



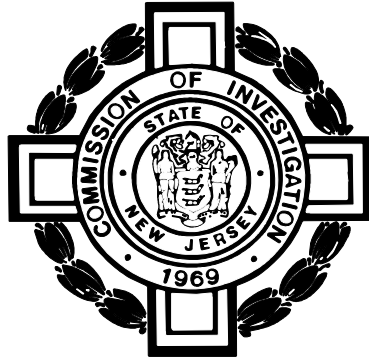
State of New Jersey
Commission of Investigation

The Changing Face of
ORGANIZED CRIME
IN NEW JERSEY

A Status Report

May 2004

*State of New Jersey
Commission of Investigation*



**The Changing Face of
ORGANIZED CRIME
IN NEW JERSEY
A Status Report**

28 West State St.
P.O. Box 045
Trenton, N.J.
08625-0045

609-292-6767

www.state.nj.us/sci



State of New Jersey
COMMISSION OF INVESTIGATION
PO Box 045
TRENTON, NJ 08625-0045
TEL (609) 292-6767
FAX (609) 633-7366

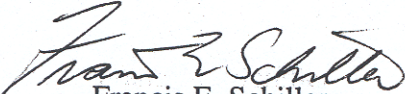
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Kathy Flicker
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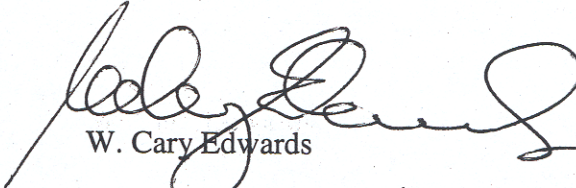
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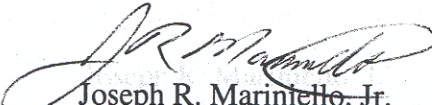
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The Speaker and Members of the General Assembly

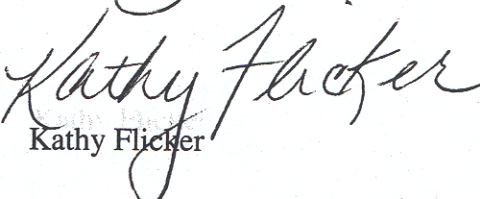
The State Commission of Investigation herewith formally submits, pursuant to
N.J.S.A. 52:9M, a status report and recommendations with regard to organized crime in
New Jersey.

Respectfully,


Francis E. Schiller


W. Cary Edwards


Joseph R. Mariniello, Jr.


Kathy Flicker

The Commission shall have the duty and power to conduct investigations in connection with the faithful execution and effective enforcement of the laws of the state, with particular reference...to organized crime and racketeering.

— *N.J.S.A.*
52:9M-2

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INTRODUCTION

Organized crime is alive in New Jersey, if not altogether well. Despite wave after wave of heavily publicized prosecutions and self-inflicted wounds in recent decades, including the jailing of mob leaders, the undermining of entire crime families by turncoats and informants and the crippling effect of factional strife, the criminal underworld continues to evolve and thrive in ways that damage the fabric of society. The demand for illicit goods and services provided by these criminal enterprises has not diminished, while the tools, techniques, weaponry and personnel employed to satisfy and maintain that demand have become all the more sophisticated and dangerous.

Since its creation in 1968, the Commission has monitored the activities of organized crime in order to assist law enforcement agencies and to fulfill a statutory obligation to inform the public. Many of the Commission's own investigations, public hearings and reports over the years have exposed incursions by organized crime into specific areas of government and commerce, and those confidential probes are continuing. But it is important to provide an up-to-date context within which such investigations are conducted. The Commission last issued a comprehensive overview of this kind more than a dozen years ago in its Annual Report for 1989. Since then, much has occurred.

The Commission determined that it was vital to undertake a thorough assessment of the changing nature and threat of organized crime as we enter the 21st Century. Twenty-six witnesses assisted this process significantly during a two-day public hearing on April 29 and 30, 2003. Meanwhile, the Commission has continuously monitored and investigated the gamut of organized criminal activity in order to develop a comprehensive

understanding of its menace. This evaluation has led the Commission to the conclusion that society's methods of controlling organized crime must change drastically if it aspires to wage a winnable war against drugs, to deter terrorism from within and without, and to thwart entrenched and emerging organized criminal enterprises.

Traditional elements of organized crime – the *Mafia*, *La Cosa Nostra* and other groups that came to dominate the underworld for much of the past century – have been joined by a chaotic, often violent array of criminal entities, adult gangs and drug-dealing syndicates that operate under new and different rules. In many cases, their members mingle with and prey upon those with similar ethnic, national and linguistic backgrounds, too new to the country to be understood or reached by a significant number of law enforcers. Longstanding traditional mob moneymakers, including narcotics trafficking, gambling, prostitution, loan-sharking, and labor racketeering, have over the last decade been augmented by multi-million-dollar financial frauds, money-laundering schemes, identity-theft rackets, and other sophisticated criminal activities that employ the latest electronic and computer gadgetry to subvert legitimate commerce. Meanwhile, the effectiveness of important investigative tools long utilized by law enforcement to combat organized crime has come under threat by the dark side of high technology.

This document presents a status report and threat assessment on the full spectrum of traditional and non-traditional organized crime in New Jersey. Each type of criminal enterprise is evaluated on the basis of its social and economic impacts, durability of leadership, resilience to law enforcement onslaughts, sophistication of operations, profitability of criminal activities, relationships with other groups, and outlook for the future. All of this material reveals a number of overriding trends that came into focus

during the Commission's preparation of this overview. Those key trends include the following:

- **PROLIFERATION OF HIGHLY STRUCTURED “SUPER GANGS”**

The changing face of organized crime is exemplified by the rise of a vast network of heavily armed drug-trafficking gangs sustained by a lucrative underground economy. Led by adults and served to a considerable extent by juveniles, these gangs – Bloods, Crips, Latin Kings and others – have exploded in recent years to command a widening turf that extends beyond New Jersey's cities and into its suburban communities. Their presence ensures that illegal drugs, guns and other societal threats that were once the domain of traditional organized crime have gained a new and menacing lease in the hands of ultra-violent groups whose scope and activity pose an enormous challenge to law enforcement.

- **THE “OLD” MOB IS REBUILDING**

Commission surveillances, together with information gathered from state and federal law enforcement agencies, have confirmed that elements of *La Cosa Nostra* are assiduously engaged in efforts to reclaim at least a share of the underworld empire they dominated until its dismantling by prosecutions and infighting during the 1980s and 1990s. Rebuilding activity is under way by all of the top LCN groups – the so-called “seven families” – in the New York-New Jersey-Philadelphia region: the Gambino, Genovese, Lucchese, Bonanno, Colombo, DeCavalcante and Bruno organizations.

To varying degrees, each group continues to recruit members and associates, and a new generation of leaders has emerged. In recent years, these groups also have displayed a new behavioral twist that has become a topic of concern in the law enforcement community. Traditionally close-knit, self-involved and insular in nature, they have demonstrated an increased willingness to share personnel and other resources in the pursuit of common criminal goals.

- **DEMAND IS FLOURISHING FOR ORGANIZED CRIME’S GOODS AND SERVICES**

The scope of public participation in a range of unlawful activities, including drug abuse, prostitution, pornography and illegal gambling has expanded over the past decade, providing organized crime with lucrative sources of revenue with which to continue to finance other criminal activities. On the drug front, demand for heroin and methamphetamine has begun to overtake that for cocaine in some areas in recent years. Ecstasy and LSD are widely available, along with other so-called “club drugs,” such as PCP, ketamine and rohypnol. Meanwhile, sports betting and video poker have become established, far-flung enterprises, generating millions in illicit profits and bankrolling efforts by organized crime groups to buy protection through payoffs and kickbacks to corrupt police and government officials.

- **NON-TRADITIONAL GROUPS HAVE BECOME ENTRENCHED**

Little more than a decade has passed since the Commission recorded the emergence of organized crime groups operating well beyond the scope of the

LCN, the Sicilian *Mafia* and other long-established segments of the underworld. Today, these disparate groups, migrating post-Cold War from the former Soviet Union, Asia and Africa, and from a raft of Caribbean and Latin American countries, including Mexico, Columbia, Cuba and the Dominican Republic, have grown to become prominent players in their own right. With disturbing transnational components, they substantially impede our ability to cope with the socioeconomic impact of organized crime upon our quality of life. They present law enforcement investigators with a host of difficult obstacles that must be overcome, including a penchant for violent, unpredictable behavior. Run by organizational hierarchies far different from those of traditional organized crime, they present an array of linguistic and cultural barriers. At the same time, these groups have demonstrated a willingness to forge temporary working alliances with elements of the LCN in order to achieve various criminal objectives.

