dismantle the machinery and recover the cocaine.

In September 1988, U.S. Customs officials announced that they had seized 2,474 pounds of cocaine which had arrived in the Philadelphia Port on a cargo ship from Argentina. Customs and DEA agents released a sample of the shipment and followed it to a storage company in south Manhattan where Robert Alcaino, 51, a Chilean national, received the shipment. Alcaino was arrested on September 15, 1988, and charged with federal drug offenses in New

York and Philadelphia. According to DEA authorities, this is the largest seizure of cocaine ever made in the Philadelphia region, to date.

Hispanic drug traffickers also are active at the street level in the Philadelphia marketplace. Several significant drug operations have been identified. Gabriel Montilla, 41, 4617 North 5th Street, Philadelphia, is a major cocaine supplier who distributes multi-kilogram quantities from two of his businesses: La Cumbia Restaurant/Night Club located at 4617-21 North 5th Street, and La Posada Restaurant located at 4636 North 5th Street, Philadelphia. La Cumbia is considered to be an after-hours night club where other Colombian narcotic dealers meet to discuss the drug business and socialize. Approximately eight other Colombian individuals are involved in Montilla's operation.

Another operation is headed by the husband/wife team of Roberto Delgado, 52, and his wife, Victoria Castano Delgado, 32, 10866 Modena Drive, Philadelphia. They sell and distribute cocaine from their business, Delgado Enterprises, a travel agency, located at 546 West Lehigh Avenue. Also in this organization is Victoria's brother, Cesar Castano, 29, 441 Tomlinson Road, Apartment 10, Philadelphia. Cocaine is sold by this group in half kilogram and kilogram quantities.

Victoria Delgado was arrested January 19, 1986, by the Philadelphia police for possession of eight and one-half pounds of cocaine and several weapons; also seized was \$75,000 in currency. She was sentenced to 11-1/2-to-23 months in prison. Cesar Castano also has been arrested for the possession of narcotics.

Another incident involving the Delgado operation occurred June 2, 1988, when Iris Maldonado, 26, was found shot to death inside her automobile in Atlantic City. According to law enforcement sources, Maldonado was a Delgado employee who had just delivered two kilograms of cocaine in New Jersey.

Lazaro Hidalgo, 36, 2917 Mutter Street, and Francisco "Frank" H. Blanco, 34, 161 East Lippincott Street, Philadelphia, are two Cubans who are distributing multi-kilogram quantities of cocaine through several locations, including the Eldorado Night Club, at 4641 North 5th Street; the Caribbean Lounge, at 268 West Ontario Street; and Angelo's Variety Store, at 1712 South 6th Street.

A group of Dominicans, known as the Camacho brothers, is controlling a portion of the heroin trafficking in sections of north Philadelphia. Several members of this group are Rafael Camacho, 48, 2637 North Mascher Street, Pasqual Camacho-Herrera, Manuel Camacho-Herrera, and Alberto Camacho-Herrera (addresses unknown). This group utilizes several grocery stores as distribution points for the

heroin they sell. Cocaine, identified as "Fish Scale," also is sold at some of the same locations. This is considered the best quality cocaine in north Philadelphia.

The heroin this group sells is identified by various names because of different prices and grades of product. Some of the names and prices include "Airborne" (or "Black Tar"), considered the best quality, \$30 a bag; "Nova," also high quality, \$30 a bag; "Sony," \$20; and "Fly High," \$20. For customers who buy heroin in volume, this group teaches how to "cut" or dilute the heroin and sell it at a greater profit.

Hispanic drug dealers operate within established territories in Philadelphia. Street corners are "owned" by various drug dealers who pay legitimate businessmen and store owners to allow them to distribute narcotics from their shops. Drug dealers in the city also purchase legitimate businesses to be used as facades for drug distribution and money laundering. Although these locations appear to be typical retail outlets, such as grocery stores and variety shops, the primary source of income generated by these businesses is from narcotic sales.

These territories are controlled through violence and the threat of violence. Infringement upon another organization's "turf" without approval is cause for violence. On August 21, 1988, Hiram "He-Man" Lebron, 21, and John Parker, 14, were shot to death while sitting inside a vehicle at a Roy Rogers restaurant on Oregon Avenue. The deaths of these individuals were the result of a turf battle in the Fairmount section of the city. During the previous week, Lebron, a street-level dealer for a narcotic operation, was attempting to sell drugs in the territory of another organization. A \$10,000 contract for Lebron's murder was ordered. These murders also served as a message to other dealers, warning them to stay out of the organization's territory.

Violence also is used in drug dealing to convey other messages. Richard Logan, 31, 3111 North 15th Street, was shot and killed on August 17, 1988. Jose Rivera, 23, 3012 North Hutchinson Street, was arrested August 28, 1988, and charged with this murder. According to Philadelphia Police Department investigators, Logan was killed because he refused to pay Rivera for a \$20 bag of cocaine he found to be a "rip" (not of the quality expected).

In some Hispanic neighborhoods where drugs are prevalent, drug dealers are treated with respect and high esteem. These dealers have expensive clothes, jewelry, and new automobiles. They are considered successful among their peers and serve as role models for the youth of the neighborhood. Some young Hispanic males emulate these dealers by working their way into narcotic operations. They begin as lookouts, become drug holders and, eventually, dealers.

An example of the status held by drug dealers can be seen in the death of Luis "Sexo" Ortiz, 20, 3429 North Marshall Street, Philadelphia. On September 26, 1988, Ortiz, the leader of the Gray Tape Narcotics Gang, was shot and killed. Andres Albaladejo, 34, 643 West Tioga Street, was arrested for this murder. This trial is pending. As a result of this killing, a riot occurred in Ortiz's community. Several cars were overturned and fire bombed; a police car's windshield was shattered; and the grocery store of Albaladejo's brother, at 629 West Tioga Street, was looted and fire bombed. At Ortiz's funeral, a large crowd of mourners attacked reporters who were covering the funeral. Acts such as these indicate the high esteem that narcotic dealers are able to acquire in the course of their illegitimate as well as legitimate endeavors.

## Gambling

There are several types of gambling activities present in the Hispanic communities in Philadelphia. Illegal numbers operations along with variations of the Puerto Rican lottery system, or La Bolita, continue to flourish in these communities. Hispanic numbers operations usually offer 600-to-1 or 700-to-1 odds.

One of the largest illegal numbers operations in the Hispanic community is controlled by the Sanchez family. This operation is conducted from several bars and food markets which are owned and operated by members of the family. Gilberto Sanchez, 38, and Agapito Sanchez, 37, both of 4711 North 9th Street, have arrests relating to illegal lottery violations. Police officers also have seized betting slips at the following two locations utilized by this operation: Sanchez Bar and Restaurant, 432 West Dauphin Street, and Kensington Grille, 2362 North Front Street. Sanchez Food Market, 2457 North 5th Street also is a major illegal lottery location.

Several locations that have been identified as cocaine distribution centers also offer illegal numbers games. Some of these locations include the Caribbean Lounge, 268 West Ontario Street, a cocaine distribution point for Lazaro Hidalgo and Francisco Blanco; Vieques Bar, 700 West Cambria Street, where cocaine is openly sold; and Delgado Enterprises, 546 West Lehigh Avenue, where cocaine is sold by Roberto and Victoria Delgado.

## Hispanic Narcotic Activity in Erie

Hispanic narcotics organizations in Erie have become the predominant sources of the cocaine that is being distributed at the street level. This has caused a reduction in business for the competition, mainly independent African-American cocaine dealers. Hispanic organizations have been able to take control

of the cocaine market by offering users a higher quality product at a lower price than that offered by African-American dealers. The Hispanics have focused their operations primarily in the "Little Italy" section of the city, where much of the estimated Hispanic population of 5,000 has settled.

Two Hispanic organizations involved with narcotics in Erie have been identified. One is headed by Rafael "Fred" Burgos, 35, 817 East 25th Street. Two dealers working for him are Fernando Gomez, 34, 2030 West 23rd Street, and Jose Rodriguez, 31, 120 West 4th Street.

The other organization is headed by Pablo Montalvo, 56, 1721 Chestnut Street. Identified dealers in this organization are Cecilio De Jesus, 41, 364 East 17th Street, and Hiram Oquendo, 34, East 35th Street. The lieutenant/enforcer of this organization, William "Shorty" Bonilla, 520 West 18th Street, died January 23, 1989, as the result of an overdose of cocaine.

Burgos was arrested September 23, 1988, by the Erie police and charged with possession of an instrument of crime, criminal attempt, prohibited offensive weapons, and possession of cocaine. After the cocaine charge was waived, he pleaded guilty to the remaining charges. He is awaiting sentencing. Gomez was arrested for drug violations on November 17, 1988, and January 25, 1989. Trials are pending for both arrests. Montalvo, De Jesus, and Oquendo, were arrested November 17, 1988, by the Erie police and the Pennsylvania Attorney General's Region VII Drug Task Force, for drug violations. All three pleaded guilty to the charges. Montalvo is awaiting sentencing. De Jesus was sentenced to one-to-two years in Pittsburgh State Correctional Institution. Oquendo was sentenced to 11-1/2-to-23 months in the Erie County Jail.

Individuals within these organizations have used violence as a mechanism to maintain control of their operations and to warn others not to disrupt their drug supplies.

## Outlaw Motorcycle Gangs

Five members of the outlaw Pagan Motorcycle Club were convicted of racketeering, conspiracy, and narcotics distribution on July 27, 1988, after a three-week trial in Pittsburgh Federal Court. Among the defendants were the club's national president, its secretary, and a Mother Club member described as a former local club president and advisor to two other chapters.

