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FROM 4/1/68 TO

— IMMIGRATION BRANCH —

CRIMINAL ORGANIZATIONS - REVIEWS

CROSS REFERENCES—

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FROM TO
4/11/68

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MAFIA (COSA NOSTRA) - ITALY.....IH286-ITALY-1
MAFIA (COSA NOSTRA) - U.S.A.IH287-USA-1

MAFIA (COSA NOSTRA) - REGIONAL.....IH288-1
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CRIME PROBE - QUEBEC PROVINCE - NEWSCLIPPINGS.....IH255-12-1
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SUBJECT CRIMINAL ORGANIZATIONS - REVIEWS

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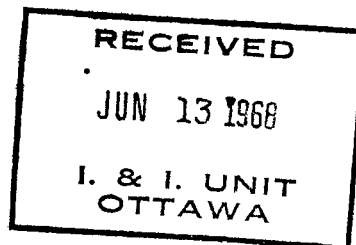
MEMORANDUM

CLASSIFICATION

TO
A Chief Intelligence Officer
Home Branch, Ottawa

YOUR FILE No.
Votre dossier

OUR FILE No. IH255-C-5
Notre dossier



DATE 12 June, 1968

FROM
De Officer-in-Charge
Toronto Intelligence Unit

FOLD

SUBJECT
Sujet Project "A"

1. I am attaching hereto copies of the minutes of the meeting held in the offices of the Ontario Police Commission on Thursday, June 6, 1968. It will be noted that I have discussed the terms of reference with Mr. W.R. LEE of the Ontario Police Commission and pointed out to him that the terms of reference were quite rigid with regard to the agreement as to how the Project was to be handled. He stated that the terms of reference were drawn up for the express purpose of obtaining an agreement from the Police Departments involved and all volunteered departments, such as ours and the Fire Marshall's Office, were to render as much assistance as was possible. He suggested that because our Director was not of the governing body, because we had a smaller staff and had no car or radio equipment available, among other reasons, it was understood that the two volunteered departments were not required to contribute as much as the other departments. With this understanding I assured Mr. LEE of our co-operation.

2. Further to discussions with Mr. McLEOD it is my intention to draw to the attention of the investigating members that all information of association with known criminals or undesirables, while not established as evidence for prosecution, may be unavailable to this department in determining the admissibility of prospective immigrants who could be recruits for organized crime. I also intend to point out that business establishments such as the Como Billiards Parlor and Siderno Pizzeria, which are known hang-outs for criminals, should be covered during the investigator's surveillance, etc. In the event that known criminals or undesirables and any other identifiable persons are observed, the date, time and investigating officer should be noted as it could be equally available in the eventual assessment of sponsors. The sponsors themselves may not have a criminal record but the fact that they hang around or associate with known criminals and undesirables may be used as a basis to exclude them as sponsors under Section 21 of the Appeal Board Act.

3. You will be further advised as information is developed.

C.A. Beacock
Officer-in-Charge
Toronto Intelligence Unit

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**Pages 830 to / à 834
are withheld pursuant to sections
sont retenues en vertu des articles**

13(1)(c), 19(1)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

Page 835

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LAW ENFORCEMENT INTELLIGENCE UNIT
REPRESENTING LAW ENFORCEMENT THROUGHOUT THE UNITED STATES

January 4, 1968

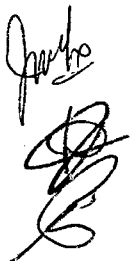
Dear Member:

The attached article appeared in the New York Daily
News on January 2. I think it is a very interesting
and informative piece.

Wayne H. Bishop
Captain, Commanding Officer
Criminal Intelligence Division
Connecticut State Police Department

(EASTERN ZONE CHAIRMAN.)

WHB:jb
Enclosure



DAILY NEWS, TUESDAY, JANUARY 2, 1968

C5

The Evil Empire

A Spotlight on Mob's Boring Into High Places



NEWS photo by George Muttson

Ralph Salerno—an internationally recognized authority on organized crime.

The specter of organized crime systematically infiltrating the corridors of power to subvert legitimate government was raised again following the indictments for bribery of former city Water Commissioner James L. Marcus and Antonio (Tony Ducks) Corallo, convicted felon and a chief in the New York mob.

How serious is the threat? How audacious has the mob become? What can concerned citizens do to help frustrate it?

For realistic answers to these urgent questions, NEWS reporters Joseph Martin and John Quinn interviewed Ralph Salerno, an internationally recognized authority on organized crime.

Salerno, a former key member of the Central Investigation Bureau, intelligence arm of the New York City Police Department, served last year as consultant to the President's National Crime Commission. His book, "The Evil Empire: the Genius of Organized Crime," will be published in the spring.

THE NEWS—What was your reaction to the recent indictment of James L. Marcus, a friend and adviser to Mayor Lindsay and commissioner of the Department of Water Supply, Gas and Electricity?

Salerno—Unlike the public reaction, mine was casual. Organized crime is always trying to infiltrate government on all levels, and in some areas it has been highly successful during the last 20 years. During my entire career in police intelligence I never had a rackets assignment in which a connection between organized crime and politics did not manifest itself.

Q. Why is the control of elected and appointed officials a major objective of the mob?

A. Simply because crime is big business and like all big business it is always seeking to expand. As big businessmen, criminal leaders will use the best techniques of private industry—from computers to full-time paid lobbyists—to further that goal.