A disturbing aspect of these non-traditional groups is their distinctive predatory nature. They have the wherewithal and willingness to usurp and disrupt communities through intimidation and outright force, often focusing on victims of like ethnic, cultural and linguistic backgrounds. Decades ago, when the *Mafia* was building the foundation of its criminal empire in America, entire neighborhoods lived in thrall of an extortionate enterprise known as the “Black Hand.” Today, similar phenomena afflict many communities, taking the form of home invasions, business shakedowns and the involuntary servitude of smuggled human beings. We are experiencing the emergence of an underclass of totally

subservient and dominated residents, whose fear of deportation or wariness of authorities makes them submit to intimidating criminals.

- **THE CRIMES ARE MORE SOPHISTICATED**

While gambling, drug dealing, prostitution, loan-sharking, extortion and other such strong-arm activities remain the foundation criminal activities of the underworld, the collective face of organized crime is adapting. Innovative segments of new and old criminal groups have increasingly adopted sophisticated schemes that twist legitimate businesses into enterprises making money illegally. Carefully contrived and highly lucrative frauds, for example, have been mounted from within the health-care and telecommunications industries – as exemplified by a recent (February 2004) federal racketeering indictment charging members and associates of the Gambino LCN organization with bilking consumers out of more than \$200 million in bogus telephone billings. Moreover, organized criminals bent on manipulating stock markets have infiltrated Wall Street brokerage firms. And, as both a world financial center and a mecca for gamblers visiting Atlantic City’s casinos, the region also remains an integral transshipment point in the international money-laundering circuit.

- **THE MOB HAS ENTERED THE COMPUTER AGE**

A primary reason for its heightened sophistication is that organized crime’s arsenal of tools and weaponry now includes a wide array of high-tech gear that has helped the underworld streamline its operations and evade detection. Law

enforcement officials are particularly concerned about the utility of remote electronic surveillance devices that, over the years, have become a staple in investigative and prosecutorial efforts to neutralize the mob. The available technology now is such that devices designed to monitor telephone and computer communications can easily be defeated by cheap, easy-to-obtain encoding and encryption mechanisms that scramble digital signals.

* * *

Just as the nature of the threat posed by organized crime is undergoing drastic change, so must the response by law enforcement and society at-large also evolve. Thus, the exposition and assessment of these important trends provides the basis for a detailed series of recommendations, outlined at the conclusion of this report, in which the Commission calls for a range of strategic and tactical measures to improve the response system.

The successful completion of this project was made possible by a cooperative effort involving multiple local, state and federal law enforcement agencies. The Commission particularly would like to thank the following agencies and organizations for their expert assistance: the Divisions of State Police and Criminal Justice in New Jersey's Department of Law and Public Safety; the Federal Bureau of Investigation, particularly the Newark and Philadelphia Divisions; the Newark Division of the U.S. Drug Enforcement Administration; the U.S. Attorney's Office for the District of New Jersey; the Bureau of Immigration and Customs Enforcement in the U.S. Department of Homeland Security; the National Drug Intelligence Center; the Paterson Police Department; the Jersey City Police Department; the Security Threat Group Management

Unit in New Jersey's Department of Corrections; Police Management Consultants of Clarksburg, New Jersey; the Newark Office of the Office of Labor Racketeering and Fraud Investigations in the U.S. Department of Labor; the Waterfront Commission of New York Harbor; and the Anti-Trafficking Initiative of the International Institute of New Jersey.

PROHIBITION / DEMAND PARADOX

Although organized criminals often prey on innocents, their paramount activity involves receiving money from those who demand illegal goods and services, such as narcotics, unlawful gambling, unregulated loans, untaxed cigarettes, stolen property, purveyed sex and the like. This demand by a substantial minority of the population enables organized crime to overpower resources that the majority devotes to enforcing prohibitions deemed necessary to support an orderly and decent society. Depending on the product or service, the demand base constantly shifts. Paradoxically, the same people who are outraged by the support organized crime derives from one criminal activity, such as narcotics trafficking, often themselves eagerly support other organized criminal activity, such as the trafficking in counterfeit products with outrageously discounted designer labels, illegal lotteries or numbers-running and lucrative sports-betting enterprises. Although society may institute prohibitions for irrefutably good reasons, the large number of people who hypocritically defy them renders law enforcement efforts inadequate and frustrating at best and futile and disheartening at worst.

Ralph J. Marra, Jr., the First Assistant United States Attorney for the District of New Jersey, testified at the Commission's public hearing with regard to why organized crime is not on the wane, despite more than 15 years of successful racketeering prosecutions:

... [A]s long as there's a free market economy, and a very free-wheeling one, and a successful economy, as we have in our tri-state area, we are going to see a lot of organized crime. The structure of organized crime is still there, and there are a lot of opportunities to make a buck, basically. As long as those opportunities exist, the traditional elements of organized crime and the newly emerging groups,

whether they're from Eastern Europe or Asia-centered organized crime groups will continue to prosper, and [also] will continue to look for vulnerabilities in the economy and in the regulatory structure and exploit those things to make money.

Louie F. Allen, FBI Special Agent-in-Charge in Newark, added, “If there’s a way to make money, [organized crime] is there.”

New Jersey State Police Superintendent Joseph R. “Rick” Fuentes noted that the presence of a multitude of diverse criminal groups leaves even aggressive law enforcement with the Darwinian role of culling “weaker members of the criminal herd.” He added that those surviving law enforcement onslaughts are more open to mutually advantageous partnerships with other surviving groups, are more criminally productive, and have adapted to law enforcement strategies. Indeed, law enforcement authorities have seen that some criminal groups even exploit crime control efforts by supplying information leading to the prosecution of their underworld rivals.

ORGANIZED CRIME AND CORRUPTION

At its worst, organized crime teams up with public officials, including police, to create powerfully linked criminal forces severely challenging the control efforts of law-abiding citizens and honest officials. First Assistant United States Attorney Marra testified that in his opinion government institutions, law enforcement networks and political processes are less vulnerable to infiltration and corruption by organized crime than in previous decades:

Over the years, I think that has lessened. That's certainly one indication to me that that problem is less of a problem now. We still, of course, seem to pick up a case or two every few years. I can think of the [Mayor and State Senator William] Musto [racketeering] case [involving payoffs permitting huge cost overruns on school construction contracts] in Union City, and as recently as the [Mayor Milton] Milan case [involving] ... a very clear link between organized crime figures and public officials and a manipulation of the political process. But I would say those cases seem to be the exception these days rather than the rule, which is, I think, good for all of us. That's been our observation at the federal level.

The trend toward less organized crime influence over public officials could easily take a turn for the worse as non-traditional syndicates seek to gain allies in government and as vast sums of gambling and drug money are used to tempt police and other government officials. New Jersey Division of Criminal Justice Director Vaughn L. McKoy described an example of non-traditional organized crime corrupting an important state government function:

... [A]t the state level, we saw in June '02, the Division of Criminal Justice brought eight indictments against 30 individuals, some of whom were [Division of

Motor Vehicles] employees, where we had brokers from South American and Central American countries who basically bribed DMV employees for false identification documents, and then turned around and sold those for identification documents on the street for financial profit. So I do think that we are vulnerable in those areas, particularly where ... DMV clerks ... don't make a lot of money. And if someone approaches them and suggests, "Hey, look, I'll give you \$1,500 if you provide me with some false identification documents, ... they do it. And then those documents are sold on the street for maybe five or ten thousand dollars, depending on what the market is asking for at that particular point in time. So I do think that there are some vulnerabilities there. However, with some of the techniques that we're using to combat this issue, to get into some of the agencies where we see there is a pattern, we've been able to successfully root out this, and hopefully, we can eliminate it.

Although New Jersey, by and large, is blessed with honest and professional police forces, the tremendous temptations presented by the drug-trafficking cash cow can easily lead to instances of police corruption. The Commission's public hearing, for example, highlighted the West New York Police Department's tolerance during the 1990s of video gambling supported by organized criminals. Police can slip easily into such dishonesty when, as is often the case with gambling, they decide the crime is victimless. Similarly, if police deem drug trafficking to be inevitable and uncontrollable, they may embrace it corruptly, especially when the monetary temptation is great.

NARCOTICS: THE UBIQUITOUS SCOURGE

Trafficking in illegal drugs is a huge segment of the organized crime problem. Recognizing narcotics trafficking as a potent moneymaker, the vast majority of today's criminal enterprises eagerly compete in this marketplace of addiction. Intransigent demand underwrites an ever-present supply of cocaine, crack cocaine, heroin, methamphetamine, marijuana, khat, and "club drugs" such as Ecstasy. As long as that demand remains undiminished by effective reduction programs, and as long as there is significant money to be made from the illicit commerce, some group or band of groups, however organized, will step up to supply the product.

Enthusiastic and enterprising suppliers, ranging from international cartels to street-corner retail dealers, provide a continuous flow of psychotropic material to satiate the appetites of millions of addicted users and to convert newly initiated and casual users throughout the United States, including New Jersey, into lifetime consumers. The trade continues to thrive, its profitability guaranteed by legal prohibition and the addictive nature and hedonistic allure of the drugs.