Convicted of the racketeering charges and other related drug distribution offenses stemming from a 30-count federal grand jury indictment were:

- Merle "Jackpot" King, 35, 620 Jackson Street, North Huntingdon Township, Westmoreland County, the Pagan national president and a Mother Club advisor to the Greensburg chapter. He was convicted of seven counts and was sentenced to 27 years in prison.
- Gary "Biggy" Keith, 38, 802 Highland Avenue, Charleroi, Washington County, the club's national secretary and the Mother Club advisor to the Kane, PA, and the Youngstown, OH, chapters. He was convicted of 13 counts and acquitted of two. He also was sentenced to 27 years in prison.
- Kenneth David "Iceman" Murray, 47, 4206 Greensprings Avenue, West Mifflin, Allegheny County, a Mother Club member and advisor to the Pittsburgh and Fayette City chapters. He was convicted of five counts, and was sentenced to 27 years in prison.

Additionally, King, Keith, and Murray were sentenced to 10 years of supervised release upon completion of their prison terms.

- Ronald "Dago" Marino, 41, of Youngstown, OH, a one-time Pagan chapter president there, was convicted of four counts. He received a seven-year sentence with 10 years of supervised release.
- Roger Hayes, 31, of Russell, PA, a former member of the Kane chapter, was convicted of five counts, and was sentenced to time served plus 10 years of supervised release.

Also convicted in the case was Cheryl Keith, 30, wife of Gary Keith. She was convicted of a single conspiracy count for her role in assisting her husband in the handling, packaging, and distribution of cocaine, and was sentenced to two years in prison.

A principal witness for the government during the trial was Michael John "Attitude" Cichowicz, 38, formerly of Reading and Fayette City. He is now in the Federal Witness Protection Program. A Pagan member himself, Cichowicz testified about how he had purchased drugs and guns from various members of the gang. A former Philadelphia member of the Pagans, James DiGregorio, 34, testified during the trial about how he manufactured and sold methamphetamine to King and others.

DiGregorio was convicted of attempted murder in the shooting of Victor DeLuca, who was a bodyguard in 1981 for the late Philadelphia LCN boss, Phillip "Chicken Man" Testa. At the time he shot DeLuca, DiGregorio was attempting to shoot Scarfo LCN Family member Harry "Hunchback" Riccobene over a drug deal. He shot DeLuca by mistake.

Another witness and former Pagan member who testified in the Pittsburgh trial was Bryan Paul "Shotgun" Davis, 38, formerly of 10 Hemlock Street, Kane. Davis is now serving a 25-year sentence after

pleading guilty to 22 counts of a grand jury indictment which charged him with narcotics trafficking.

Davis testified that he had bought a drug known as "Killer Weed" from King. "Killer Weed" is dried parsley sprayed with PCP, or Phencyclidine, a strong tranquilizer used on horses. The parsley is then smoked. Davis testified that he had purchased narcotics from Gary Keith "probably a hundred times." Before his arrest, Davis testified, his gross proceeds from drug sales averaged about \$140,000 per month.

According to testimony at the Pittsburgh trial, the western Pennsylvania chapters of the Pagans obtained most of their narcotics from Pagan associate John Budesky, 42, of Greensburg, who also is now serving a lengthy prison sentence.

During the time he was providing cocaine to the Pagans, Budesky lived a lavish lifestyle that included ownership of an oceanfront residence in Florida, several speedboats, a 36-foot yacht for which he paid \$89,000 in cash, and as many as 50 to 60 automobiles he bought, usually for cash, inside a five-year period.

Because of the Pittsburgh conviction of the two national Pagan officers, a club realignment quickly took place. After the trial, Daniel "Dirty Dan" Delp, 43, of Route 644, Kensington, OH, became the national president of the Pagans, moving up from his former position as national sergeant-at-arms. Delp possesses an extensive criminal history in Ohio which includes breaking and entering, burglary, assault, and possession and sale of cocaine and hallucinogens. Kenneth "Bad Hand" McMillen, a Pagan member from Charleston, WV, was elected the club's national vice-president.

Their reign as national officers, however, was short-lived. A federal grand jury in Charleston indicted 35 members and associates on charges of racketeering and narcotics distribution in February 1989. McMillen and Delp were among them, as was a Philadelphia-area member, Thomas Cusak, who had been a fugitive.

Pagans are governed by a Mother Club, a group of between 13 and 16 members who may change depending on who is national president. The Mother Club location often changes whenever a new national president is elected.

Pagans are one of five outlaw motorcycle gangs across the country designated by DEA to possess more than 100 active members. Records indicate that the Pagans have chapters in at least nine states; the largest membership is in Pennsylvania which has nine local chapters located in Pittsburgh, Fayette City, Greensburg, Chester, York, Lehigh Valley, Lancaster, Philadelphia and Delaware County. The nine

chapters are thought to contain at least 75 active members.

Historically, members of outlaw motorcycle gangs are often involved in a wide array of criminal activities that include murder, rape, burglary, narcotics, auto and cycle theft, prostitution, weapons offenses, and intimidation of witnesses.

At least three former national presidents of the Pagans are now incarcerated. They are John "Satan" Marron of Lancaster, Paul "Ooch" Ferry of Long Island, NY, and Merle King.

Since 1985, more than 45 members of the Pagans or their associates in western Pennsylvania have been arrested on federal narcotics charges. This effort virtually destroyed the Kane chapter; chapters in Fayette City, Pittsburgh, and Greensburg are considering a merger.

## Asian Organized Crime in Philadelphia

As populations have increased in the Asian communities of most large cities, so has law enforcement's concern for such criminal activities as gambling, prostitution, narcotics, and extortion.

Organized crime in Asian communities has been a concern in most large cities since the 1970s when violence broke out in the New York and San Francisco Asian communities. This violence was created by "tong wars," or disputes between "tongs," or Chinese associations.

Philadelphia's Chinatown is influenced by the presence of four tong organizations: the Hip Sing Tong, 938 Race Street; the On Leong Merchant's Association, 911 Race Street; the Tsung Tsin Association, 926 Winter Street; and the Tung On Tong, 131 North 10th Street. These tongs are local chapters of organizations headquartered in New York City. Tong chapters are benevolent organizations or business associations designed to assist Chinese who encounter cultural differences when arriving in the United States. The tongs provide services, such as help in translating and preparing documents, securing loans, jobs, and shelter to newly arriving Chinese immigrants.

During the past year, each of these tongs has been involved in the operation of an illegal gambling casino located at the tong chapter or at a tong-owned property. The casinos feature such popular games as mah-jongg, 13-card poker, pai gow, fan-tan, and blackjack. The casinos, controlled by key members of the tong, charge 1-2 percent on all bets and collect 5 percent on all winnings. Currently, some of these casinos have closed because of competition from legal gambling casinos in Atlantic City, some of which have made concerted efforts to attract Asians.

The tongs in Philadelphia utilize members of Chinese street gangs to protect their gambling and

other criminal activities in Chinatown. Tong and gang alliances in Philadelphia are as follows:

TONG	GANG
<p><b>Hip Sing Tong On Leong Tong Tsung Tsin Tong/ Tung On Tong</b></p>	<p><b>with with with</b></p> <p><b>Flying Dragons Ghost Shadows Tung On Boys</b></p>

Besides gambling, street gangs are involved in extortion of Chinatown merchants, narcotics trafficking, and prostitution. Street gang members have been used to protect several massage parlors operating in Chinatown from robberies and extortion by rival gangs.

Most of the massage parlors located in and around Chinatown are operated by Korean women utilizing prostitutes of various Asian nationalities. The prostitutes are rotated frequently and are part of a nationwide "circuit" operating in about 25 cities including Philadelphia, New York, Houston, San Francisco, and Boston.

In Philadelphia, the following massage parlors or "health clubs" are operating:

- Orient Studio, 1437 Vine Street;
- Oriental Delight, 1812 Ludlow Street;
- Bangkok Health Spa, 1017 Spring Garden Street;
- Natural Garden Health Club, 1201-05 Race Street;
- Tokyo Garden, 216 North 13th Street;
- Oriental Figure Salon, 128 North 9th Street;
- Dynasty Massage Parlor, 46 North 10th Street.

# LESSONS TO BE LEARNED FROM ORGANIZED CRIME PROSECUTIONS IN PENNSYLVANIA

## Convictions of the Scarfo La Cosa Nostra Family

The investigation and prosecution of the Scarfo LCN Family once again demonstrated the successes that can be achieved through organized law enforcement. The cases against this particular LCN Family, with its penchant for violence, proved that through a cooperative local, state, and federal law enforcement effort, a serious public threat can be immobilized. The prosecutions that emanated from this cooperative effort resulted from the combined talents and skills of career investigators and prosecutors who built cases upon a tactical intelligence base that ultimately corroborated the testimony of three members of this LCN Family. By investigating this criminal group as an organization (vis-a-vis discrete and seemingly unrelated activities and individuals), a criminal conviction "proved beyond a reasonable doubt" that LCN was not the imagination of law enforcement, but was a viable, violent, and insidious criminal organization destined to frustrate the administration of justice.

Because of this combined law enforcement effort, Nicodemo "Little Nicky" Scarfo, 60, of Atlantic City, the boss of the Philadelphia LCN Family since 1981, became the first American LCN boss to be convicted of first-degree murder. The jury returned its guilty verdict against him and seven of his Family members in Common Pleas Court on April 5, 1989, after deliberating less than four hours at the conclusion of a three-week trial. Scarfo and the others were convicted for the July 23, 1985, murder of LCN Family associate and bookmaker, Frank "Frankie Flowers" D'Alfonso of Philadelphia.