Like legitimate businessmen, they contribute to political campaigns in addition to lobbying for their personal interests. Like legitimate businessmen, they encourage favored candidates and seek to develop social relationships with persons moving toward positions of political power and influence.

Q. What can be done to thwart them—to prevent future incidents of corrupted officials?

A. There are immediate means available in the files of the Police Department's Central Investigation Bur-

(Continued on page 12)

(Continued from page 5)

eau. The bureau is the best municipal police intelligence unit in the country. Its files minutely catalog the activities and associations of all the 2,500-odd individuals who make up the hard core of organized crime in the New York metropolitan area.

The mayor and other high officials in local government should be regularly and systematically briefed on what these people are doing, with whom they are associating.

Here's how the President's Crime Commission puts it:

"Enforcement officials should provide regular briefings to leaders at all levels of government concerning organized crime conditions within their jurisdiction."

I am certain there are times when such intelligence could prove to be invaluable.

Would Label Crime Lobbyists

Q. What other steps should be taken?

A. Well, for one thing, the persons who lobby in behalf of organized crime on local levels, in statehouses—even on Capitol Hill—should be identified. This is a job for local, state and federal police intelligence units.

We should also know how, and to whom, the mob makes its political contributions, what legislation it favors and what it opposes. You would quickly discover that organized crime is strictly nonpartisan.

It seeks to influence those who are in power, regardless of party.

Warns of Strangers Bearing Gifts

Q. What is the lesson to be learned from the Marcus indictment and his asserted relationship with Tony Cerallo?

A. Most importantly, it imposes an immediate burden on every public officeholder and every political candidate, present or prospective. He must be eternally wary of strangers bearing gifts or offers of support. He must consider the price to be paid—even for seemingly innocent favors.

During a recent campaign, for example, somebody offered to provide a candidate with 15 sound trucks, free printing of campaign material and a small army of volunteers to post placards and destroy those of the opponent.

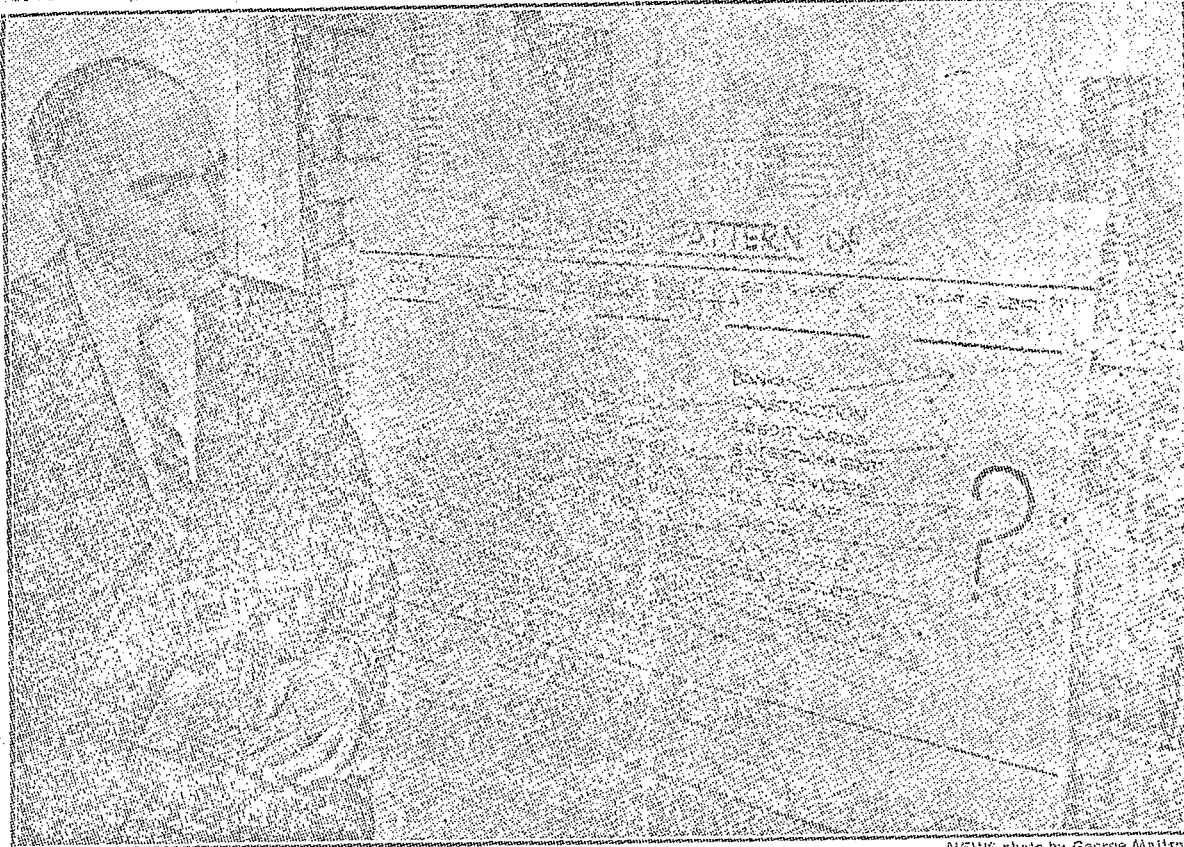
The offer, which was accepted, was made by an individual whose affiliation with one of the most powerful figures in local rackets is spelled out in the files of the investigation bureau and other agencies.