Alexander Gourley, the Acting Special Agent in Charge of the Newark Division of the U.S. Drug Enforcement Administration (DEA), testified about the breadth, diversity and profitability of the distribution chain for illegal narcotics:

For the most part, the drug trafficking industry begins in the underdeveloped countries of South America, Asia, Africa and the Middle East and ends in the cities, towns and communities of America. The international aspect of drug trafficking cannot be separated from the domestic because they are interdependent and intertwined. The illegal drug market in the United States is one of the most profitable in the world. As such, it attracts the most ruthless,

sophisticated and aggressive drug traffickers. Drug law enforcement agencies face an enormous challenge in protecting the country's borders. Amid voluminous passenger and cargo traffic passing through numerous points of entry, drug traffickers conceal cocaine, heroin, marijuana, MDMA and methamphetamine for distribution in U.S. neighborhoods.

Diverse groups traffic and distribute illegal drugs. Criminal groups operating from South America smuggle cocaine and heroin into the United States via a variety of routes, including land routes through Mexico, maritime routes along Mexico's East and West coasts, sea routes through the Caribbean and international air corridors. Furthermore, criminal groups operating from neighboring Mexico smuggle cocaine, heroin, methamphetamine, amphetamine and marijuana into the United States. These criminal groups have smuggled heroin and marijuana across the Southwest border and distributed them throughout the United States since the 1970s. The Southwest border remains the most vulnerable region of the United States for the border security, followed by the Gulf Coast. Interagency assessments report that 60 to 70 percent of the cocaine entering the United States moves across the Southwest border.

The use of the drug MDMA, also known on the street as Ecstasy, has increased at an alarming rate in the United States over the last several years. Israeli and Russian drug trafficking syndicates and Western Europe-based drug traffickers are the principal traffickers of MDMA worldwide. MDMA, primarily manufactured clandestinely in Western Europe, is smuggled into the United States by couriers via commercial airlines, as well as through the use of express package carriers.

Finally, criminal groups based in Southeast and Southwest Asia [have] smuggled heroin into the United States. Using New York City as a major distribution hub, these criminal groups move heroin up and down the eastern seaboard and into the Midwest.

Besides these criminal groups based abroad, domestic organizations cultivate, produce, manufacture, or distribute illegal drugs such as marijuana, methamphetamine, PCP and LSD. By growing high-potency sinsemilla, domestic

cannabis growers provide marijuana that easily competes with other illegal drugs. With demand for methamphetamine remaining high, especially in the West and Midwest, so too does the number of illicit laboratories that supply methamphetamine to a growing number of addicts. Additionally, a small number of chemists manufacture LSD that is subsequently distributed to high school and college students throughout the United States.

Locally, narcotics are distributed from sources of supply to mid-level dealers down to street dealers. For the most part, heroin, cocaine, crack and marijuana can be purchased in open-air drug markets, usually located in major cities throughout the state. Drug deals are also consummated in private residences as well as dance clubs, gyms and other places of business. ...If history serves as a guide, drug trafficking organizations will continue to identify and exploit vulnerabilities in order to maintain a steady supply of drugs to illicit drug markets in the United States.

Michael T. Horn, Director of the National Drug Intelligence Center (NDIC), the nation's principal center for strategic, domestic counter-drug intelligence, based in Johnstown, Pennsylvania, provided data reflecting the tremendous harm inflicted on New Jerseyans by the abuse of illegal narcotics:

According to 2001 Treatment Episode Data, there were 37,540 individuals admitted to publicly funded facilities in the state for drug-related treatment. Drug Abuse Warning Network [DAWN] data indicate that there were 7,045 drug emergency department mentions in New Jersey in 2001. DAWN mortality data indicates that there were 304 drug deaths in the Newark metropolitan area that same year. Illicit drugs also create a tremendous financial burden on the citizens of the state.

In 1998, New Jersey officials spent over two billion dollars on substance abuse-related programs in areas including justice, education, health, child-family assistance, mental health/developmental disabilities, and public safety. These figures amounted to approximately 10 percent of the total expenditure for the

state. When factoring in the cost of lost productivity and non-governmental expenses by private social services, estimates for total substance abuse-related costs are even higher. Further, the State of New Jersey Department of Health and Senior Services reported that the amount of money budgeted for treatment and prevention for substance abuse increased annually from 76 million in state fiscal year 1992 to over 156 million in state fiscal year 2003.

TRANSNATIONAL AND WHOLESALE TRAFFICKERS

Rich and powerful transnational drug trafficking organizations make sure that sufficient quantities of illegal drugs are available to meet the demand in New Jersey and elsewhere. Accepting that certain quantities of contraband, and the lower-rung people delivering it, are expendable, the leaders of large drug trafficking networks matter-of-factly write off such losses while netting huge profits and great power. Often, these leaders never enter the United States, and they further insulate themselves from law enforcement scrutiny by concealing their illicit activities within legitimate enterprises operating as fronts. They also directly conduct their illegal businesses only with a limited number of trusted associates, and even those underlings may be kept in the dark about large segments of the illegal operations. Finally, the leaders learn from their organizations' mistakes just as legitimate entrepreneurs do, and they adapt quite successfully, at least in the short term, to changing market conditions and to law enforcement's interdiction efforts. When a particular group's long-term success is disrupted by internecine warfare, rivalries with other groups or government crackdowns, including environmentally risky defoliation projects, other groups based in other locales are capable of carrying on the trade without any significant slackening of supply.

The DEA's Alexander Gourley pointed to characteristics of New Jersey that make it a particularly attractive destination for drug smugglers. He cited the state's established abuser population, its proximity to major East Coast population centers and its extensive transportation infrastructure. He noted, "Drug traffickers exploit the sheer volume of passengers and cargo transported via this infrastructure to conceal their drug smuggling activities." Mr. Gourley also maintained that criminal organizations "take advantage of the ethnic diversity of New Jersey to facilitate their drug trafficking activities." He testified:

These organizations and criminal groups commonly locate operatives in communities where they share a common culture and language so they may blend easily and disguise their activities. This tactic is used not only in the metropolitan areas with diverse populations, but also in rural areas with large numbers of migrant workers.

Martin D. Ficke, Associate Special Agent in Charge of the Newark Office of the Bureau of Immigration and Customs Enforcement, U.S. Department of Homeland Security, testified at the Commission's public hearing that drug contraband crosses into New Jersey via several international boundaries, including Newark Liberty International Airport, the Ports of Newark and Elizabeth and other venues at Perth Amboy, Atlantic City, Salem, Camden, and Teterboro Airport. Much of the narcotics smuggled into or through New Jersey winds up in the hands of New Jersey users, according to Mr. Ficke. He testified that "about a quarter of all of the [millions of] passengers that are traveling into Newark Liberty Airport are traveling internationally." He added that with the expansion of Terminal C at Newark Liberty it is anticipated that over the next few years international traffic there "could increase by up to 33 percent."

Mr. Ficke noted that drug contraband transport techniques “continue to evolve.” He cited encounters with concealed narcotics in false-sided suitcases, body girdles, vests, seat containers, express-mail deliveries, and drug-filled balloons or condoms swallowed by couriers. “One particularly troubling case,” he testified, “involved 13 recent graduates of Memorial High School in West New York” smuggling an estimated 12 pounds of swallowed heroin into the United States. He described a particularly ingenious method used by determined and well-financed traffickers that is “extremely difficult to detect”: the smuggling of heroin saturated in clothing. In this scheme, Ficke said, the drug is placed in liquid form, soaked into the cloth, dried, transported and then recovered through a chemical extraction process once in the United States.

Mr. Ficke related the difficulty presented when airport employees are corrupted to assist the traffickers:

Internal conspiracies or smuggling by airport employees continues to be a problem at Newark Liberty Airport. During [2002] and continuing to [April 2003], 78 pounds of narcotics were seized at that facility, being smuggled by employees of that facility. And it should be noted that one particular person who was arrested admitted to smuggling approximately 1,000 kilo[gram]s through Newark Liberty and JFK Airport using the internal conspiracy method.

Mr. Ficke described the elaborate and expensive lengths to which drug contraband smugglers will go to develop so-called “front” organizations and other methods to foil officials’ interception efforts:

We’ve had multiple cases of organizations that established companies in the United States strictly to import narcotics into the United States. We have had multiple cases where they have brought in legitimate imports to basically determine to what extent they were being scrutinized by federal law enforcement

as their containers crossed and were entering through the port of entry. ...[W]hen they feel comfortable ... [and] have established what they believe to be a clean importation record, ... at that point they'll load up the container and bring in the narcotics. ...[T]here's a tremendous amount of money involved here, and they have tremendous assets ...to come in and set up ... a shell company, with workers in a warehouse in Newark or Elizabeth, to bring in some imports with ... a legitimate business ... [without knowing if they will] make any money But ... the goal here is not to make money off of that. It's ultimately to establish a clean record in the United States with Customs [Enforcement] so they can load up and bring in [a] container [with narcotics].