Convicted in addition to Scarfo were Nicholas "Nicky Whip" Milano, 28; Joseph Ligambi, 49; Phillip Narducci, 27; Frank Narducci, Jr., 35; Francis "Faffy" Iannarella, Jr., 41, a capo; Lawrence "Yog" Merlino, 42; and Salvatore "Chuckie" Merlino, 49, a former underboss. The Narduccis are half-brothers. The Merlino's are brothers.

The eight co-defendants were convicted principally on the testimony of two members of the Scarfo LCN Family who turned state's evidence and agreed to testify against their former colleagues. Eugene Milano, 29, who testified against the eight

defendants, including his brother, Nicholas Milano, was viewed by courtroom observers as crucial to the government's case. His testimony was corroborated in part by the testimony of Thomas "Tommy Del" DelGiorno, 48, a former capo in the Scarfo LCN Family, who began cooperating with the New Jersey State Police in November 1986, and who has testified against Scarfo in five separate trials. He testified that Scarfo ordered the killing of D'Alfonso, a close associate of former mob boss Angelo Bruno.

DelGiorno, an admitted killer, told the jury that he organized the murder with Frank Narducci and reported his progress to the Merlino's. He testified that he assigned the shooting to Nicholas Milano and Phillip Narducci.

Eugene Milano was a defendant in the case on the day the trial started; he decided to cooperate with the government in return for a guilty plea of third-degree murder under a plea-bargain agreement. Milano, Scarfo, and 15 other LCN Family members and associates are awaiting sentencing in May 1989 after a federal jury convicted them of racketeering last November.

The murder convictions of the eight men, and the federal racketeering convictions of Scarfo and 16 members of his LCN Family, clearly have left a serious void in leadership and have marked an end to the mob Family as it has recently been structured.

In the words of a federal prosecutor, with the "wholesale conviction of two generations of local mob leaders, we have, in essence, taken the guts out of this Family. I don't believe there is enough of a structure [left] to keep it running. We took down the boss, the underboss, capos [and] soldiers."

Perhaps even more important than the convictions, the jury found that the prosecution had proved the existence of La Cosa Nostra and that Scarfo was its boss. The jury agreed with the indictment's contention that the purpose of the organization was to control, manage, finance, supervise, participate in and set policy concerning the making of money through illegal means.

The major building blocks in the prosecution's federal case were photographs of meetings and



approximately 300 secretly taped conversations of the defendants. These were used to bolster and corroborate the testimony of two key government witnesses, former LCN Family members Thomas DelGiorno, 48, and Nicholas Caramandi, 53. The recorded conversations were a major factor in adding credibility to the two killers-turned-informants whose testimony had been discounted by two previous juries.

The 17 defendants in the federal case were accused of nine murders, four attempted murders and numerous acts of illegal lottery, sports bookmaking, distribution of methamphetamine, loansharking and extortion among the racketeering and conspiracy charges. All of the defendants are now in prison awaiting sentence which is expected in May 1989. Scarfo, the principal target of the prosecutions, faces a maximum sentence of 55 years in prison in addition to the life sentence he received in the murder case. Each of the others face possible sentences of 40 to 55 years in prison.

The convicted individuals from New Jersey included besides Scarfo, Philip M. Leonetti, 36, of Atlantic City, underboss of the Family; Salvatore J. Merlino, 49, of Margate and Philadelphia, the former underboss and now a soldier; Lawrence Merlino, 42, of Margate, the brother of Salvatore Merlino, a former capo and now a soldier in the Family; and Nicholas Virgilio, 61, of Atlantic City and Philadelphia, a soldier in the Family.

Those convicted from Philadelphia include Joseph A. Ciancaglini, 54, a Family capo; Francis Iannarella, Jr., 41, another capo; Charles A. Iannece, 53, a soldier in the Family; Salvatore Wayne Grande, 35, a Family soldier; and Joseph Grande, 29, the brother of Salvatore Grande and a Family soldier. They are the sons of LCN Family soldier John Grande.

Also convicted were Family soldiers Joseph A. Pungitore, 32, and his brother Anthony Pungitore, Jr., 35, the sons of LCN Family soldier Anthony Pungitore, Sr.; Phillip A. Narducci, 27; Frank Narducci, Jr., 35, the half-brother of Phillip Narducci; Eugene C. Milano, 29; Salvatore Dino Scafidi, 27; and Ralph Staino, Jr., 56. (The Narduccis are the son and stepson of the late Frank T. Narducci, a Family member who was murdered in 1982. Narducci's killing was one of the murders included in the racketeering charges in this trial.)

Another Family soldier, Nicholas J. Milano, 28, of Philadelphia, brother of cooperating witness Eugene Milano, also was named in the original indictment and became a fugitive. He was apprehended on December 6, 1988, in Las Vegas, and now faces a separate trial on at least eight of the charges on which the others were convicted.

Also named in the original indictment was LCN Family soldier Joseph A. Ligambi, 49, of Philadelphia. In September 1988, Ligambi pleaded guilty to the gambling charges. He is expected to be sentenced with the other defendants in early May 1989.

## The Narcotics Corruption Trial of the "Five Squad"

While narcotics trafficking represents a threat to the quality of life in communities throughout Pennsylvania, the corruption that often emanates from this activity is a reality that must be confronted by law enforcement. The large amounts of cash that these criminal entrepreneurs or organizations have available invites corruption. This, coupled with the unique nature of drug enforcement that often relies upon methods of operation outside the norm of traditional investigation, creates a fertile environment for corruption. Absent an independent intelligence apparatus that is not incorporated into the operations of a narcotics unit, and strong managerial oversight, corruption of narcotics units becomes a very real probability. This was clearly demonstrated in the "Five Squad" trial.

In the early 1970s, the Narcotics Unit of the Philadelphia Police Department created an elite squad with city-wide jurisdiction to address large scale narcotics distribution cases. This specialized narcotics squad, the Five Squad, consisted of 15 police officers before being disbanded in February 1984.

In 1982, the Five Squad and the FBI combined their resources to investigate one of the most significant drug cases in Philadelphia's history. Through the cooperation of narcotics dealer Ronald Raiton, 53, 3229 E. Bruce Drive, Dresher, PA, these two agencies convicted organized crime figure Raymond "Long John" Martorano, 62, formerly of 627 Fitzwater Street, Philadelphia, and John C. Berkery, 55, of Philadelphia, along with numerous other narcotics traffickers.

On September 13, 1988, the United States Attorney's Office returned a 30-count indictment that charged six Five Squad members with engaging in a pattern of racketeering activity to obtain money and property for personal gain. The indictment covered the period from January 1980 to February 1984, and named the following former Philadelphia police officers: Captain John Wilson, 44, 1049 Lukens Street; Sergeant Ronald Giongo, 52, 3608 Nanton Place; James Cattalo, 35, 2948 South Cleveland Street; David Grove, 40, 9112 Springview Road; Sergeant Francis Hilt, 41, 12709 Cabell Road; and Richard Jumper, 42, 14056 Trevoise Road. The officers were charged with racketeering, conspiracy, tax evasion, and drug distribution.



The information contained in this indictment was obtained principally from two former Five Squad members: Officer Leo Ryan, 38, 8723 Lykens Lane, and Corporal Charles Hund III, 39, 1827 Napfle Street, both of Philadelphia, who became government informants.

On March 20, 1989, a mistrial was declared because the jury could not reach a verdict. The prosecution has indicated that the case will be retried.

The implications of this trial and those which preceded it, such as the trial of the New York City narcotics officers assigned to the Special Investigations Unit of the NYPD, once again serve to reinforce the inevitability of corruption in elite drug units, as well as drug enforcement generally, and the need to maintain a proactive internal affairs unit to address this problem.<sup>14</sup>

## The "Pizza Connection II" Indictments

Consistent with predictions regarding the changing nature of crime in the Lehigh Valley, two Bethlehem men were arrested in a sequel to the renowned "Pizza Connection" case of 1984. A massive investigation began in 1986 after the original Pizza Connection alerted authorities to the presence of prominent members of the Sicilian Mafia in the United States who were trafficking in enormous quantities of southwest Asian heroin. The earlier case resulted in the conviction of 18 individuals involved in the sale of \$1.6 billion of heroin through the use of pizzerias as fronts.

Records indicate that drug traffickers became cautious about opening new avenues for their contraband after the 1984 round-ups disrupted long-entrenched trafficking routes. Members of the Sicilian Mafia and their associates turned to relatively rural sections of Pennsylvania and New Jersey to carry out some of their operations in the hope of attracting less attention from law enforcement than they would in more heavily populated metropolitan areas. But in March 1988, 233 people in the United States and Italy, including two from Bethlehem, PA, were charged with trafficking in heroin and cocaine in what then Attorney General Edwin Meese called "the largest drug case ever developed by the federal government."

Jerry L. Mark, 30, 616 W. Union Boulevard, Bethlehem, and John J. Sculley, 35, of the same address, were arrested by FBI agents in April 1988, and charged with possession of narcotics, possession with intent to deliver, and criminal conspiracy. The

<sup>14</sup>The Special Investigations Unit, within the narcotics unit of the New York Police Department, was formed in 1961 to combat high-volume heroin suppliers. In February 1971, the Knapp Commission initiated an investigation entailing police corruption within the unit. Robert Leuci, an officer in the Special Investigations Unit, became a government informant and exposed the corruption within this "elite" narcotics unit.

two men aided a Sicilian Mafia drug network in the export of low-priced cocaine from the United States to Italy, where it was exchanged for southwest Asian heroin. The heroin was smuggled into the United States through New York and distributed by drug traffickers based in the Lehigh Valley; Washington, DC; Charlotte, NC; Miami; Houston; and Los Angeles.