How Rackets Bore From Bottom Up

Q. You said that organized crime seeks to penetrate all levels of government. Does this include the federal level.

A. Certainly. I take exception to the suggestion that political corruption through criminal influence is a matter of purely local concern. A local official who enters a corrupt alliance with organized crime benefits from the money and votes that the mob can deliver. He is thus likely to move up quickly to a higher position.

There is no magic screening method to keep him out of the federal area. Elected officials and their legislative aids are not subject even to the screening procedures that civil service employees and appointive officials must undergo.



Crime expert Ralph Salerno shows chart tracing organized crime's movement into legitimate business. NEWS photo by George Mathison

Mob Menaced Rocky's Brother

Q. Can you give us some examples of the mob's power and glory, so to speak?

A. Of course. Gov. Winthrop Rockefeller of Arkansas was threatened and had to beef up his bodyguard substantially after he moved to end wide-open gambling in his state. Gov. John J. McKeithen of Louisiana had a similar experience when he opened a probe into the influence of organized crime on government.

Then you have the fact that even the federal government has difficulty in protecting its witnesses from vengeance in cases involving the mob. Why they've had to work out an agreement with the Pentagon whereby such witnesses are kept in guarded areas of army reservations. It's the only way their safety can be guaranteed.



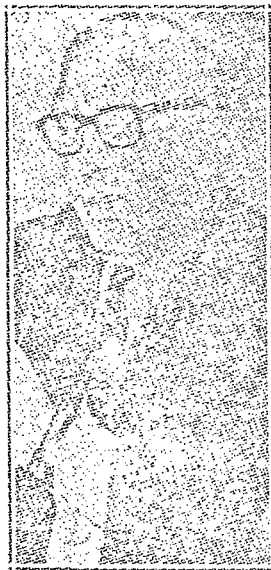
Winthrop Rockefeller



John J. McKeithen



James L. Marcus



Tony Ducks Corallo

Closer to home, recent testimony before the State Investigation Commission told of the convict free a year after a term for tax evasion. Although he had no visible means of support, he spent \$200,000 to buy and renovate a home in midtown Manhattan. Does crime pay?

Influence Found in 24 Big Cities

Q. Has organized crime established roots in major cities other than New York?

A. Indeed it has. It has established itself in at least 24 large cities across the country. The President's Crime Commission surveyed 71 cities with populations ranging from 100,000 to more than a million. In most of them, the existence of organized criminal groups was confirmed. Of the nine cities that didn't respond to the survey, six are known to federal agencies as having serious organized crime problems.

In its report to the President the commission notes "that neutralizing local law enforcement is central to organized crime's operations." While finding that no large city is completely controlled by organized crime, the commission did uncover a considerable degree of corruption.

Mobsters' Gains Outweigh Risks

Q. You have been called the one man in the nation who really knows how the mob works without being a member of it. How would you characterize its inroads into every stratum of society?

A. To my mind, the symbol of organized crime is a scale—the scale of injustice, if you will. On this scale the mobster balances risks against possible gains. For too long, that scale has been out of balance. The possible gains in money and power far outweigh the risk, which is most often a short prison term or even a suspended sentence.

We must bring the scale into balance. We must find means of increasing the risks. We must improve our evidence-gathering process so that it can net the sophisticated criminal as well as the bumbling burglar.

Briefly, we must find some way to make use of electronic bugging while safeguarding the right to privacy.

Take the recent case of a prominent crime figure in the East. By using electronic surveillance, it was learned that a high-level hood had an interest in a

state-licensed harness track, but did not appear on the list of principals on file with the state.

It was discovered that he freely discussed his influence with a state official and that he recommended the bribing of state police to wink at illegal gambling operations.

This evidence cannot be used against him, however, because it has been ruled illegally obtained. We must find a means to make such evidence admissible in court.

Politicians Afraid of the Bug

Q. Are there considerations other than the right to privacy that encourage resistance to wiretap and bugging evidence?

A. There is considerable feeling among law enforcement officials around the country that some politicians fear electronic surveillance because it might link them with racketeers.

Q. To get back to the Marcus case. Could it repeat itself? That is, without judging the case, which is now before the courts, is it possible that other officials will be linked with known criminals?

A. It could repeat itself at any time in any political administration unless procedures to prevent it are institutionalized. Primarily this means making immediate use of the vast store of information obtained by police intelligence units. It's of paramount importance because the corruption of a single sworn government official does more to shake public confidence than 50 instances of burglary or assault.

Q. What local businesses does the mob currently influence?

A. Waste collection and other trucking, night clubs, labor unions, the waterfront—and would you believe banking, insurance and securities?

Rates Crime No. 1 Urban Problem

Q. How would you compare crime with other national problems?

A. It's the No. 1 urban problem. Anyone who seeks to solve the problems of the city without considering how organized crime contributes to them—through its control of gambling, loan sharking, and narcotics traffic if nothing else—is living in a dream world.

Q. Does the mob have its own intelligence system to pick out likely officials to attempt to corrupt?

A. Yes. To have corrupters, you must also have corruptibles. The moment an official permits himself to be corrupted he has become part of organized crime. He must always be on the alert for coercion and blackmail. The imputation of homosexuality, for example, whether true or not, is used to make officials cooperative.