... [W]e even had a situation where they photographed the contents of the container when they loaded it overseas. They videotaped it. And they videotaped it when it arrived back here to see if Customs had been in there to examine it. They were actually sticking probes into our inspector's drill holes to find out how far we would drill into a cylinder of paper. And then ultimately what they did is they constructed compartments that they thought were deeper than the actual drill bit. ... Also, we've had some history of them actually infiltrating Customs brokers, who are the people who are ... legitimately involved in getting cargo on the pier and through Customs.

Otherwise divergent drug trafficking groups often combine their resources in order to foil interdiction efforts. When United States and Colombian officials achieved some success in foiling notorious 1980s-era Colombian cocaine cartels, their successors formed alliances with Mexican drug-trafficking organizations. NDIC Director Horn testified regarding the significant extent of such partnerships:

You're finding more Mexican involvement actually taking loads from the West Coast here to the East Coast than has ever been seen before. You also have certainly a great deal of cooperation among Mexican, Colombian and Dominican drug traffickers, as well as Israeli and Russian drug trafficking organizations. So

there is kind of a homogenous group one way or another and they share expertise and ... best practices.

Mr. Horn emphasized the difficulty of hiring drug trafficking control personnel with adequate language capabilities:

... [A]t NDIC, we're trying to recruit intelligence analysts with language abilities, and it's really a full market for those kinds of talents. We're competing with [Homeland Security and DEA], as well as a half dozen other ... agencies that are looking for the same type of quality analysts who may have language abilities, especially some of the more obscure languages these days, like Arabic or Farsi or Fustu. Obviously, in the United States, there's simply not enough of that talent around to meet all of our needs.

Mr. Horn described the wholesale distribution of major narcotics once they have entered New Jersey from various source countries via air, land and sea conveyances:

...Columbian drug trafficking organizations and criminal groups and Dominican criminal groups are the primary wholesale-level cocaine and South American heroin distributors in New Jersey. Nigerian and other West African criminal groups are the dominant wholesale-level distributors of Southeast Asian heroin. Lebanese, Pakistani, Nigerian, and other criminal groups distribute wholesale quantities of Southwest Asian heroin in the state. Jamaican and Mexican criminal groups are dominant marijuana distributors in New Jersey. And Israeli and Russian criminal groups are the dominant wholesale-level MDMA distributors. Further, outlaw motorcycle gangs such as the Pagans and Warlocks are the primary wholesale distributors of methamphetamine. These criminal groups frequently control cut houses, storefronts, and open-air drug markets in Camden, Newark and Trenton, as well as in other areas of the state.

STREET-LEVEL TRAFFICKERS

A vast network of armed drug-trafficking gangs – led by adults and served to a considerable extent by juveniles – whose turf domination in New Jersey’s communities has exploded in recent years, ensures that illegal drugs get from wholesale distribution points to the users in our cities, suburbs, and even rural locales. Today, these gangs sustain, and are sustained by, a lucrative, drug-based underground economy. Like the precursors of *La Cosa Nostra* during the 1920s liquor Prohibition Era, these groups have consolidated power through organization and violence. However, their evolution into cartels and super gangs has elevated their adverse impact on society to the extent that it now exceeds that of *La Cosa Nostra* during its heyday.

At the Commission’s public hearing, NDIC Director Horn named some of the major retail narcotics distributors in New Jersey:

Street gangs such as Bloods, Crips, Latin Kings and Neta are the dominant retail-level distributors of South American heroin in New Jersey. West African criminal groups distribute retail quantities of Southeast Asian heroin, while Lebanese, Pakistani and other criminal groups distribute retail quantities of Southwest Asia heroin. Outlaw motorcycle gangs and teenagers and young adults are the dominant retail-level MDMA and methamphetamine distributors in New Jersey.

So-called “super gangs,” those with relatively rigid leadership hierarchies and hundreds or even thousands of members in several states, operate in New Jersey. They have grown in importance here since the Commission first catalogued the gang problem in its November 1993 *Criminal Street Gangs* report. They include chapters or emulators of the rival Los Angeles-based Bloods and Crips, the Chicago-based Latin Kings (known formally as the Almighty Latin King/Queen Nation) and the Neta Association.

A major concern in some areas of the state is the violent nature and activities of numerous Mexican gangs and a gang comprised mostly of Salvadorians known as *Mara Salvatrucha* or MS-13. Many of the members of these gangs are undocumented aliens, bringing with them a host of potential security problems. Some of the Salvadorian gang members, for example, are former members of military or guerilla units in El Salvador and have a proclivity for violence.

Paterson Police Chief Lawrence G. Spagnola recounted at the public hearing how juveniles, some as young as nine or ten years old, often occupy the bottom rungs of the typical gang's membership ladder, serving as runners, lookouts, stash holders and even gun carriers. They communicate constantly via cell phones with others in the organization. At the next level, dealers sell the product. Street supervisors control different corners or "sets." Above all is the gang's leader, who sometimes shares power with others. Money generated by drug sales pays for lawyers, guns and more drugs. Sometimes turf envy, grudges or insults erupt into bloody violence, but more often truces prevail between the gangs, because, as Chief Spagnola pointed out, "they know if they fight with each other, it's bad for business."

Roland Holvey, Principal Investigator with the Special Investigations Division of the New Jersey Department of Corrections (DOC), testified at the public hearing that the DOC "started identifying gangs and gang members in January of 1994." He described how this led to creation of one of the best databases on the subject in the state and a program to slow down gang proliferation in state prisons:

...[W]e've identified right now over 6,500 gang members since 1994 that have been incarcerated and are currently incarcerated. We've identified a little over 200 different gangs. Included in those 200 ... are ... quite a few of the super

gangs. And we have some fairly large gangs. Latin Kings, we've identified a little over a thousand members. Bloods, we've identified a little over a thousand members. Crips, right now we've identified a little over a hundred members. And several other gangs making up that 6,500.

...[W]e saw a drastic escalation of violence about the prisons between 1994 and 1997. And we ... had to do something to manage these gangs. ... The old theory of transferring these guys from one prison to another to try to eliminate the problem and take away their power base wasn't effective for us any longer, because of these large gangs that were all working together. They had a central leadership, and all the prisons fell under one leader. So you see the problems that that creates.

...[W]e came up with an idea. Again, we didn't reinvent the wheel. We looked to ... the State of Connecticut[, which] had a gang management unit. We modeled ours after theirs. We opened that up in March of 1998. And the key to the gang management unit that we opened up, ... at Northern State Prison, is that it's a program ... designed to try to assist these individuals in getting out of the gang. Now, that may sound strange, but it works.

Now, I'm not going to blow smoke at you and tell you that we've gotten all these guys out of the gangs. You know, traditionally, inmates will ... try to manipulate the system and manipulate us into thinking that they are ex-gang members. We realize that a lot of the individuals we put into our gang unit have gone through the motions, and [we] just ... modified their behavior and brought the level of violence down significantly in our prisons. But we have ... put ... right now about 500 inmates through our gang management program. And I would estimate approximately 20 percent of those 500 are ex-gang members now. So it's worked 20 percent of the time. The other 80 percent, we've modified their behavior, and our prisons are much safer and less violent places. So in that sense, it works inside the institutions. And what we got out of that was a 44 percent drop in assaults on staff statewide and an 82 percent drop in organized violent behavior statewide because of the existence of this gang management unit. So it has worked for us.

As far as the national perspective on gangs, New Jersey and Corrections ... are in the forefront nationally because of this unit. There's only one other like it in the country. And from that, we developed another program called the Gang Awareness and Prevention Program [GAPP]. We utilize some inmates that have completed this gang management program. They're still incarcerated, and we take them out to schools to talk to kids, to churches, to community events to try to do some gang prevention. ... Our Commissioner is behind these programs a hundred and fifty percent, and they work. It's, you know, I'm very proud to be part of the Department of Corrections and these initiatives that we've taken. And we found ourselves to be in the forefront.

... [W]e do have a very inclusive database that we've developed. Unfortunately, it's not networked [electronically]. It's networked manually. I get calls from Paterson [Police Department], from the State Police Street Gang Unit, from several municipalities, several prosecutors offices all over the state, and we provide the information to them manually. It's a stand-alone database. Unfortunately, the funds aren't there. But it will be incorporated into the State Police database, so we will have access to that. We will input our data into that, and we'll be part of that. So I'm very excited about that.

State Police Sergeant First Class Keith F. Bevacqui, Assistant Leader and Operations Officer of the State Police Gangs Unit, testified that in 2000-01 the State Police surveyed representatives of the 195 municipalities that had sent law enforcement officers to a five-day advanced gang awareness, recognition and training program. Prosecutors' offices and jails in the state's 21 counties and the New Jersey Department of Corrections also provided data for the survey. He summarized the results:

... [W]e identified 135 distinct gangs operating in the State of New Jersey. And that comes from a limited survey. Only 195 municipal agencies responded. From that also, we identified over 10,000 documented street gang members in the

State of New Jersey. 3,200 of them were Latin King members. And that's grown in size.