Electronic surveillance revealed that Mark and Sculley, both natives of Bethlehem, became involved in the network in April 1987 when Sculley met Michael Bernardo at the Econo-Lodge in Bethlehem. Bernardo, of Mt. Vernon, NY, had been arrested and convicted for possession of cocaine in Bethlehem in 1986.

According to the FBI in New York, Mark, who served as a courier traveling between Europe and the Lehigh Valley to exchange cocaine from the United States for heroin in Italy, pleaded guilty as charged and became a government witness. Sculley, who obtained cocaine and heroin in New York City to distribute in the Lehigh Valley, also pleaded guilty as charged.

## The Murder Conviction of Roland Bartlett

Roland "Pops" Bartlett, 42, Cherry Hill, NJ, and 31 other principal members and associates of his extensive heroin trafficking network were convicted as a result of a federal grand jury indictment in March 1987. Bartlett and his group, "the Family," distributed both heroin and cocaine in many parts of the Philadelphia area. Prosecutors say Bartlett's organization existed for nearly 20 years, and at times distributed as much as 100,000 doses of heroin per week. Drug kingpin Bartlett was convicted during the fall of 1987 of conspiracy to distribute heroin and of operating a continuing criminal enterprise. He was sentenced to 35 years in prison with no opportunity for parole.

Bartlett was convicted in Burlington County, New Jersey Superior Court on November 29, 1988, for commissioning the August 12, 1984, contract slaying of a Willingboro, NJ, neighbor, Edward Louis Atwood, then age 36. Crucial to Bartlett's conviction was testimony by Darryl Cherry, 34, formerly Bartlett's main lieutenant. Cherry testified Bartlett ordered him to procure the services of "Family" enforcers Dwayne Wright, 24, and James Clausell, 24, of Philadelphia. In 1986, Clausell was convicted and sentenced to death by lethal injection for acting as "triggerman" in the slaying. Wright was convicted for his role and sentenced to life imprisonment. Cherry, a participant in the Federal Witness Protection Program, was sentenced to 10 years for his role in the

slaying. Bartlett's son, Anthony "Beaver" Bartlett, 24, of Philadelphia, also was found guilty in this conspiracy.

For his role in the homicide, Bartlett was sentenced to life plus a consecutive 30-year term in December 1988. He also was sentenced to a consecutive three years on aggravated assault charges involving an incident with Atwood's family.

The investigation of Bartlett et al., reaffirmed the prominent role that African-American criminal organizations play in the organized crime subculture. Bartlett's relationship with the New York Genovese LCN Family, the legitimate business investments that he made, and his resorting to violence in order to reinforce the value of a bad reputation, represents the very assets that allow for the organization of crime.

### **The Landmesser Case: Breakup of a Nationwide Gambling Network**

Sports bookmaking is a multi-billion dollar industry in the United States. It represents an illicit activity that does not necessarily rely on violence or corruption to thrive, nor is La Cosa Nostra involvement vital to its success. Instead, this industry depends upon a network of gambling operatives who bring sophisticated technology and proven marketing strategies to its operations.

The leader of a multi-million dollar sports betting ring spanning the nation was arrested on March 26, 1988, along with 24 associates. Joseph "Joe Cadillac" Landmesser, 43, 816 Maple Road, Wallingford, PA, headed a network integrated by three toll-free telephone numbers that, like its predecessor, the operation of Joseph Mastronardo, proved both sophisticated and lucrative. Landmesser was an associate of Santo Idone, a capo in the Scarfo LCN Family.

The Landmesser illegal gambling operation, which originated in Los Angeles, moved to Staten Island in 1987 after being discovered by California police. Pen registers revealed a widespread network with ties to Las Vegas, Los Angeles, Wilmington, New Mexico, and Philadelphia. The investigation, conducted by vic officers in New York and Philadelphia and aided by the Crime Commission, culminated with the execution of search warrants served at 13 Philadelphia and five Staten Island locations.

The Philadelphia raids resulted in the seizure of 11,192 illegal sports bets and 8,200 illegal lottery bets estimated at over \$4 million. The Philadelphia operation, centered at 1337 Snyder Avenue, utilized two phone lines and was linked to 13 other bookmaking operations in the city. In Philadelphia, the gambling operation was controlled by Vincent B.

Simoni, 40, 1427 Ritner Street, who was convicted and fined. Anthony Gifoli, 45, 1422 Dickinson Street, was also involved in the operation. Both men have previous bookmaking arrests.

Landmesser, who was sentenced in 1979 to six months in prison by a federal court in Philadelphia for arranging illegal bank loans to gamblers who bet with him, was convicted in 1988 on charges surrounding the bookmaking scheme and sentenced to three years probation.

### **Lancaster and York Counties: An Update**

**Lancaster has become a hub for cocaine distribution in central Pennsylvania**

*—1988 Report*

The Pennsylvania Crime Commission

Central Pennsylvania, particularly Lancaster County, has been the focus of national attention since this finding by the Commission. Once considered a tranquil and safe environment in which to live, the scourge of narcotics, particularly cocaine, is threatening the quality of life today in this, the rural heartland of Pennsylvania. A county narcotics task force, established five months ago, seized more than \$800,000 of 90 percent pure cocaine, and \$19,000 worth of heroin.

In March 1989, President George Bush, in an historic visit to Lancaster County, stated, "In the past couple of years, drug abuse has escalated here . . . The good news is you're fighting back. Recognizing this fact is the first step toward finding a solution, and Lancaster is on its way." The following cases illustrate the point made by President Bush — that no area is immune from the ravages of illicit drugs.

### **The Crack Alley Gang, Lancaster County**

A federal grand jury in the United States Middle District Court in Harrisburg returned a 10-count indictment on October 11, 1988, charging 13 individuals with conspiracy to sell large amounts of cocaine, methamphetamine, and marijuana. This drug operation, based in Columbia, Lancaster County, was headed by Gerald L. Smith, 27, 312 Union Street, Columbia; the second-in-command was William J. Widener, 24, 151 A Bethel Street, Columbia. The other individuals charged in the indictment were Susan M. Cazillo, 29, 312 Union Street; Stacey L. Barnes, 22, 554 Walnut Street; Frank W. Colon, 26, 143 South Front Street; Keith A. Simms, 32, 154 South 5th Street; Bonnie L. Gilbert, 33, and Frank H. Gilbert, 35, both of 16-A North 5th Street, all of Columbia; Dana R. Turner, 30, Dion A. Turner, 22, and Wayman A. Turner, Jr, 31, all of 9615 Wyoming Street, Detroit, MI; Dennis L. Smith, 35,

3350 Poplar Lane, Mountville; and John D. Yohe, 23, R.D. 1, Mt. Joy.

Eleven of these individuals have received sentences ranging from five years probation for one person, to almost 22 years in prison for another.

As a result of the continuing investigation of this operation, in March 1989, three more individuals were indicted and charged with conspiracy to distribute cocaine. Those individuals were Robert C. Griffin, 19, North 5th Street, and Penny L. Barton, 19, 152 Church Avenue, both of Columbia, and William G. Youmans, 22, P.O. Box 8, Wrightsville.

This operation was known as the "Crack Alley Gang" because of the area in the city in which it operated. It was distributing drugs, according to the indictment, from June 1, 1987, through October 11, 1988. Drugs were distributed primarily from "supermarket style" drug houses, meaning that customers could purchase drugs 24 hours-a-day, seven days-a-week, from "clerks" who manned the stores. These clerks were usually armed, and they worked in the houses in shifts, selling drugs around the clock. This "gang" also employed enforcers whose primary job was to collect money from individuals who failed to make payments.

Approximately 50 kilograms, or 110 pounds, of cocaine were distributed by this operation in a 16-month time span. This organization was, on occasion, selling a kilogram of cocaine every three-to-five days. Drug profits were used to purchase automobiles, trucks, and real estate. Profits were also channeled into two legitimate businesses, G & J Towing, and Smith and Widener Trash Hauling, both in Columbia. The U.S. Attorney's Office is seeking forfeiture of these homes, vehicles, and businesses.

### **The Presence of Los Angeles Gangs in York, PA**

Crack distribution operations established by Los Angeles street gang members have been reported in communities throughout the nation. These gang members are motivated by the money they can make by establishing drug franchises in areas with little competition and great demand.

In York, several members of the "Crips" street gangs from Los Angeles were distributing crack, a potent and highly addictive derivative of cocaine.

The LA drug dealers in York used various methods to deliver cocaine. Couriers taped packages of cocaine to their bodies and traveled via airplane from Los Angeles to the York area. They also used busses, trains, automobiles, and parcel post services to ship cocaine to York.

The cocaine was processed into crack in York before being distributed to dealers. After this process, the crack was packaged and sold on the street.

Several York residents assisted the LA dealers by allowing them to distribute crack from their residences in exchange for cash, drugs, or both. These dealers also used local juveniles as drug holders.

The LA dealers ran sophisticated operations, using police scanners, two-way radios, and telephone pagers to assist them in their business dealings. They changed distribution and selling locations frequently. When transporting large quantities of drugs, the dealers alternated their routes of travel. Some LA gang members carried no identification and used aliases, making them difficult for police to identify.

A federal grand jury in the United States Middle District Court in Harrisburg indicted 21 individuals on October 19, 1988, for conspiracy to distribute, and distribution of cocaine base, or crack, in the York area. These indictments were the result of a combined investigation by local, state, and federal authorities of the LA gang crack operations. Those individuals from York who were charged in the indictment were Donald Generett, 27, 56 South Pine Street; Flair Generett, 26, 63 South Pine Street; Carla Generett, 20, 63 South Pine Street; Senia Lewis, 26, 553 West College Avenue; Tracey Williams, 26, 400 East Princess Street, Apartment 310; Robert Hampton, 20, 326 East King Street; Tracey Leonard, 23, 412 West Princess Street; and Sabrina Cole, 23, 64 West Boundary Avenue. All of these individuals have pleaded guilty and are awaiting sentencing, with the exception of Tracey Leonard, who is awaiting trial.