Responsibility Placed on Individual

Q. What can the public do?

A. Before the public demands an answer to the question, "What is being done about organized crime?" it must first ask itself a question:

"What am I doing about it?"

Basically, only the public can change the system that makes it possible for organized crime to exist and flourish.

Law enforcement officials can honestly say: "We're doing all we can, which happens to be very little under existing conditions."

I spoke recently with a top official from a major police department, and he told me: "I have conducted 1,000 successful gambling raids, but I have never knocked out a single gambling operation."

Makes you feel a little discouraged, doesn't it?

N.Y. MAYOR'S OFFICE

Cosa Nostra infiltration charged

NEW YORK — (AP) — City investigators, working on the direct orders of Mayor John V. Lindsay, today begin an investigation into all matters dealt with by mayor's ex-aidé James L. Marcus, accused with a Cosa Nostra figure in a city contract kickback scheme.

Marcus and five other men, including labor racketeer Antonio Tony Ducks Corallo, were arrested Monday in what one city official described as the most spectacular city scandal since the Seabury investigation of the early 1930s that led to the resignation of Mayor James J. Walker.

A federal grand jury indictment said Marcus allegedly pocketed \$16,000 of a \$40,000 kickback in the award of an \$800,000 city reservoir cleaning contract when he was commissioner of water supply, gas and electricity.



ANTONIO CORALLO

It was one week ago today that Marcus, a friend and confidant of the mayor, abruptly resigned his \$30,000-a-year post.

He had been one of the best-liked and fastest rising young men in the Republican mayor's two-year-old administration.

The defendants, each charged with conspiring to violate federal anti-racketeering laws, face a



JAMES L. MARCUS

maximum penalty upon conviction of five years in federal prison and a \$10,000 fine.

At their arraignment, Federal Judge Constance Baker Motley set bail of \$10,000 for Corallo but released the others without bond for a hearing Dec. 28. Marcus, 37, refused comment.

The others indicted were Henry Fried, 60, head of S.

T. Grand and Co., and a prominent New York horse breeder; Herbert Itkin, 41, a New York City labor lawyer and a law associate.

FBI

John J. Malone, assistant FBI director in New York, said organized crime was apparently "making attempts to infiltrate the administration of the city" but added there was no evidence of appreciable success.

When Marcus resigned last week he said in his letter to the mayor that Manhattan District Attor-

ney Frank S. Hogan's office was investigating a business venture he had been involved in prior to joining the Lindsay team.

"Please be assured that the complaint has nothing to do with my official duties," Marcus wrote, "and that I am, in fact, free of any wrong-doing."

The indictment Monday, however, resulted not from Hogan's inquiry but from an investigation by U.S. Attorney Robert M. Morgenthau's office. Hogan's independent investigation was expected to continue.

TORONTO TELEGRAM

DEC 19 1967

F.B.I. BULLETIN
MESSAGE FROM THE DIRECTOR.
NOVEMBER 1967.

TODAY, THOUSANDS OF AMERICANS live in fear. They fear for their lives, the safety of their families, their homes, and their businesses. The cause of their fear is CRIME.

Without a doubt, crime is rapidly becoming our Nation's number one internal problem. For years, we have seen apologists, misguided sociologists, and well-meaning but misinformed public officials rationalize the spiraling crime rate and excuse criminal behavior. We have seen an apathetic public ignore the warning signals of surging criminality which is costing taxpayers an estimated \$27 billion annually. We have seen a criminal "feedback", caused by judicial leniencies, including pardons, paroles, and probation, which is a disgrace to our system of criminal justice. And we have seen loopholes, technicalities, and delays release hundreds of hardened, unrepentant criminals on the streets to prey again on the public while awaiting trial on easily provable charges.

Nearly 3 $\frac{1}{4}$ million crimes were reported in 1966, an 11 percent increase over 1965. Figures for the first 6 months of 1967 show a 17 percent increase above the 1966 totals for the same period. Is it any wonder that more and more people are living in fear of crime?

Let us examine some of the popular arguments by those who attempt to explain away our intolerable crime problem. First, we are told that crime increases because our population continues

to grow. This is true, but the volume of crime is up 62 percent since 1960 while our national population has risen only 9 percent during that period. Thus, crime is outstripping population growth by almost 7 to 1.

We are told that revised and improved reporting methods by law enforcement agencies result in more violations being reported. This contention carries no weight. Hundreds of departments which have had approved uniform crime reporting systems for years continue to have increases in all categories year after year with no change whatsoever in their reporting methods. These increases are attributable to only one thing—a rise in the volume of crime. Further, agencies which do update their reporting systems are not included in the national trend totals until they have established two comparable records under their revised setup. This is done to avoid any marked increase or decrease which may result from a change in reporting procedures.

And we are told that much of the rise in crime is caused by the extensive population growth of the crime-prone young age group. Here again we see shallow reasoning. The young-age-group population, 10 to 17 years, rose 19 percent during the 7-year period of 1960 through 1966. Arrests of persons in this group for serious crimes increased 54 percent during the same time.

No right-thinking person could oppose long-range programs to alleviate and eradicate con-

MESSAGE FROM THE DIRECTOR

ditions which breed crime. But the man, woman, and child on the street today are more concerned with their immediate safety. And rightly so, since the risk of their becoming victims of serious crime has risen 48 percent since 1960.