Interstate connections and the unintentional expansion of access to information concerning the existence and significance of the super gangs through media and Internet exposure enable them to endure longer than localized gangs, despite periodically intense law enforcement crackdowns. Sergeant First Class Bevacqui described at the public hearing how Chicago members of the Latin Kings came to New Jersey several times to help its membership rebound and reorganize after state-court convictions in March 2000 of five core leaders of the group. The convictions resulted from the brutal July 1998 murders of two brothers, both Latin Kings members, in Newark's Branch Brook Park. Sergeant Bevacqui further related that when Operation Catapult, conducted by the State Police and the Division of Criminal Justice, resulted in October 30, 2002 indictments of several more New Jersey Latin Kings, the Chicago Latin Kings were in control:

Their manifestos, or their ... operating procedures, came out of Chicago, and that's what New Jersey followed. They had contact with the Latin Kings in Chicago via Internet access as well, e-mail system, [and] by telephone.

Law enforcement officials have identified Latin Kings chapters in Camden, Hoboken, Elizabeth, Jersey City, Newark, Passaic, Paterson, Perth Amboy, Trenton and Toms River. Their presence or activity has been noticed in Asbury Park, Bayonne, Fort Lee, Dover Township, Lakewood, Linden, Long Branch, Plainfield, Teaneck, Vineland and West New York. Their total membership amounts to several thousand in New Jersey.

“Rey” (Spanish for “King”), a former Latin King member testified at the public hearing with a disguise and under stringent security. When he was incarcerated in New Jersey after committing a serious crime, his involvement with the Latin Kings increased because the gang actually was more organized in prison than out on the streets. Rey told how the Latin Kings originated in Chicago in 1940, professing to want to help Hispanics to better themselves. Their influence led to control of much of the underground drug commerce in prisons and beyond.

Rey testified that Latin Kings earn money by extortion and selling drugs and guns. They readily obtain the guns in southern states with lax firearm controls. Rey provided an example of gang extortion:

... [E]specially in prison, what they do is this: Let's say, for example, some kid that's never been incarcerated ends up in prison, and he don't know what he's getting into. So he's looking for protection. So you have a mother and a father that [are] very concerned for this kid; they will do anything. So [the gang members] ... use this for their advantage. They manipulate it. They ... get on the phone, they speak, or they write letters, "Listen, if you send us this, we make sure nothing happens to your son." ... [T]hey use it like that.

According to Rey, Latin King members do not all speak Spanish, nor do they all have the same Hispanic or Latino background. He testified, “[T]hey could be Cubans, Colombians, Mexicans, from any Hispanic culture.” He added that they even have a few African-American members in New Jersey. Rey claimed that the Latin Kings did not practice so-called “beat downs” against aspiring gang members but required them to learn intricate “lessons” and, in some cases, required an initiate to TOS (terminate on sight), that is, kill someone. Short of death, according to Rey, this “work” includes “tak[ing]

somebody down, shoot[ing] somebody, stab[bing] somebody or cut[ting] somebody's face in some occasions.”

Rey described the extreme pressure to join the gang brought to bear upon youths living in neighborhoods controlled by the Latin Kings:

It's very strong, because [of] the manipulation, ... the peer pressure. ... [T]hey tell the kids ... it's for the cause, it's for the good things, ... it's for our people, it's to educate our people. But once they get in, it's like pure hell. They don't know what they got themselves into. ... They make a choice to join the gang. Then [the gang] comes up with this, "In order for you to get out, you've got to die." ... And ... you can't do nothing else. They be scared. ... [Y]ou've got young kids out there; they're scared; they don't know what to do.

Rey testified that the Latin Kings are extremely well organized with an Inca, elected by the local chapters, in overall control. Chapters are led by a First Crown (President), Second Crown (Vice President), Third Crown (Warlord), Fourth Crown (Sergeant of Arms in charge of all the weapons), Fifth Crown (Captain Crown Advisor, who investigates all enemies in a prison or neighborhood and ensures that all members know their lessons). Members put money into a “box” every month to sustain the leadership and members in need. Members who fail to do so “suffer some consequences.”

Rey noted that members frequently violate some rules, such as the one against “shooting dope,” because even the leaders do not abide by them. Others, like not being homosexual, are strictly enforced, with dire consequences for the violator. He said the Latin Kings’ attitude towards the police was that “they was a piece of crap.” Latin Kings did not fear the police because “they had guns, too.” He added that gang members

discussed possible assaults on police officers “many times,” and he was aware of assaults on officers taking place.

* * *

Law enforcement officials have identified Neta Association chapters in Camden, Elizabeth, Hoboken, Jersey City, Newark, Perth Amboy and Trenton. Members have been present or active in Asbury Park, Fort Lee, New Brunswick, Paterson, Plainfield, Teaneck and West New York.

Carlos Torres Iriarte, an inmate of the Puerto Rico prison system, founded the Neta Association during the 1970s. The group allegedly was started to protect the rights of inmates from the injustices perpetrated by the prison administration and by stronger, more organized inmates. Although members of a rival prison gang murdered Iriarte on March 30, 1981, the Neta Association spread to 17 Puerto Rican correctional facilities by 1997. It continues to expand its influence within the penal system and on the streets. It has spread to correctional institutions in New Jersey and is one of six prison gangs classified as a Security Threat Group by the state Department of Corrections. Since its inception, Neta has been a predominantly Hispanic male gang; however, in recent years it has accepted members with various ethnic backgrounds.

As is the case with the Latin Kings, the Netas have a hierarchical leadership structure. The two groups occasionally form alliances.

* * *

The Bloods originated in the Compton section of South Central Los Angeles in the late 1960s in opposition to a rival gang called the Crips. It is a predominantly African-American gang with both male and female members but has been known to

recruit Hispanic members. Chapters are loosely organized without a clear hierarchical structure, although law enforcement authorities indicate that in furtherance of key criminal activities, particularly involving the drug trade, these gang units have begun to adopt an organizational framework in which individual members are assigned discrete tasks. The Bloods operate in sub-groups known as “sets” and has a large nationwide membership. Blood sets are located mostly in urban areas, including several in New Jersey. Each set consists of a group of individuals involved in criminal activities, mainly drug distribution, in certain geographical areas.

The Bloods have become notorious for their method of gang initiation. Males usually are “beaten in” with 31 seconds of violence inflicted by three to five gang members. Female members, known as Bloodettes, are either beaten in or “sexed in,” that is, required to engage in sex with multiple gang members. Members also are “blooded in” or “burned in.” A cigarette or AA battery is used to inflict three circles, called a “dawg paw,” usually on the upper arms of males and on the calves or shoulder blades of females.

Law enforcement has begun to focus heavily on Bloods because it is one of the fastest growing street gangs in New Jersey. Their most significant criminal activities have taken place in urban areas of northern New Jersey, including East Orange, Irvington, Newark and Paterson. Several hundred members of the Bloods are believed to be involved in drug distribution and related crimes in the City of East Orange. They are divided into several different sets that operate independently from one another. Heroin is presently the drug of choice, but crack cocaine also is sold in certain areas of the city. The majority of the drug sales are made via open-air drug markets on street corners

controlled by the various Bloods sets. Monikers applied to the sets in East Orange include Double II, Gutter Rats, Steel Click, North Side Killer Gang (NSKG), Down the Hill (DTH) and Hit Squad Mob.

Law enforcement officials estimate that as many as 25 Bloods sets, with well over 100 members, operate in Irvington. They have been involved in the usual gang-related activity: drug distribution, assault, robbery, auto theft, weapon possession and homicide. Most of the sets are loosely organized with no identifiable leader. Many Bloods members are believed to have been recruited from local African-American street gangs in Irvington, and some members reportedly are affiliated with the Baxter Terrace Posse, a major Newark street gang. New members also are recruited from local high schools. Members of Bloods sets sometimes will fight among themselves, and violent friction also occurs between sets. Recently, a female member of a Bloods set in East Orange was severely slashed by female members of an Irvington set simply because she belonged to the set in East Orange. In addition to competition among its sets, Bloods members also compete with 15 to 20 other street gangs operating in Irvington, including the Crips.

The number of Bloods sets operating in the City of Newark has increased dramatically during the past two to three years. The Newark Police Department has identified more than 800 members of the Bloods and estimates that more than 1000 members and associates are actively involved in criminal activities in Newark and surrounding areas. In their operations throughout those venues, the Bloods have been described by law enforcement officials as a semi-organized criminal group involved primarily in the distribution of drugs. They are also involved in shootings, turf disputes and assaults. Many new members are recruited at local high schools, and a number of

individuals who were previously members of the Five Percenters gang have become members of the Bloods. Also, members of the Baxter Terrace Posse, as well as members of other established street gangs in Newark, are known to have joined forces with the Bloods.

Bloods have been at the center of gang violence in Newark. On November 26, 2000, five alleged Bloods members, three females and two males, brutally tortured and killed one of their own, possibly in retaliation for his attempt to withdraw from the gang.