These cases demonstrated that no community, urban or rural, is safe from the effects of illicit drugs. According to Lancaster County District Attorney Henry S. Kenderdine, Jr., who has recognized the growing threat to this region of the state, "Those who have some experience in law enforcement know Lancaster County is not immune to similar problems across the country."

### **China White: A Synthetic Drug That Yielded Death**

A successful program to interdict narcotics imported into the United States may ensure that synthetic drugs will become the "pipeline" of the future. According to Francis C. Hall, commander of New York City's narcotics division, synthetic or "designer" drugs pose a threat beyond most people's imagination. Consequently, drug traffickers have sought the ultimate: a substance that could not be considered illegal because the chemically derived by-product would not fall under the latest Drug Enforcement Administration guidelines. Technically,

a series or combination of legal drugs can be blended to create a product that simulated either cocaine or heroin, yet does not fall under existing statutes.

Donald Sunkin, 39, 618 Dorseyville Road, Indiana Township, in suburban Pittsburgh, became involved with synthetic drugs as a means of regaining both personal and financial stability. Commencing with a cocaine habit that started in 1983, Sunkin's lifestyle gradually deteriorated, eventually leading to a heroin habit that had begun as an attempt to ward off the physical pain of trying to rid himself of his addiction to cocaine. By 1986, he couldn't keep a job, his wife had left him, and his debts were skyrocketing. With the help of a chemist, Thomas Schaeffers, 48, 109 Delafield Road, Aspinwall, Sunkin was provided a synthetic drug known as 3-methyl-fetanyl, referred to as China White.

The name itself, China White, is something of a misnomer; the China White label is usually reserved for heroin produced in the Golden Triangle located in the hills of Burma, Laos, and Thailand; a high grade (90 percent and above purity level) version that is gradually diluted as it is passed to addicts. The synthetic China White, however, is more inclined to cause a quick death, as its relative strength is far above the toxicity levels most humans can withstand. The Allegheny County Coroner has said that 3-methyl-fetanyl found in Pittsburgh overdose victims was 500 times as potent as 100 percent pure heroin.

When synthetic heroin first appeared on the West Coast in the early 1980s, it resulted in more than 100 deaths. According to the Pittsburgh Police Department, Schaeffers and his fellow entrepreneurs began to distribute their version in March 1988 with unexpected results — people using it succumbed to its potency and either died or became violently ill. Surprised by this turn of events, the group suspended further distribution until the fall, when they began distribution of a new batch of China White in the inner city sections of Pittsburgh. The location and the chemistry may have changed, but the results were the same. It is estimated that at least 18 deaths and 100 or more non-fatal overdoses can be attributed directly to this China White, which authorities believe Schaeffers made in a clandestine laboratory in the basement of his parents' home.

Subsequently, a raid on this location was conducted by the DEA in December 1988. Arrested were Schaeffers, Sunkin, Brenda Ragland Smith, 39, 545

Highland Place, Bellevue; Donald Hurley, 31, 148 Kendall Avenue, Bellevue; John Hricak, 42, 3729 Brighton Road, Pittsburgh; Richard Williams, 32, 1435 Freeport Road, Cheswick, PA; and Mary Katherine McNally, 37, 229 Walters Lane, Springdale, PA.

Arrested at a later date and charged with conspiracy to distribute 3-methyl-fetanyl were: George Jose Turner, 19, 189 Flowers Avenue, Hazelwood, PA; and Andre Kirby, 20, 527 North Beatty Street; Monica Johnson, 19, 527 North Beatty Street; Larry Lawrence, 25, 925 Southside Avenue; and Nancy Bucaro, 28, 817 Peralta Street, all of Pittsburgh.

Sunkin pleaded guilty on December 27, 1988, to one count of conspiracy and two counts of possession with intent to distribute 3-methyl-fetanyl, and will be sentenced in May 1989. In cooperating with government investigators, Sunkin admitted to injecting up to three grams of 3-methyl-fetanyl a day for six months, and selling the drug for \$100 per gram. Also in December, Schaeffers, Smith, Hricak, McNally, and Williams all entered pleas of not guilty to charges of conspiracy and possession with intent to distribute 3-methyl-fetanyl. In 1989, Williams, Smith, McNally, and Hricak all changed their pleas to guilty; as a result, they face prison sentences that could amount to between 10 and 20 years rather than life terms.

Bucaro, Turner, and Kirby have all pleaded guilty and are awaiting sentencing in May 1989. Schaeffers and Hurley go to trial in May 1989. Lawrence pleaded guilty and was sentenced to 12 months in prison while Monica Johnson was acquitted in April 1989.

The above confirms Hall's assertions that designer and synthetic drugs are:

. . . cheaper to make than botanical drugs, and more potent. . . They're here now — amateur chemists can duplicate the properties of most drugs in labs at home. . .

The emergence of synthetic drugs underscores the rapidly changing nature of the drug market. The prevailing concern is that, notwithstanding a successful interdiction program, designer drugs will ultimately take the place of foreign-derived narcotics, such as cocaine and heroin; thus demand reduction becomes the future of narcotics control and containment.

# LAW ENFORCEMENT EDUCATION

## Educating Law Enforcement on RICO Investigations

The second annual Pennsylvania Organized Crime and Racketeering seminar was sponsored by the Pennsylvania Crime Commission and the Pennsylvania Commission on Crime and Delinquency in June 1988, for the purpose of educating law enforcement officers and prosecutors about investigations involving the Racketeer Influenced Corrupt Organizations Act (RICO).

The seminar was designed for law enforcement personnel, both investigators and prosecutors. It provided the 31 participants with the opportunity to acquire the skill and sensitivity necessary for the effective use of the legal tools the Commonwealth has provided in the ongoing efforts to control organized crime.

Some of the topics discussed during the seminar included workshops dealing with authorization procedures of electronic surveillance; development of investigative planning based on police reports; electronic surveillance execution procedures; legal objections to compulsion of grand jury testimony; intelligence analysis; contempt and perjury indictments; and examination of recalcitrant witnesses.

## Organized Crime Narcotics Enforcement Symposium Villanova University, May 9-11, 1988

The Pennsylvania Crime Commission hosted the Organized Crime Narcotics Enforcement Symposium at Villanova University. This symposium, papers from which have been published under separate cover, examined the nature of drug enforcement with a focus on the organization of drug markets. Speakers from Harvard University, the Rand Corporation, and Columbia University; and practitioners from New York, Pennsylvania, Florida, Massachusetts, and Virginia presented topics that explored the complexity and ambiguity in enforcing drug laws.

The symposium, in an effort to demonstrate that drug enforcement involves a series of what often become conflicting public policy options, clearly demonstrated that while law enforcement's interdiction efforts, whether it be at the retail or wholesale level, are necessary, the "war against drugs" cannot be successfully fought without a serious and

long-term investment in demand reduction programs. In the enforcement mode, demand reduction can be effected through user enforcement strategies; opportunity-hardening and blocking tactics which lengthen the time and make more difficult the purchase of drugs; and organizational-directed enforcement models. The symposium addressed the organizational characteristics of drug enforcement and how law enforcement can affect these characteristics.

## Examining Mafia Operations in the United States

The growing problem of Mafia and Camorra operations in the United States was the central theme of the Fourth Annual Conference on Organized Crime Infiltration and Utilization of the Pizza Industry and Related Businesses held September 19-21, 1988, in Virginia Beach, VA. The conference was hosted by the Pennsylvania Crime Commission, Virginia State Police, FBI (Richmond Division), and the City of Virginia Beach Police Department. Over 160 attendees, presenters, and speakers from the United States, Canada, and Italy examined the multifaceted problem from a variety of perspectives.

Until recently, law enforcement knew little about the evolution of the Mafia's utilization of segments of the pizza industry as a base for criminal activities. Law enforcement agencies were not examining the problem from a strategic perspective. What little intelligence was available often led to erroneous conclusions. One of these conclusions was that the Sicilians and Neapolitans in North America were operating as a branch of the American La Cosa Nostra, subservient and loyal to the LCN when, in fact, their true membership and allegiance was to the Sicilian Mafia or the Neapolitan Camorra.

Moreover, the Mafia and Camorra wars in Italy, deaths, imprisonments, and involvement in narcotics trafficking, have altered the character and structure of these groups. This has made it difficult for law enforcement to maintain current, accurate intelligence on their structure and activities.

Several case studies were used to illustrate the involvement of these organizations in narcotics operations and money laundering. Presentations addressed specific technical areas, including money laundering, asset forfeiture, case preparation, overcoming obstacles in criminal trials, and undercover operations.

# APPENDIX A

## Reorganization of Crime Commission Resources

Consistent with developing a more effective and focused investigative component and the Commonwealth's budgetary priorities, the Crime Commission was reorganized in 1988. Historically, the Commission was structured to provide investigative resources in selected geographic areas (e.g., Scranton, Harrisburg, Pittsburgh) with its headquarters in Conshohocken, PA. This geographic distribution of resources proved disproportionate to the population centers in the state, and resulted in the diminution of valuable and needed analytical efforts. After careful study, the Commissioners decided on a Resident Agent concept with investigative resources concentrated at Headquarters supplemented by a skilled intelligence component. This intelligence effort is central and critical to the allocation of finite investigative resources, insofar as the investigations of selected organized crime targets are predicated upon a well-defined and focused investigative plan generated by intelligence. This plan or assessment is prepared by the Intelligence Unit, and essentially represents the "blueprint" or "game plan" for a subsequent investigation. It represents a rational method for prioritizing "targets" and allocating resources accordingly. Equally important, it minimizes the ad hoc, ill-focused allocation of resources. It allows for the targeting of criminal organizations through a well-defined intelligence assessment which is predicated on all available knowledge and information.