The young child who is criminally assaulted, the corner grocer who is repeatedly robbed, the elderly lady at the bus stop who is mugged and brutally beaten, and the thousands of others who are victimized each day by vicious thugs want instant as well as permanent relief. They, too, have rights. But their cries for help are frequently drowned out by the clamor for mercy and leniency for guilty lawbreakers who scoff at law and order and the rights of society.

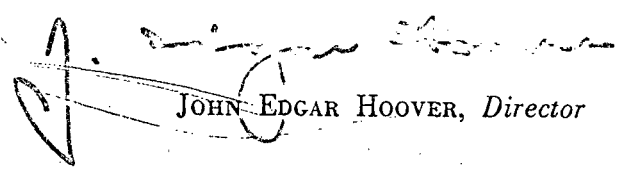
Justice must extend beyond the courtroom back to the site where the victim's rights are violated. When the individual is no longer reasonably secure in his home and on the streets of

his community, then justice is not served. Rather, the criminal is being favored at the expense of the law-abiding citizen.

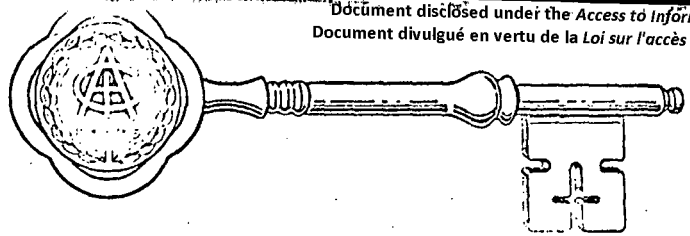
Crime can no longer be shrouded by appeasement and rationalization. Its magnitude is frightening. Crime must be reduced by eliminating the huge profits and the soft justice which attract criminal-minded individuals. Avalanches of crime and terrorism cannot be tolerated in a society of free men. Either we win the war against crime or the priceless heritage which we cherish will be destroyed.

Full justice is needed—stern justice. We need justice which keeps the balance true and affords the law-abiding public an even break. We need justice which deals swiftly and surely with the criminal, convincing justice which means a quick arrest, prompt prosecution, and substantial punishment of the guilty lawbreaker.

NOVEMBER 1, 1967


JOHN EDGAR HOOVER, Director

TRAINING KEY#71



ORGANIZED CRIME

Any increase in the number of crimes against the person or property will, to a degree, arouse public protest. If these attacks persist or keep on mounting, public indignation is intensified and greater demands are made upon public and police officials for prompt and effective enforcement action. These fears and outrages are understandable for crimes of this nature directly affect the safety and well-being of the individual. It is his life that is threatened. He is the one who is injured or may be murdered and it is his property that is stolen. There is no denying that these crimes present a mounting crisis that demoralize a community and require the best efforts a police department can make.

However, there are other criminal activities much more subtle and insidious than these conventional crimes that also affect the very fiber of society. These are the illicit operations and manipulations of organized crime, which if permitted to go unchecked, would in the final analysis be equally as devastating as the more overt lawlessness that is headlined by the news media.

The extent of the inroads made by organized crime in the economic and social structure of some of our communities is shown by this report of a police official describing organized crime:

"... since prohibition they (organized crime) have maintained a vital interest in the beer and liquor industries. They have corrupted labor unions, finances, auto sales, dry cleaning, professional and amateur sports and entertainment to name but a few. ... They have stifled competition in many markets; raised the price of products and services and lowered the quality of both. We have been plundered for almost 50 years, hundreds of people murdered and maimed, a terrific price to pay, and yet, the 'outfit' flourishes."

This Training Key will define and point out some of the problems and activities presented by organized crime. It will also stress the importance of vice suppression as a means of controlling organized crime.

WHAT IS ORGANIZED CRIME?

Organized crime is defined as the combination of two or more persons for the purpose of establishing in a geographical area a monopoly or virtual monopoly in a criminal activity of a type that provides a continuing financial profit. It accomplishes these objectives by employing terror and violence against those (criminals or citizens) who oppose or resist its development and by corrupting public officials whose cooperation is necessary for the existence and continuance of extensive illegitimate operations.

¹ The Police Yearbook, 1966, "Workshop: Organized Crime," International Association of Chiefs of Police, Inc., Washington, D. C., p. 199.

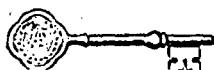
This definition excludes those criminals who engage in well planned and executed conventional crimes against the person or property, even when they involve large sums of money such as bank and armored express hold-ups, commercial burglaries, kidnapping and the like. Although the criminals involved in these activities may meet some of the qualifying elements attached to organized crime, this criminal operation lacks the most important qualification — *continuing financial profit*. Crimes of this nature directly affect the safety or well-being of the citizen and arouse public indignation. This in turn results in the loss of citizen indifference which is so vital for continuing operations and profits. In addition, the police can usually obtain complainants, witnesses and other evidence to assist them in their work. This is seldom the case with organized crime.

The activities of Organized Crime center on the vice violations of gambling, prostitution, narcotics and liquor as these illicit operations lend themselves to the development of a monopoly. The geographical location or "territory" can be easily defined, assigned and controlled. The laws involved are usually unpopular and the transactions between the criminals and the citizens are voluntary so there are seldom any complaints made to the police. When all these factors are coupled with the corruption of public officials and the elimination of competition, vice becomes a continuing and highly profitable illicit operation.