Meanwhile, a state task force has had some success in countering the Bloods in Newark and other venues through various means, including effective use of electronic surveillance. Among those convicted – and, in his case, sentenced to life in prison for murder – was David Allen, a Bloods leader who had plotted to murder the judge and others involved in his murder trial in January 2001. More recently, in February 2004, a joint federal/county undercover task force arrested a reputed leader of a major Bloods set based in Jersey City. Also that month, federal DEA agents working in concert with local police in Orange arrested 31 individuals alleged to be members of the Bloods. The investigation revealed that factions of the gang from different locales had organized crews in an effort to control the heroin and cocaine trade within the community.

In Newark, the Bloods operate mainly in the southern and western areas of the city and have been involved in numerous shooting incidents in the past two to three years. Members of Bloods sets located in the neighboring communities of East Orange and Irvington have been known to move into Newark, forcibly taking over drug corners. These actions have caused additional shooting incidents and have resulted in a number of homicides.

Criminal activities involving Bloods members have increased significantly in the City of Paterson in just the past year. Law enforcement officials estimate that more than 1,000 Bloods members, male and female, are active in that city. Many are members of the following sets: Sex, Money, Murder (also known as 252), Gangster Killer Bloods, and 10th Avenue and 26th Street.

Bloods sets in Paterson also are loosely organized and often have no identifiable leader. Members sometimes fight among themselves, as well as with members of other sets. They also sometimes fight with rival gangs, including the Crips, Latin Kings, Netas and homegrown gangs. Many Bloods members in Paterson are recruited from local high schools, and some members were formerly affiliated with the Five Percenters. Because the Bloods are so disorganized in Paterson, law enforcement officials are concerned that individuals affiliated with the gang members in New York City may come to Paterson in a bid to organize and provide leadership to local sets.

Meanwhile, outbursts of violence are a constant threat to the community. In one heavily publicized incident that occurred at the Alexander Hamilton Project in Paterson on October 31, 2000, Claude “Earl” Wiggins, Jr., was shot to death in gang and drug-related violence. Wiggins, who was awaiting trial on drug charges when he was gunned down, reportedly was a member of the Bloods, and the housing project is in a location frequented by members of the Bloods as well as members of the Crips. During the funeral for Wiggins, many young men and women mourners walked past a dog paw-shaped floral arrangement, and tossed red bandanas into the open casket.

* * *

The gang known as the Crips was formed in California during the 1960s and has proliferated throughout the country. Though predominantly an African-American gang with both male and female members, it is known to accept members from other ethnic backgrounds. The Crips, like its rival Bloods, are loosely organized and not known to have a fixed hierarchical structure. It operates in sets as well and is associated with the color blue.

In New Jersey, the largest concentration of Crips is believed to be located in Newark, where more than 250 members have been identified. They have a reputation for extreme violence and are involved in the distribution of cocaine and heroin. The gang also has been involved in shootings, robberies and assaults and operates primarily from the Hyatt Court and Pennington Court housing projects located on the East Side of the city.

The Crips also are active in Irvington and reportedly have increased their membership there to more than 60 by absorbing several members of local street gangs and drug trafficking groups. In addition, Crips are competing with Bloods sets operating in Irvington and have been involved in shootings, robberies and assaults. Members of the Crips also are suspected of involvement in some of the gang-related homicides that have occurred in Irvington during the past year.

Crips also are involved in drug distribution and related crimes in Paterson, where there is an ongoing rivalry with members of the Bloods. Paterson police officials estimate that approximately 200 members of the Crips are active in their city. Members of both gangs are involved in drug distribution and other criminal activities at the Alexander Hamilton Housing Project, where a number of drug and gang-related

shootings have taken place. Members of the Crips also operate in Asbury Park, East Orange, Englewood, Hoboken, Jersey City, Orange, Phillipsburg, Teaneck and Trenton.

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The *Mara Salvatrucha*, also known as “MS,” “MSX3” and “MSXIII” but more commonly referred to by law enforcement officials in New Jersey as “MS-13,” (the number 13 indicates a Southern California Hispanic gang) was originally formed in Los Angeles in the early 1980s. The gang was established by a small criminal element among more than one million El Salvadoran nationals (both legal and illegal) who fled El Salvador as a result of political turmoil and civil war. Faced with high unemployment and a lack of skills, these immigrants fled their homeland in search of peace and economic opportunity. Some are former members of the military or rebel guerilla units, and they have a proclivity for violence.

The majority of those who fled the chaos in El Salvador settled in southern California and the Washington, D.C., metropolitan area. The southern California area has the highest concentration of El Salvadorans outside of their native country.

Some immigrants with direct ties to *La Mara*, one of El Salvador’s original violent street gangs, settled in the Rampart section of Los Angeles. Upon their arrival, they experienced cultural bias, especially from other Latino criminal groups. To defend themselves, they banded together and established the *Mara Salvatrucha* gang. Subsequently, they recruited additional members and enforced their own laws. Although membership initially consisted of El Salvadoran immigrants, it has expanded to include Mexicans, Guatemalans, Hondurans and African-Americans. Many of the gang’s

members are former members of the Farabundo Marti National Liberation Front (FMLN), a leftist guerrilla organization that was involved in a civil war against the Salvadoran government in the 1980s. These individuals were trained in the use of firearms, explosives and booby traps.

Mara Salvatrucha members quickly asserted themselves as an organized gang known for indulging in extreme violence. Gang members are known to be involved in drug trafficking, weapons smuggling, armed robberies, drive-by shootings, extortion, vehicle theft and assault. In addition to its propensity for violence, MS-13 also has been described as a highly organized and sophisticated street gang that is known to be anti-government. Gang members also maintain a relationship with current and former members of the Salvadoran military.

In recent years, the realm of MS-13 has greatly expanded from its origins in southern California and the Washington, D.C., areas. Factions of MS-13 can be found in several states across the country, including New Jersey. A significant difference between MS-13 and traditional street gangs in the U. S. is that MS-13 members have international connections. Members here maintain constant contact with members in El Salvador. To the dismay of U.S. authorities, these alliances provide MS-13 members with access to military arms and the wherewithal to traffic them to this country. Also, the tendency of MS-13 members to react with violence is significantly higher than that of most members of other gangs.

MS-13 gang members' lack of fear and their disrespect for anyone, including law enforcement officers, are unique characteristics that distinguish them from members of other Latino gangs. Many police officers have experienced confrontations with elements

of this gang, and gang members have been responsible for the shootings and murders of numerous law enforcement officers across the U.S. MS-13 members are actively involved in the manufacture of anti-personnel grenades, hand-crafted from 12-gauge “00” buck shotgun shells and intended for use against law enforcement officers during raids on gang residences and drug stash houses.

The gang operates in small groups known as “cliques.” Leadership in each clique consists of one or two individuals known as *Veteranos*. These are usually older members who have the overall responsibility of organizing meetings, directing criminal activity, regulating behavior and maintaining cohesion among members. The number of members in each clique varies.

Individuals seeking membership in MS-13 are subject to various forms of initiation. Some candidates are “jumped in.” This ritual consists of a candidate being beaten by gang members for a period of 13 seconds. In some cliques, participation in felonious activity may be required. There have also been instances where individuals actually have been required to assault a police officer in order to gain full membership. To signify gang allegiance, members are expected to receive a tattoo once accepted into the organization.

The proliferation of *Mara Salvatrucha* and other Latin American street gangs in New Jersey and other parts of the country poses a serious threat. Some law enforcement intelligence information indicates that many Latino gangs are uniting in a more organized manner under the banner of *Mara Salvatrucha*. In the Washington, D.C., metropolitan area, several of the largest Hispanic gangs have joined forces with the MS-13 street gang. If this trend continues, the MS-13 gang could become one of the largest street gangs in

the country. MS-13 members are known to be active or residing in the New Jersey communities of Elizabeth, Englewood, Jersey City, Long Branch, New Brunswick, Passaic, Paterson, Plainfield, Red Bank, Union City, and West New York.

* * *

FBI Supervisory Special Agent Ronald N. Nolan pointed out at the Commission's public hearing that certain local gangs may be as dangerous, or more so, than chapters of these super gangs. He described one particularly volatile Camden gang:

In 1992, when I was working out of the Philadelphia FBI, I was assigned to the Camden [Resident FBI Office to deal with] ... a local impact group call[ing] themselves the Sons of Malcolm X. They had no national exposure, but inside the City of Camden they were causing chaos One of the ways that they would recruit people was to go out and kill three people. That was part of your initiation into the group. That's just as bad as anything [encountered] on the national [or] international level. They did that to show that they had strength inside that city. Their organization was structured to the point where they had lookouts on the corners [with] earphone sets. When the police would come, they would notify [each other,] and everybody would go inside the house. They had structure, where you knew who was the boss. They had an Hispanic set and an African-American set. ... [T]o me, when we took them down in, I believe, October of 1992, they were very structured. They were just like any super group, ... just on a smaller scale.