The Resident Agent concept will establish a more efficient and effective distribution of resources. For example, Erie, the third largest city in the state, previously was covered by the Pittsburgh Office, two hours south. Similarly, the Lehigh Valley, which represents in excess of 600,000 citizens, was assigned to the Northeast Office in Scranton, two hours north. The Altoona-Johnstown area, a population center of

approximately 384,000, was assigned to the Pittsburgh Office, one and one-half hours west. Today, the Commission has Resident Agents in Erie, Allentown, and Johnstown-Altoona, and continues to maintain offices in Scranton, Pittsburgh, Harrisburg, and Conshohocken. These offices collect information on organized crime and official corruption in their respective geographic regions, which is analyzed by the Intelligence Unit. Ultimately, and when appropriate, an assigned team of investigators will focus their efforts toward a specific and well-defined organized crime problem in these locales. This structural reorganization has permitted the Crime Commission to maintain a presence in heretofore ignored regions of the state and, more importantly, focus its finite investigative resources in a manner consistent with acceptable organized crime control policies and practices.

An illustrative example of this concept was the Chester, PA investigation. As a result of prior intelligence data that was collected by the Southeast Regional Office, as well as the development of criminal informants and sources of information, the Commission determined that the rackets — gambling, narcotics, and loansharking — were thriving in Chester. Upon providing this intelligence assessment to the Commissioners, it was determined that investigative resources would be allocated to this city, the results of which culminated in public hearings in December 1988 and February 1989. Through this organized crime control methodology, investigative efforts and resources are allocated according to the availability of informants, intelligence, likelihood of success, and the seriousness of the problem. The Chester probe is a classic case study of how this organized crime control concept represents the most efficient allocation of the Commission's finite resources.



# APPENDIX B

## Testimony Before the United States Congress, Permanent Subcommittee on Investigations (P.S.I.)

Commissioner James H. Manning and Executive Director Frederick T. Martens testified on April 15, 1988 before the Permanent Subcommittee on Investigations, United States Senate, on the status of organized crime in the Commonwealth of Pennsylvania. This testimony, part of a series of public hearings conducted by the subcommittee, detailed the structure, scope, and dimensions of organized crime. The hearing record was published and can be acquired under the title, "Organized Crime: 25 Years After Valachi," through the United States Government Printing Office, Washington, D.C. (April 11, 15, 21, 22, 29, 1988).

The following exchanges occurred between Commissioner Manning, Executive Director Martens, and Senators William V. Roth (R-DE) and Sam Nunn (D-GA):

**Senator ROTH:** Thank you, Mr. Chairman.

In your prepared testimony, you discuss in some detail the cocaine market in Philadelphia being saturated. In your prepared testimony, you also talk about narcotics or drug trafficking on the part of organized crime. This is somewhat in conflict with some of the testimony we have heard that the families really do not like to get involved in drugs, that it is traditionally contrary to their practices. Would you like to explain this conflict?

**Mr. MARTENS:** Yes. Let me take that question. First of all, I do not believe it. I think the history clearly demonstrates that the La Cosa Nostra has been involved in heroin trafficking going back to the 1940s and 1950s. In fact, it was the LCN that basically had a monopoly on heroin that came from Europe to the United States. So I think it is somewhat of a self-serving statement and erroneous historically.

If you were to do an analysis of your major organized crime LCN-type people who have been convicted over the last 20 years or so, you will find that a significant number of those individuals have been charged and/or convicted of narcotics trafficking. I see one chart over there, your biggest chart, that represents the Vito Genovese crime family. Well, the fact of the matter is that Vito Genovese served time in prison and died in prison. He was convicted on a narcotics violation.

So I think it is historically incorrect when that statement is made.

**Senator ROTH:** Let me follow up with one question. In your testimony, you made reference to the large amount of cocaine that is now available in the Philadelphia area. Is this in any way controlled, regulated, or participated in by the local LCN family?

**Mr. MARTENS:** Well, I think we want to be, again, somewhat more clear when we say, is it controlled by organized crime or are there organized crime elements involved? I think the answer is yes. Is it controlled by La Cosa Nostra? The answer is no.

What we have demonstrated, I feel, in our statement as well as our annual report is that organized crime is not synonymous with La Cosa Nostra. There are a variety of ethnic groups — and non-ethnic groups I might add — that are involved in organized criminal activity. And as we point out in our testimony, there are Hispanic elements involved in narcotics trafficking. There are black criminal organizations that are also involved; Asian criminal organizations; motorcycle gangs and a variety of organized criminal groups that basically are involved in the cocaine rackets.

**Senator ROTH:** As you know, I come from Delaware and, of course, that is very close to Philadelphia. I wonder if either of you gentlemen could testify as to what extent you think there is organized crime activity in my own State of Delaware?

**Mr. MANNING:** With all due respect, Senator, we are a Commission for Pennsylvania. But I can tell you in the city of Chester, which is close to your State and Wilmington, Chester certainly is considered by us — and our agents have investigated and we have informants in that area — Chester is a center, at least for the southeastern corner of Pennsylvania, for cocaine trafficking and other drugs.

The distribution is widespread and fairly open and people come from as far away as Wilmington and other parts of that area to purchase drugs for two reasons. One, it is easy to purchase, the quality is fairly good, and it is fairly reasonable.

**Senator ROTH:** Earlier, you mentioned these emerging criminal groups, including the various Asian groups and the motorcycle gangs. Which of these organizations are most directly involved in cocaine trafficking?

**Mr. MANNING:** Well, I guess we both have opinions.

Let me first give you my response. I think the emerging groups that we have looked at in Pennsylvania, to some extent I think the obsession, the concentration and focus on the elimination of the LCN by Federal authorities is obviously very good. But I think one of the implications of that is that there has been less control of other emerging groups because of that.

I am thinking now in terms of the failure (of the LCN) to collect and levy street tax on emerging criminal organizations. As a result, in my opinion, I think you have a situation in parts of the Commonwealth where drug dealers are really entrepreneurs. They could be Jamaican. They could be Asian. They could be Cubans. They are people who are trying to profit in a situation that is open at the moment, and I do not really think there are any controls in terms of one group controlling the market. I think it is a wide open market now. What happens is, for instance, blacks carve out certain areas of Philadelphia, west or north Philadelphia. Jamaicans will also be operating in those same areas. And as a result, something has to give. Someone has to be in control, and we expect that we could see some bloody interactions because it is so wide open. And I would dare to say that that is happening in Philadelphia, but I would think it is happening in a lot of other places.

**Senator ROTH:** Are you saying that, by concentrating on the LCN, we have opened the door to other groups?

**Mr. MANNING:** I do not mean to make that a negative. I think that is very good. . . . But I think one of the impacts of that has been that the LCN has somewhat of a different problem today than it had 10 years ago. We have indicted — between 1983 and 1986 — we indicted 16 of the 24 leaders of the LCN and we have had over 700 wiretaps during that period of time.

My point is that they are not the power on the street that they once were because leaders have gone, there have been internal struggles, and it has taken their attention off some other businesses. As a result, I think it is a little easier for an entrepreneur in drugs to operate in certain parts of the city of Philadelphia and elsewhere in the Commonwealth.

**Senator NUNN:** . . . What has your Commission — Mr. Manning or Mr. Martens, or both — what has your Commission noticed in terms of trends among the La Cosa Nostra since the Valachi days? Are we going to see a different kind of La Cosa Nostra in the post-Valachi, I suppose to take

it down to Pennsylvania, the post-Angelo Bruno period?

**Mr. MANNING:** I guess both of us will comment, but let me give you my impressions first. I think, yes, you will see a different LCN, somewhat out of necessity. You have to remember, under the old system the bosses moved up rather slowly and over a period of years, and they reached their positions after a great deal of experience.

Because of the indictments, once again, during the 1980s you lost a lot of that leadership and even though it is in jail, or some of it is in jail, that vacuum has to be filled by a lot younger members and I think maybe not quite as patient. So I think you are going to see more violence, maybe less discriminating violence, probably less loyalty because now the alliances will be centered within the organization in terms of money and profit and not necessarily because of an oath or because of past loyalties, which leaves for a very volatile, unstable sort of organization, like the Philadelphia mob.

**Senator NUNN:** It sounds to me as if you are saying that the organized crime group we have known as La Cosa Nostra, as they move to younger members, may behave more like the emerging organized crime groups which are coming up with less discipline and less formality, less structure, but many times more violence and less stability.

**Mr. MANNING:** And more indiscriminate violence. I think that the reason for that is, if you look at the Philadelphia history under Angelo Bruno for the 20 years that he was in charge, there were certainly assassinations, but they were very selective and they were very business oriented. If you look at the five to six years that Nicodemo Scarfo has been in charge, we have had at least 30 gangland killings, or related therein, and in my humble opinion — maybe not the opinion of this Commission — that may have been one factor that was probably his Achilles heel, the use of violence so indiscriminately against his own membership.

I think that is a good example of that, and I think we will see more of that.

**Senator NUNN:** Mr. Martens, do you want to comment on that?

**Mr. MARTENS:** Well, I agree again, wholeheartedly, with the Commissioner. If you look at Nicky's reign, which was what I would consider a fairly unstable reign, he spent about half of his time as the boss in jail and the other half was spent defending himself against indictments.