DEVELOPMENT OF ORGANIZED CRIME

Organized Crime has existed in this country in one form or another since the 19th century. In those early days, extortion, protection rackets and labor racketeering were used extensively against fellow immigrants and gangland murders were not unusual as various groups attempted to establish their control. We can read of the Pug-Uglies, the Molly Maguires and the Tongs in our history books. However, Organized Crime as we know it today, can best be traced to the Prohibition era of the 1920's when bootlegging became a source of considerable profits.

The Volstead Act, which prohibited the sale of alcoholic beverages in the United States, became such an unpopular law that it resulted in near total public indifference and, for the most part, in only token enforcement. The general public began to accept the sale and purchase of illegal alcoholic beverages and the bootlegger as part of the American scene. As a result of the continuing demand for alcohol and the laxity of the law enforcement machinery, the years between 1920 and the repeal of the Volstead Act in 1933 saw many common criminals become men of great wealth. In turn,



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wealth acquired power and created the climate for certain conflict. The various gang leaders hired professional killers and built strong organizations. Gang wars erupted across the country as attempts were made by the gangs to secure regional control over the sale of illegal liquor.

The end of Prohibition brought radical changes in the activities of these gangs. One segment turned its violence against the public. These gangsters contributed to the dramatic rise in bank robberies, kidnappings, murder and other crimes of violence. Others, finding conventional crimes too risky and unprofitable, began to look for other sources of continuing profits—some activities which like bootlegging would be sustained by the general public and would not arouse too much indignation and protest. The flourishing vices of prostitution and gambling filled the requirements. These gangs, using the terror tactics of intimidation, murder, bombings, etc., began to take over established prostitution and gambling operations. These in turn were expanded and new ones started. It was against such operators that the Intelligence Division of the Internal Revenue Service achieved success by developing evidence resulting in convictions on tax charges.

THE ORGANIZED CRIME TYPE

The Prohibition era not only introduced the modernization and expansion of Organized Crime but it also provided the medium for the emergence of a secret society that limited its membership to persons of the same nationality. This organization, the Mafia, later became known by such names as the Syndicate, the Outfit, the Organization, the Casa Nostra, the Mob, etc.

During the Prohibition period, the ranks of this society were increased when many Sicilian criminals fled to the United States to escape the purge conducted against the Mafia by Benito Mussolini. As the Mafia gained strength, it exerted its power and enforced its code which pledged and dedicated its members to commit unlawful acts in furthering the society's objective to dominate Organized Crime. Ostracism, fines, torture or death was and still is the punishment for those members who violate its code—death being the usual sentence for breaking the code of secrecy. While violence and terrorism was inflicted on those who threatened the security or opposed the society.

The popularized Prohibition era battles of Elliot Ness and the recent testimony of Joseph Valachi before the U.S. Senate Permanent Sub-Committee on Investigations may lead one to associate Organized Crime solely with the Mafia. This view is shared by many public officials and law enforcement personnel who deny the existence of Organized Crime in their community simply because the hoodlum elements running gambling operations, selling narcotics or involved in prostitution do not have names denoting Sicilian origin. We must keep in mind that the Mafia has made concessions to further its economic and political progress and has accepted in its syndicated operation individuals of varying ethnic and national backgrounds. The existence of vice conditions in a locality is, in itself, indicative of some form of organized activity. If these vice violations are left unchecked, they act as an open invitation to the Syndicate or local Organized Crime groups to take over. An example of criminal takeover is policy gambling

(numbers) which was at one time primarily a local and independent operation. When the stakes became enormous, the independent operators either became part of the Organization or were replaced by representatives of Organized Crime. Bolita, the Latin variation of policy, has also been taken over in many areas.

We must then recognize that whenever commercial vices exist, that is, those illicit operations in which an exchange of goods, services or money occurs between the criminal element and the citizen, Organized Crime is present in varying degrees. It may directly control the operations or the local operator must deal with the Organization to either obtain the commodities of his trade, drugs, inmates for houses of prostitution, gambling paraphernalia and equipment and frequently, the permission to operate. One can then compare the local organization controlling the vice activities to the independent merchant who forms local corporations. The Syndicate on the other hand, presents the ultimate in organization and may be compared to a great international combine with numerous subsidiaries and diversifications that is quick to eliminate competition by ruthless force or to annex rival operations to further its monopoly.

ACTIVITIES OF ORGANIZED CRIME

The modern racketeer no longer operates in a crude or violent manner but rather in an indirect way which insulates him from the police efforts to obtain evidence that would warrant prosecution. He tries not to involve himself in open conflict with the law. Instead, he will frequently operate under the cloak of legitimacy. He contributes to religious and civic programs in the guise of an interested businessman or a civic minded person. This aura of respectability is necessary for his continuing operations as the last thing he wishes to do is to arouse public as well as police indignation.