However, lacking supportive connections elsewhere in the country, localized gangs such as the Sons of Malcolm X may be less likely to rebound from law enforcement crackdowns.

While drug trafficking is the lifeblood of criminal street gangs, it by no means represents the totality of their menace. New Jersey Attorney General Peter C. Harvey testified at the public hearing that the peril extends beyond merely satiating demand for illegal drugs:

Now, to understand how these groups work, the objective here is to control territories in cities and in suburban areas. The way these groups finance themselves is through the sale of narcotics. They enforce turf. They enforce protection through the acquisition of guns, heavy firepower, and they engage in violence against rival gang members, and sometimes against their own members.

... [T]hey also enforce their trade with the most random and vicious violence you can imagine. They buy guns in quantity. They do not hesitate to use them. And they do not hesitate to get into gun battles with police officers, as well as themselves, to avoid detection.

Criminal Justice Director Vaughn McKoy addressed the danger and recklessness characteristic of the super gangs:

[T]hey recruit so young. You're talking about kids in grade school, nine, ten, eleven years old, who are looking up to individuals who are in their twenties or in their thirties, who have the "badge of honor" in that they have gone through the criminal justice system once or twice; they've done time in prison. And these kids in these communities look up to these individuals; and they're so susceptible to do whatever these older individuals are telling them to do; and they do it out in the open; and they have no fear.

Based upon my experiences with La Cosa Nostra and what I've seen and heard, there was a certain set code of conduct, and you couldn't do certain things unless you got the approval of other individuals within the organization.

That's not so true with these super gangs. They act on their own; a lot of them act independently, and they do it out in the open. And so I think, now more than ever, we really should be concerned about the emergence of these super

gangs, particularly in our communities, because we've seen instances where they're taking over neighborhoods. They're taking over apartment buildings, and they've basically held citizens in fear, captive in their own neighborhoods.

Paterson Police Chief Spagnola described what drug-dealing gangs do to the neighborhoods of a city:

What the gangs do to a community is unbelievable. They take over a community. I mean, there's no law, there's no order. They do their business. We lock them up. They come back out. We lock them up. They come back out. What it does is it actually eats at the fabric of this country where there's no accountability for what you do. And then what happens, through generation, through mind-set, through kids growing up in the neighborhood, they emulate what they see. And then you have generation after generation continuing that cycle. So what we have to do is, I don't know how we're going to do it, just find a way to step in there and be a buffer and have them emulate what is right. Because if they don't know what is right, then how are they going to do it? All they see is what they grow up in. And that's what they do, they actually take over a community. We have people, senior citizens that are prisoners in their own homes. They haven't been out of their houses in years. And they lose their children; they lose their grandchildren to the streets. I think they deserve better.

FBI Supervisory Special Agent Nolan testified that his experiences in Camden as far back as 1992 opened his eyes to the intractability of the problem. He said he saw a city rife with poverty, without a movie theater or adequate recreation programs, and lacking jobs for its youth. They could make money selling drugs for adults, even to the point of “making more money than their parents” He recounted the arrest of a youth about 13- or 14-years-old:

I went to see his grandmother and told her, “I have your grandson under arrest for selling narcotics, and he shouldn’t be doing that.” And she said, “Well, when my check runs out at the end of the month and I need money to get through the last couple of days, he brings me money. Are you going to replace that money that my grandson is not [bringing in]?” ... That’s the mind-set that some of the people in the neighborhood had.

Mr. Nolan described how drug dealers persist under such conditions. He noted that even impressive drug arrests just provide an opportunity for another group of dealers to move in. Even the original traffickers eventually “come back into that neighborhood and take over,” according to Mr. Nolan. Learning from the experience and adding the training and advice they obtain in prison, “they know what to look out for, and it’s going to make our job twice as hard to do it the second time around, the third time around, so forth and so on.”

Chief Spagnola called the problem a form of “domestic terrorism” that seriously jeopardizes the security of communities. He displayed fearsome, but relatively inexpensive, semi-automatic firearms found in drug dealers’ homes during search warrants. With unofficial names such as “street sweeper” because of their rapid rates of fire, these weapons are readily available in New Jersey, despite tough state laws governing firearm sales.

On September 17, 2003, the United States Attorney’s Office in New Jersey released a federal indictment charging an East Orange man with illegally selling 86 handguns – many winding up in the hands of gang members in New Jersey. This individual allegedly bought the guns legally in Colorado in 2000 and profited by at least \$100 on each gun in his illicit sales.

Super gangs' criminal functions have become compartmentalized to the point where some members specialize in obtaining firepower for other members of their gangs. These specialists travel to states with lax gun laws to buy semi-automatic handguns and other formidable weapons. Such activity mocks New Jersey's carefully crafted gun control laws.

Mr. Nolan testified about the attitude that accompanies the weaponry. He said in some neighborhoods in cities such as Camden and Newark residents are afraid to leave their houses because armed drug traffickers "don't care about life anymore. They will shoot you and say, 'Hey, he had it coming.'"

The appalling level of gang and drug-related violence is reflected in homicide data for Essex and Union counties during the past three years. The Essex County Prosecutor's Office, as of August 27, 2003, had conducted 98 homicide investigations during 2003. At that time, nine of the 98 homicides had been classified as gang and/or drug-related. Numerous other homicides among the 98 committed were suspected of being gang and/or drug-related but had not been officially classified as such because of a lack of evidence. During 2002, the Prosecutor's Office investigated a total of 113 homicides of which 34 were classified as gang and/or drug-related. A total of 130 homicide investigations were conducted during the year 2001. Twenty-three of the homicides were classified as gang and/or drug-related. The majority of the homicides classified as gang and/or drug-related during the past three years involved members of the Bloods or Crips.

Compared to the 57 homicides classified as gang and/or drug-related during the years 2001 and 2002, an official in the Prosecutor's Office could recall only one

homicide involving traditional organized crime figures that occurred in Essex County during the same time period. The victim in that homicide was identified as a well-known gambling figure in Newark, and was found shot to death on a Newark street in July 2002, and reportedly had been heavily indebted to loan sharks.

As of November 10, 2003, the Union County Prosecutor's Office had conducted 22 homicide investigations during 2003. Eleven were classified as gang and/or drug-related. During the year 2002, eight of the fifteen homicide investigations conducted that year were believed to involve members of gangs and/or drug-trafficking groups, and during 2001, three of the nineteen homicide investigations conducted were classified as gang and/or drug-related. Meanwhile, no homicides classified as involving traditional organized crime occurred in Union County during the same period.

A devastating aspect of violence associated with drug-trafficking street gangs is the victimization of people who are not involved in any criminal conduct but get caught in the cross-fire, either as innocent bystanders or as heroic Samaritans trying to preserve the lives of others. Innocent women and children have been among the victims. There would be a great societal outcry if such consequences resulted from the activity of traditional organized crime.

The blight caused by gangs of drug traffickers in urban and inner-suburban communities undermines the major policy goal of restoring dignity and serenity to older urban neighborhoods. If drug trafficking is not halted in old neighborhoods, the middle class will not return, except to limited enclaves dominated by gates, video cameras and security forces. Absent curtailment of drug trafficking, those who yearn to revitalize old

neighborhoods rather than succumb and contribute to suburban sprawl must be willing to live under siege-like conditions.

* * *

Law enforcement authorities have found that drug-trafficking gangs use the latest high-technology gadgets in their operations, including computers, pagers with instant messaging and difficult-to-track disposable cell phones. FBI Special Agent-in-Charge Allen pointed out that they even share information in glossy magazines catering to those interested in the gang life about how to thwart undercover investigative techniques – techniques learned ironically from information in testimony that often must be revealed in open court in order to obtain criminal convictions.

The active participation of juveniles helps insulate adult leaders from the criminal justice system. Sgt. Bevacqui described why laws that punish adults for employing juveniles in drug distribution operations fail to deter both juvenile and adult gang members:

... [I]t's quick profits for [juveniles]. They don't have to work at Burger King making minimum wage. They can make hundreds of dollars a day [selling drugs]. The adults that are supervising these activities ... know that if the juvenile gets arrested and he doesn't cooperate, he's going to get a slap on the wrist in the juvenile system. [Police] know that. The drug dealers in the gang, the adult gang members know this as well. So that's one issue we have to address too: the constant recidivism with juveniles. They're constantly getting arrested, and they're not being incarcerated.

LAW ENFORCEMENT'S RESPONSE

Federal and state governments spend billions of dollars annually to thwart the manufacture and importation of narcotics destined for residents of the United States. In September 2003, the United Nations Drug Control Program estimated that invigorated, American-financed aerial eradication efforts had reduced the size of Colombia's coca crop by 32 percent in the first seven months of the year. Meanwhile, seizures of narcotics at points of entry have increased. The Bureau of Immigration and Customs Enforcement's Martin Ficke listed at the public hearing some of the seizures at New Jersey air and sea port-of-entry facilities:

In the last three years ... over 45,000 pounds of narcotics have been seized, consisting of over 600 pounds of heroin, over 6,800 pounds of cocaine, over 1,500 pounds of Ecstasy, over 400 pounds of marijuana and over 36,000 pounds of khat. Heroin and Ecstasy are two drugs that are being seized at Department of Homeland Security facilities in New Jersey in ever increasing amounts. Between 1999 and 2002, heroin seizures increased by 171 percent and Ecstasy seizures by 290 percent. And the numbers for 2002 reflect over 293 pounds of heroin seized and over 900,000 tablets of Ecstasy.