The fact of the matter is that Nicky has been a fairly unsuccessful boss. Angelo Bruno recognized that in 1963 when he banished him to Atlantic City. He did not have it then, and I think that as Commissioner Manning points out, the younger people do not seem to have the stability that the Angelo Brunos brought to the operations of their families.

**Mr. MANNING:** I might also add, too, that in terms of stability, the younger organized type, at least in Pennsylvania, that we have looked at — the Jamaicans and some of the blacks — they demonstrate some of the same traits — the use of violence — very well. For instance, the Jamaicans in Philadelphia recently assassinated two brothers who were 12 and 15. . . . Looking at the groups that we have looked at and looking at the LCN in Philadelphia, they have some traits in common, and if I could use a word, they are cowboys to some extent. . . .

**Senator NUNN:** Have you seen any trend in Pennsylvania for different groups to work together, like traditional organized, La Cosa Nostra, working with any of the emerging groups, or like emerging groups having any kind of either formal or de facto relationships with each other?

**Mr. MARTENS:** Yes. In fact just recently we came across a group in Philadelphia called the Junior Black Mafia that has been meeting with the son of a member of the Scarfo family, Joey Merlino, in terms of cocaine trafficking endeavors. So we are beginning to see some type of interaction.

Generally, that is not the case. We have found individuals from different crime families working together. For instance, William D'Elia, who is the current surrogate for Russell Bufalino in the northeastern part of the State, is working both in Philadelphia and out in Pittsburgh with members of the Pittsburgh crime family, which was the old LaRocca family, and the Scarfo crime family in Philadelphia. So we find interaction both within LCN activity within the families and also groups outside, such as the Junior Black Mafia. . . .

**Senator NUNN:** Could you give us your impression of what the major sources of revenue are from traditional organized crime in Pennsylvania?

**Mr. MANNING:** I guess we both can answer that. From my point of view, from what I have seen in Pennsylvania, Mr. Chairman — and you speculate when you say which is first, you cannot do that — but certainly narcotics is a big money maker for LCN and non-traditional groups; gambling is probably very high; and loansharking is up there.

From my point of view, I would think those would be basic markets. . . .

**Senator NUNN:** Are you more hopeful, Mr. Manning, or less hopeful than you were in terms of law enforcement effectively combating organized criminal activity than you were say two or three years ago?

**Mr. MANNING:** I am more hopeful, and for several reasons. . . . When I look at the 5,000 indictments for organized crime in 1985, I am truly amazed. I think we are headed in the right direction. It will take a Herculean effort, but I think the thing that bothers me most is that when we look at detection, apprehension, and prosecution, we focus on that and we focus on that almost entirely.

Organized crime, whether it be traditional or non-traditional, serves a basic supply side need. Whether that need is legal or illegal really does not matter to the people who want that service, and we do very little to really educate in a way that would perhaps allow people to more intelligently select what they need and what they do not need.

**Senator NUNN:** I agree completely, a good point to close on. Thank you all for being here. We appreciate your cooperation and your good work on behalf of law enforcement.

**Mr. MANNING:** Thank you.

**Mr. MARTENS:** Thank you.

# APPENDIX C

## Testimony of Chairman Michael J. Reilly Before the House Judiciary Committee Commonwealth of Pennsylvania

Chairman Reilly testified September 29, 1988, before the House Judiciary Committee in support of House Bill 2508 and Senate Bill 1101. Each of these proposed bills was designed to extend and revise the Commonwealth's Wiretapping and Electronic Surveillance laws and bring them into conformity with federal requirements. After passage in both legislative houses, Governor Robert P. Casey signed the final bill on October 21, 1988, making it law as Act 115 of 1988.

Perhaps the two most significant changes contained in the new law that will expand its use for investigating organized crime are the addition of Corrupt Organizations violations as a suspected criminal activity for which interception is allowed, and the expansion of the initial periods of time for interception and the number of extensions that may be granted. Previously Corrupt Organizations was not one of the enumerated offenses that could be used to authorize a wiretap, and the initial period of interception was limited to 20 days with one extension of no more than 20 days. Now the statute allows for an initial period of interception of 30 days with an unlimited number of extensions of 30 days. This is of particular importance in investigating organized crime since it will allow prosecuting agencies to more fully uncover continuous ongoing criminal enterprises and help develop the full scope of many of these operations.

Other significant changes include the following:

- The expansion of the statute from covering wire and oral communications to also include wire and electronic communications, and control over entities providing electronic communication services.
- A new section dealing with Emergency Hostage and Barricade situations that allows the attorney general or local district attorneys to designate a non-lawyer law enforcement individual to authorize interception in clearly defined emergency situations.
- A new section that will allow the attorney general to seek civil injunctive relief for a violation of the wiretap electronic surveillance laws.
- Provisions for expanded law enforcement access to stored wire and electronic communications that also establish procedures for law enforcement offices to obtain such information.
- The establishment of procedures for installation and use of mobile tracking devices.
- New sections that establish the authority and procedures to be used for pen registers and trap and trace devices.

# APPENDIX D

## Organized Crime in Pennsylvania: Law Enforcement's Response

Measuring the effectiveness of organized crime control and enforcement is a basic requirement in the "war on organized crime." While resources are being applied to the problem and additional control measures are under consideration, we are compelled to examine and assess our current efforts and their utility. Just as investigation and prosecution alone will not eradicate organized crime, neither will one law enforcement strategy or tactic necessarily be successful in all circumstances.

This year, the Commission has again solicited responses to a series of questions from police and prosecutors in the Commonwealth. These questions dealt with the presence of various organized crime groups in various jurisdictions; competition for illicit markets; the extent of illegal activities and the harms for which these criminal groups are responsible; how efforts at control have impacted on the problems; and recommendations to improve the Commonwealth's organized crime control efforts.

These questions and the responses from practitioners around the Commonwealth reflect the police/prosecution perceptions, control efforts, and assessments of the status of organized crime.



### To what extent is traditional organized crime (LCN) involved in illegal activities in your respective areas?

- Traditional organized crime (LCN) continues to thrive in its various legal and illegal entities. Prostitution, gambling, loansharking and narcotics distribution are the mainstays of the LCN and will so continue. Efforts to combat the LCN in these areas are hampered by corruption, public apathy, and witness intimidation. A power struggle has begun — both within the Philadelphia mob and from the New York crime families — regarding Atlantic City. Hopefully, intelligence sources will enable law enforcement to carefully monitor the "changing of the guard" here in Philadelphia, and with that information, will put us in a better position to develop Federal RICO-type cases on LCN members.

David C. Troy  
Special Agent-in-Charge  
ATF, Philadelphia

- The Philadelphia and Pittston Families of the LCN, which operate primarily in Eastern Pennsylvania, have been involved in a tremendously wide range of illegal activities. Historically, the primary activities have been illegal bookmaking, loansharking and extortion

activities. To this, the LCN has added narcotics trafficking, political corruption and manipulation of private enterprise as well as union activities.

Wayne R. Gilbert  
Special Agent-in-Charge  
FBI, Philadelphia

- Traditional organized crime continues to be involved in illegal activities within the Western District of Pennsylvania . . . mostly in the areas of gambling and loansharking. With respect to gambling, the LCN is not directly running all illegal gambling and loansharking operations; however, they do receive tribute from other individuals and organizations who conduct illegal gambling activities.

Bob C. Reutter  
Special Agent-in-Charge  
FBI, Pittsburgh

- It is my opinion that the influence of traditional organized crime is declining in Delaware County and throughout Southeastern Pennsylvania. The coordinated efforts of law enforcement throughout this region, as well as open warfare among factions in this portion of organized crime, have combined to create a "leadership crisis" in this field. As a result, other less organized groups have attempted to fill the void.

William H. Ryan, Jr.  
District Attorney  
Delaware County

- It is an unfortunate fact that local law enforcement is often unaware of the extent to which traditional organized crime affects the local community. We rely on those with broader scopes and greater resources to address these issues. While I am certain that organized crime does not avoid our county, I have no direct indication of a serious problem here. . . . Should we get such indications, rest assured we will involve the Commission and its resources.

J. Michael Eakin  
District Attorney  
Cumberland County



### To what extent are non-traditional criminal organizations or networks involved in illegal activities in your respective areas?

- There seems to be a number of independent criminal organizations operating in our region. This office recently indicted 18 alleged members and associates of the Sicilian Mafia with

conspiracy, importation, and distribution of heroin, and distribution of cocaine. . . . Another group which is known as the Junior Black Mafia (JBM) is comprised mostly of young black males who are involved in distribution of cocaine throughout the city of Philadelphia. This group is more prone to violence and is believed to be involved in contract murders. . . . The Junior Black Mafia appears to have a structure and a fairly disciplined organization, and in a short period of time have made themselves a powerful criminal group.

The Philadelphia Strike Force is currently attempting to develop an intelligence base on Asian Organized Crime (AOC) so we may better understand the nature and scope of AOC in this area. In view of the dramatic increase in Asian immigration over the past two decades, and the forthcoming 1997 treaty in which Hong Kong and its territories revert to the Peoples Republic of China, experts predict an even greater increase in Asian organized crime.

Joel M. Friedman  
Attorney-in-Charge  
Philadelphia Strike Force

- Oriental criminal groups continue to operate in the Asian communities of Philadelphia, although the extent of their progress continues to be difficult to assess due to the reticence of the victims to report incidents, or to cooperate fully with law enforcement efforts. This mistrust of law enforcement in the Asian community continues to be a serious impediment to meaningful progress in this area.