*"What is the going price . . . to buy the cloak of respectability? Is it as low as ten dollars. . . . Among the names of the contributing patrons to this cultural and church related community activity is at least one name not normally identified with the forces for cultural and moral improvement. It is the name of a notorious underworld figure."*²

The other face of Organized Crime, the influence of which is difficult to assess, concerns itself with the manner in which the profits from illegal operations are diverted to corrupt officials to bribe witnesses to assure protection from arrest and against successful prosecution. These examples serve to illustrate the threat posed by Organized Crime in its ability to reach and corrupt officials and citizens:

*A "Fixer" for Organized Crime was sentenced for conspiracy to deliver a bribe of \$50,000 to the chairman of a state liquor authority.*³

*A state supreme court justice and a former United States attorney were charged with conspiracy to obstruct justice in connection with their involvement in a \$35,000 plot to fix a Bankruptcy-Fraud case, against a notorious labor racketeer.*⁴

A juror selected to hear a case against members of a loan shark racket was offered a \$1,000 bribe by a political worker

² *The Police Yearbook, 1961, "Workshop: Organized Crime, International Association of Chiefs of Police, Inc., Washington, D. C., p. 123.*

³ *A Report on Chicago Crime for 1965, Chicago Crime Commission, 79 West Monroe Street, Chicago, Illinois, p. 477.*

⁴ *The Police Yearbook, 1966, "Workshop: Organized Crime, p. 217.*

and former court bailiff. During the bribery investigation, it was found that money had been given to the bailiff by a disgraced policeman who was subsequently named by the U. S. Rackets Committee as affiliated with the crime syndicate. The citizen informed the court which found the political worker guilty of contempt of court. A new jury was impanelled and a new attempt was made to bribe a juror by another petty politician. No conviction was made in this instance.

The revenue from illegal activities, notably gambling, is also used to extend the control of Organized Crime over other illicit operations and to gain control of legitimate business operations or labor movements. In this latter instance, the domination of a labor union by local racketeers presents a greater and more immediate danger to the working man than does communistic infiltration. The following examples illustrate the manner in which the money obtained from gambling and other commercial vice is put into use to expand illegal operations or to take over businesses and labor unions:

Federal narcotic agents show that a major share of the distribution of heroin from Europe destined for the United States is controlled by those members of Organized Crime who also control the gambling. Investigations by customs agents have disclosed that some of the associates of these criminal groups have been engaged in supplying arms to the highest bidders in the Caribbean. The business of financing the large scale importation of narcotics and the smuggling of arms requires considerable sums of money. A great percentage of this financial backing comes from wagering profits.

A legitimate labor organizer in a west coast city was approached by an individual who wanted in for fifty per cent. When the labor representative refused, he was told that he could not organize in the town. When the threat went unheeded, he was savagely assaulted by several hoodlums. This incident drove the legitimate union representative out of the labor movement leaving the labor racketeers in command of the situation.

Representatives of Organized Crime also use the financial resources of the Organization to take over and exploit legitimate business ventures. The typical company exploited by the criminal is usually heavily in debt and cannot obtain financial assistance from a bank or lending firm.

Not too long ago a meat wholesaler in an eastern city needed a loan badly. Financial assistance was finally obtained through Organized Crime interests. Several months later the firm still finding itself in financial difficulty, sold one third interest to a mobster who was shortly after named president of the firm. Once established as head of the company, he began to sell his products to another hoodlum dominated company to the extent of over \$900,000.00 within a few months. The investigation showed that the selling price was below the cost of the commodities. The payments in turn, were converted into checks in the name of the new president. Within one week, \$745,000 in cash was withdrawn and never accounted. The company went broke.

In other instances, Organized Crime was able to gain control of the operation of brokerage houses. Stockbrokers who became deeply indebted to underworld money lenders were forced into high pressure stock sale schemes involving the sale of thousands of shares of worthless stock.

The complex activities of Organized Crime as found in the Syndicate are not restricted by distance or national

boundaries. There is ample evidence to indicate that the same members of syndicated crime engaged in illicit operations from vice to fraud, extortion and murder in several cities of the United States. Furthermore, many of these illegal ventures extend across national boundaries.

Investigations by the Intelligence Division of the Internal Revenue Service indicate the existence of gambling and commercial vice combines having ties in major cities in the United States and Canada. Some years ago following the Kefauver investigations and the imposition of Federal taxes on gambling, a group of American racketeers led by a syndicate personality who had tried to set up a gambling monopoly in Mexico, moved their operation to Canada. Reports of the Royal Canadian Mounted Police showed that soon after, all the illegal activities in a Canadian city were taken over and controlled by this person. Following a police crackdown in this city, those who escaped arrest reappeared in various American cities and in the Caribbean area. One of the group, a well known member of a Corsican heroin manufacturing group in France, appeared running a gambling casino on a Caribbean island. The presence of this individual exemplifies the close international ties existing in the crime syndicate."

VICE: THE ROOT OF ORGANIZED CRIME

Organized Crime is big business. Its illicit profits far exceed those of even the largest of the legitimate business giants. Yet, its great wealth is not acquired from multi-million dollar transactions, but is, to a great degree, derived from the fifty cents and two dollar off-track bets, the slot machine, the ten cent policy or bolita ticket and other forms of gambling which when multiplied by millions of wagers totals to a staggering sum.

A New York policy "bank" was found to be taking over six million dollars a year from the sale of numbers tickets . . . Over ¾ of a million dollars were found by the Chicago police in the home of a "small" policy operator.

In New Jersey, about 2½ million dollars in cash allegedly belonging to an imprisoned numbers racket operator, was found in an old garage.