Willie L. Williams  
Commissioner  
Philadelphia Police Department

- The use of firearms for protection and intimidation involving the distribution of narcotics by various organizations in Pennsylvania is at an all-time high. Organizations like the Jamaican Posses, the Junior Black Mafia, the Colombians, the Greek mob, and the various emerging networks of Hispanic gangs, virtually guarantee the heavy influx of narcotics and related violence.

David C. Troy  
Special Agent-in-Charge  
ATF, Philadelphia

- The Pagan Motorcycle Gang and the Outlaw Motorcycle Gang continue to be actively involved in narcotics trafficking. . . . The Jamaicans have not established a firm foothold in the Pittsburgh area; however, there are Jamaicans in the area trafficking in narcotics.

These Jamaicans are acting independently and do not appear to have any central organization.

Bob C. Reutter  
Special Agent-in-Charge  
FBI, Pittsburgh

- Crack cocaine trafficking . . . is tied to organized mid-level crack gangs from New York who seek to exploit the vulnerability of Pittsburgh through patterns of violence. . . that pose a serious danger to the public and transform the youth gangs of Pittsburgh into ghetto-based crack-trafficking organizations.

Ralph D. Pampena  
Chief of Police  
Pittsburgh Bureau of Police

- Non-traditional criminal organizations, such as the Cubans and Dominican and Jamaican networks, are heavily involved in drug trafficking in my area, and have ties and connections stretching from New York City to Florida.

Alexander Whitlock  
Chief of Police  
Harrisburg Bureau of Police

- . . . During 1988, the law enforcement community in York County became aware of an influx of approximately 30 transients from the West Coast. Many of these individuals were from Los Angeles and had definite ties to the "Crips." Almost immediately, these transients from the West Coast started drug operations with crack as their main line of business. Although the individuals seemed to share a common background in L.A., they never formed any type of gang threat in the York area. In fact, they operated in a very splintered fashion.

H. Stanley Rebert  
District Attorney  
York County



Are non-traditional criminal organizations or networks actually competing with traditional criminal networks, or are they active in exclusive territories or illicit markets?

- We feel that, for the most part, the traditional criminal networks are operating in exclusive territories, while the non-traditional criminal networks are basically operating in the field of narcotics and firearms. The narcotics trade is common and open territory.

David C. Troy  
Special Agent-in-Charge  
ATF, Philadelphia

- The Junior Black Mafia appears to operate freely in LCN areas and may have formed an alliance with the Philadelphia LCN. . . . Another group, which is referred to as the K & A Gang, seems to control gambling and loansharking in exclusive territories, namely, Kensington and the Northeast section of the city of Philadelphia. They do not pay tribute or a "street tax" to the LCN.

Joel M. Friedman  
Attorney-in-Charge  
Philadelphia Strike Force

- Recent RICO convictions of the hierarchy in the Philadelphia LCN have seriously weakened the mob's clout. . . . While no one can be so naive as to believe that this is the end of the local LCN, any appearance of weakness, real or imagined, by groups such as the Jamaican organized crime posses or the Junior Black Mafia, will be seen as an opportunity to take control of much of the mob's influence over the drug trade.

Willie L. Williams  
Commissioner  
Philadelphia Police Department

- It is the judgment of the professionals in this office that such competition exists in selected parts of the counties, most notably the lower socioeconomic areas where drug use is most prevalent. While this competition has not been as heated or public as the recent competition within the traditional organized crime network in Southeastern Pennsylvania, it is believed that as the pressure from law enforcement increases concerning the drug trade, such competition may increase.

William H. Ryan, Jr.  
District Attorney  
Delaware County

- I feel that criminal organizations, whether purposely or just as a matter of survival, cooperate and complement each other to provide their illegal goods or services.

Alexander Whitlock  
Chief of Police  
Harrisburg Bureau of Police



What organized criminal activities appear to be most prevalent in your area of responsibility, and can you assess the respective harms (e.g., social, economic, political) derived therefrom?

- Organized criminal activities that appear to be most prevalent in the Philadelphia area are: drugs, sports betting, illegal lottery, extortion and loansharking. . . . All of these crimes have

destroyed families, neighborhoods, businesses, etc., but there can be no doubt, that most of all violent criminal acts committed today can be traced back to drugs. The protracted impact of extensive drug usage by a major portion of our society places huge burdens on all of us. The financial drain on taxpayers for enforcement and correctional efforts is only one aspect of society's loss. The productivity of entire segments of society is lost through drug addiction. Tax revenues lost via unemployment and the underground economy associated with the drug culture can never be recouped. As the roots of the drug culture establish themselves in our neighborhoods, succeeding generations of unproductive drug users will continue to aggravate the problems of urban poverty and educational neglect.

Willie L. Williams  
Commissioner  
Philadelphia Police Department

- While it is recognized that narcotics trafficking, to whatever extent it is carried out, is devastating all parts of our society, other criminal activity in our area is having a similar debilitating effect. Illegal gambling and loansharking-extortion (which often attends gambling) seems to have its most negative impact on the lower income groups within our community. This harmful impact manifests itself in lost jobs, savings, and lost homes, as well as through broken families and lost revenue for the Commonwealth. Curiously, this criminal activity is oftentimes seen to actually finance the other social dread — narcotics trafficking.

Wayne R. Gilbert  
Special Agent-in-Charge  
FBI, Philadelphia

- The social and economic consequences of street traffic in narcotics cannot be underestimated. Drug-related child abuse and neglect are a growing problem, as is the rise of babies born addicted as a result of their mother's use of narcotics. Children are exposed to the drug culture at an early age, and the role models young people develop are more likely to be flashy traffickers than solid citizens.

Michael M. Baylson  
United States Attorney  
Eastern District of Pennsylvania

- Gambling and narcotics trafficking are the most prevalent organized criminal activities within the Western District of Pennsylvania. . . . A recent episode was played out in the Pittsburgh area several months ago when several heroin addicts died from overdoses of a synthetic heroin

known as "China White." Death is the ultimate social effect that is caused by drug trafficking. The economic harm caused by drug trafficking has to be astronomical, not only from the amount of cash generated, but also in the related crimes that it causes. Burglary, robbery, prostitution and assault are largely committed for the sole purpose of sustaining a drug habit.

Bob C. Reutter  
Special Agent-in-Charge  
FBI, Pittsburgh

- Crack cocaine trafficking is the most serious crime problem confronting the City of Pittsburgh today. . . . Another area of concern to this Department is the recent appearance of Korean prostitution. Five locations setting up as health spas or massage parlors have appeared in Allegheny County in the past 18 months. . . . Electronic video poker machines are still very big in the Pittsburgh/Allegheny County areas.

Ralph D. Pampena  
Chief of Police  
Pittsburgh Bureau of Police

- The availability of drugs continues to generate so much in terms of social and economic harms. . . . The availability of drugs through an organized network, or otherwise, leads to drug abuse, more abuse, and then addiction. Abuse and addiction lead to other criminal activity. Like everywhere else, a very high percentage of our property crime offenders are stealing in order to support drug habits.

H. Stanley Rebert  
District Attorney  
York County



**How have control efforts negatively affected these criminal networks, and what were the subsequent consequences?**

- Use of the task force concept and the RICO statute have had a profound negative effect on organized crime, both traditional and non-traditional in this area. Law enforcement agencies working together toward a common goal or target have, at least for a time, demolished the Philadelphia LCN as we have known it. We have shown the ability to remove entire cartels through successful prosecutions. Equally important, it should be noted, has been our ability to seize their operating capital and other assets and to have these forfeited through the criminal and civil courts.

Wayne R. Gilbert  
Special Agent-in-Charge  
FBI, Philadelphia

- Controlled efforts by law enforcement will negatively affect criminal networks on a temporary basis. Most networks, particularly if they are involved in gambling, will start back up in a matter of hours. A possible remedy to this situation would be more stringent measures, such as civil RICO or forfeiture law, which would enable law enforcement to go after the assets of these criminals.

Bob C. Reutter  
Special Agent-in-Charge  
FBI, Pittsburgh

- . . . All of the efforts of this Department towards video poker machines has not stopped the vendors from continuing their operations. After the first city raid, in which 138 machines were confiscated, intelligence information showed that within two weeks, all locations had poker machines back in operation at the premises.

Ralph D. Pampena  
Chief of Police  
Pittsburgh Bureau of Police



**What enhancements can you recommend to the Commonwealth's organized crime control efforts?**

- While the state criminal RICO statute contains civil provisions, it does not provide for forfeitures. An amendment to remedy this would be well received within the law enforcement community.

Wayne R. Gilbert  
Special Agent-in-Charge  
FBI, Philadelphia

- In this era of diminishing resources, the concept of the legal forfeiture of criminal assets must be emphasized and expanded. State statutes and procedures which would refine and accelerate the legal process of forfeiture, and the awarding of funds to municipal agencies would relieve the oppressive tax burdens of our citizens and provide timely funding to law enforcement needs without undue delays caused by budget short falls.

The State Criminal History Act should be revised to permit the automated storage of investigative and intelligence files within Pennsylvania . . . modern law enforcement agencies must be permitted to efficiently manage and analyze intelligence information to compete with the criminal elements who have utilized these systems to advance their criminal enterprises for several years.

Willie L. Williams  
Commissioner  
Philadelphia Police Department

- The primary enhancement which I would recommend to the organized crime efforts in this region is a greater coordination of federal officials with state officials. It is not unusual for federal law enforcement authorities to undertake a long-term investigation without obtaining intelligence from, or providing intelligence to, any local official. While the need for confidentiality must always be recognized, the exchange of information between the highest officials of these agencies must not be overlooked.

William H. Ryan, Jr.  
District Attorney  
Delaware County

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