A Federal court in Terre Haute, Indiana imposed a lien in the amount of over 5 million dollars against a book maker for failing to pay his 10% tax on money handled by a nation-wide bookmaking operation.

These examples point out some of the reasons gambling is recognized as the principal source of revenue for Organized Crime. Drying up these sources of income by spirited enforcement activities is one of the more effective and immediate methods of attacking Organized Crime. Gambling as well as all vice offenses must be treated as any other violation of the law regardless of public indifference or tolerance. The same vigor must be initiated to eliminate them as is employed to suppress the conventional crimes of burglary, robbery and the like. As long as we are charged with the enforcement of vice laws, there are no alternatives but to impose the enforcement required by law. This responsibility must be carried out even though public attitude and indifference may affect the extent of enforcement. To a police officer there can never be any compromises with vice offenses anymore than there can be with other crimes.

* A Report on Chicago Crime for 1965. pp. 56-57, 71.

* The Police Yearbook, 1960. "Workshop: Organized Crime," International Association of Chiefs of Police, Inc., Washington, D. C. p. 91.

* The Police Yearbook, 1961. "Workshop: Organized Crime," International Association of Chiefs of Police, Inc., Washington, D. C. p. 124.

* The Police Yearbook, 1966. "Workshop: Organized Crime." p. 210.

* The Police Yearbook, 1966. p. 210.

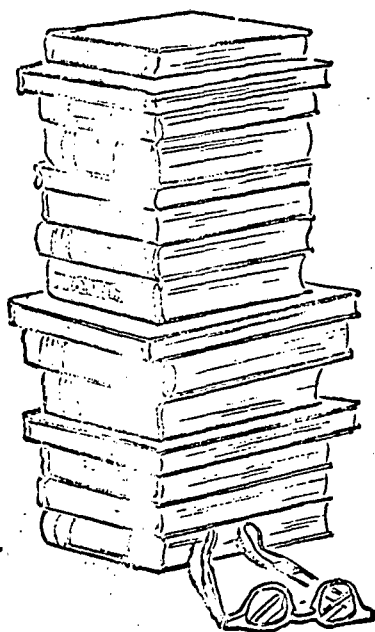
10 The Police Yearbook, 1960. pp. 88-91.

QUESTIONS . . .

The following questions are based on material in this Training Key. Select the best answer.

1. Organized crime is usually defined as the combination of two or more persons for the purpose of establishing a monopoly in a geographical area of a criminal activity that provides a continuing financial profit. Which of the following criminal activities lend themselves to this type of organization:
a. burglary
b. bookmaking
c. kidnapping
d. all of the above
e. none of the above
2. Organized crime is said to pose a serious threat to the structure and moral fibre of our society because:
a. it corrupts public officials
b. it promotes vice operations
c. it has infiltrated and corrupted a part of the labor movements and some legitimate business operations
d. all of the above
e. none of the above
3. Organized crime thrives on vice violations because these crimes are usually:
a. the violation of unpopular laws
b. a source of high profits
c. there are seldom complainants involved to press for police action
d. all of the above
e. none of the above
4. The presence of commercial vice in a community is an invitation for organized crime to take control and expand these illegal activities. Which of the following crimes may be classified as commercial vices:
a. gambling
b. bankruptcy-fraud
c. extortion
d. all of the above

HAVE YOU READ . . .



POLICE ADMINISTRATION. 2nd ed., O. W. Wilson, McGraw-Hill Book Co., New York, San Francisco, Toronto, London, 1963. 527 pp. (This book may be purchased from the International Association of Chiefs of Police, Inc., 1319 18th Street, N.W., Washington, D. C. 20036).

Chapter XII of this outstanding text on police administration discusses the problems of organized crime and vice control. It reviews the police administrator's responsibility in this area and recommends various methods of suppressing vice.

THE POLICE YEARBOOK, 1966. Containing the Papers and Proceedings of the Seventy-Second Annual Conference of the International Association of Chiefs of Police, Inc.; International Association of Chiefs of Police, Inc., 1319 Eighteenth Street, N.W., Washington, D. C. 20036, 1966. 467 pp.

"The Workshop: Organized Crime," pp. 198-218, whose participants consisted of leading law enforcement executives, discussed the inroads of organized crime in our society and pointed out methods of meeting this menace at the local level. The papers submitted by the Internal Revenue Service, The Federal Bureau of Investigation and representatives of the New York and Chicago Police Departments are extremely enlightening.

THE CHALLENGE OF CRIME IN A FREE SOCIETY. A Report by the President's Commission on Law Enforcement and Administration of Justice. U.S. Government Printing Office, Washington, D. C., February, 1967. 339 pp. (Price at printing \$2.25)

Chapter VI of this voluminous report analyzing crime in the United States discusses the problem of organized crime. Within this chapter the results of investigations in the areas of: (1) the types of organized criminal activities, (2) the extent of corruption of the enforcement and political systems, and (3) the Nation's efforts to control organized crime are explained and documented.

ANSWERS . . .

1. b) Bookmaking, which is a gambling offense in most areas, lends itself to organized crime. For as most laws regarding vice operations, there is little public indignation when they are violated. Citizen indifference means that continuing profits are assured.
2. d) All of the above. The answers indicate the insidious and dangerous activities of organized crime.
3. d) All of the above. These are all good reasons why organized crime concentrates its efforts to control vice operations.
4. a) Gambling is classified as a commercial vice.