Mr. Ficke attributed the swelling seizures to a combination of better law enforcement mechanisms and an increase in the flow of narcotics.

Seizures of the proceeds of drug trafficking also continue unabated. Mr. Ficke reported that in 2002 his office "seized in excess of \$30 million in narcotics proceeds pursuant to investigations being conducted by the federal, state and local money laundering task force located in Newark." He noted that this was a 150 percent increase over the previous year. He testified that 14 state and local law enforcement officers, representing five northern New Jersey counties and the Division of Criminal Justice

(DCJ), are assigned to the Bureau of Immigration and Customs Enforcement's Newark money laundering task force. Mr. Ficke added that his office and the DCJ recently launched a project focusing on money remitters, both licensed and unlicensed.

The DEA's Alexander Gourley testified that 96 special agents, 53 task force officers, 11 DEA intelligence analysts, 25 diversion investigators, and more than 60 administrative, clerical, professional, contract and military personnel work out of offices in Newark, Atlantic City, Camden and Paterson. He stated, "In the last 10 years, over 178 kilograms of heroin, 8,400 kilograms of cocaine, 741 kilograms of marijuana and nearly 602,000 MDMA pills have been seized by the DEA in [New Jersey]."

Mr. Gourley testified that "no central repository [tracks] how much" the DEA spends to interdict drug trafficking. He added, "But in the last ten years, DEA's overall budget has increased over a hundred percent. It was \$921 million in 1993. It's now nearly \$1.9 billion." Funding allotted to Newark Division operations pays overtime for "a large contingent of task force officers," according to Mr. Gourley. A Mobile Enforcement Team (MET), available to assist local police chiefs with violent drug trafficking organizations, is funded separately by DEA's Washington office. Mr. Gourley said the Newark Division tries "to do at least a couple of" MET deployments per year. He added, "The cost of wiretaps and interpreters and telephone companies' expenses is phenomenal." He noted that the DEA often must rely on outside contractors for interpreters that can cost \$30,000 for a 30-day wiretap, and up to \$60,000 "if they have to come in from another state" In addition, northern New Jersey is a High Intensity Drug Trafficking Area (HIDTA) with an annual budget of about \$1.7 million, according to Mr. Gourley.

Several witnesses at the public hearing described determined efforts by law enforcement to thwart street-level drug trafficking. Attorney General Harvey testified that he transformed the Division of Criminal Justice's Statewide Narcotics Task Force, composed of attorneys, investigators and State Police troopers, into a Gangs, Drugs and Guns initiative operating in seven major urban centers: Jersey City, the Newark area, Paterson, Elizabeth, Trenton, Atlantic City and Camden. Working closely with the State Police Street Gang Unit, this initiative scored a significant success against the Latin Kings gang, with 16 indictments last fall against 47 known members operating in Ocean County and elsewhere.

According to Attorney General Harvey, the Gangs, Drugs and Guns initiative has developed partnerships with county narcotics task forces, as well as with the federal Drug Enforcement Administration and the U.S. Attorney's Office. Meanwhile, High Intensity Drug Trafficking Area (HIDTA) task forces operate in both southern and northern New Jersey.

The Union County Prosecutor's "Save A Neighborhood" program involves officers from various Union County police departments in community-oriented policing aimed at deterring youths from gangs and drugs. In Newark, traffic has been rerouted in an attempt to discourage quick and convenient narcotics purchases by out-of-towners taking advantage of ready highway access to Newark's open-air drug markets. The federally funded Weed and Seed program continues in several cities. It combines aggressive law enforcement to weed out drug traffickers with a seeding of social programs in targeted inner-city neighborhoods.

Intelligence sharing among law enforcement agencies has improved. State Police Superintendent Joseph Fuentes pointed out at the public hearing that a Statewide Intelligence Database, called SIMS, would soon become fully operational. It will enable law enforcers at all levels to share information about drug traffickers, including street gang members. Criminal Justice Director Vaughn McKoy described how such intelligence sharing, involving federal counterparts and assisted by high technology, would work:

... [I]f an alleged gang member is arrested down in Burlington County, and there's some information or intelligence to suggest that some members of his group were up in, let's say, Bergen County, and that they were arrested at a point in time in the past, we'll be able to link people together to see what the patterns are, what the targets are, who the players are, and we'll have the computer capability to do some mapping and other things that will help us identify who are the players, where are the hot targets, who are they aligned with, are they aligned with members from the same groups or do they have alliances with members of other groups, and different things like that.

Newark FBI Special-Agent-in-Charge Louie Allen testified he believes law enforcement has not been left behind by drug-trafficking gangs that use technology – the Internet, pagers, cell phones and the like – to advance their criminal operations. He maintained that the current generation of investigators receives the latest technology and training necessary to address technological advances by the criminals “in a 21st-Century manner.”

Countering the cost and effort of law enforcement is the profit-generating deviousness of the drug traffickers. Changing Internet accounts, tossing cell phones and other precautionary measures, while time-consuming and expensive, can thwart law

enforcement's best efforts and enable patient and careful drug dealers to conduct business successfully for long periods of time. Because of drug traffickers' unlimited resources, law enforcement often follows one step behind the more sophisticated criminal groups. The fact that many traffickers give law enforcement the edge by dressing in identifiable attire, wearing distinctive identifying tattoos or exchanging money and drugs simultaneously out in the open reveals a disdain for law enforcement as an effective deterrent in too many places. As law enforcement increases its proficiency and presence, some of these traffickers fail to change and, thus, wind up incarcerated. Some operate with cunning, invest in methods of foiling law enforcement, and remain in business considerably longer. Some continue to slip through the cracks even without sophistication, relying on dumb luck and the limited capability of law enforcement to mount sophisticated control operations in more than a few locales. The lucky ones advance and the careful ones obtain obscene quantities of money and remain in business long enough to satisfy the insatiable users.

FBI Supervisory Special Agent Nolan said members of his agency have a passionate desire to curtail the menace of neighborhood drug trafficking but are pulled in "many different directions," particularly after the terrorist attacks of September 11, 2001. The FBI has a Safe Streets Task Force, which provides overtime funding for local police participants. Mr. Nolan indicated that local and federal authorities can work together successfully to free some neighborhoods from the paralyzing presence of drug dealers, but a lack of traditional interdiction resources limits what can be accomplished. He added, "[I]f you don't seed [a neighborhood] with the good [after arresting occupying

drug traffickers], what's going to happen is those people are going to come back into that neighborhood and take over." He concluded:

We wish we could, ... we want to get [the neighborhoods] back. We want to make them safe for people to come out and sit on their front porches and talk to their neighbors once again, ... [but] no one wants to sit out there when we've got [devastating] weapons on the street. I don't want to sit out there. And we can't get there fast enough. We can't get to them on the street. Everybody is stripped of resources. There are not enough police to go around for every corner, but we do what we can.

Data relating to drug overdose deaths spotlight the intractability of our present course. The Office of the Medical Examiner for New Jersey reported 846 drug-related deaths in the state in 2000, 883 in 2001 and 870 in 2002. For several years, such deaths – more than the number attributable to vehicle accidents – have continued at a more or less steady level, showing no significant upward or downward trends.

* * *

Despite the commendable intentions underlying them, however, all of law enforcement's stouthearted interdiction efforts amount to a gallant but unfulfilled remedy. Decades spent in an expensive quest to curtail supplies have not prevented those who want illegal drugs in New Jersey from obtaining them, with little inconvenience and at a cost more or less within their means. That is why it is vital to look beyond mere interdiction for viable strategies to combat this multi-dimensional problem.

The expansion of so-called "drug courts" in New Jersey over the past few years serves as tentative acknowledgement that traditional methods of countering drug trafficking are not likely to lead to durable or adequate solutions. Geared toward first-

time substance abuse offenders charged with non-violent offenses, the drug courts, now operating in 16 counties, divert defendants from more expensive jail cells to intensive supervision, treatment and drug-testing programs likely to channel them into productive lives.

According to the Department of Corrections, more than 42 percent of New Jersey's prison inmates report an extreme problem with drugs. They, and others like them on probation, parole or the brink of entry into the criminal justice system, constitute the lion's share of those fueling the demand for narcotics. While drug courts and similar programs are hardly a panacea, initial data indicate that, properly funded and fine-tuned, they can remove society from the treadmill leading to more and more expensive incarceration and continuing high addiction and use levels.

Meanwhile, the futility of relying on interdicting supply as the chief method for halting drug trafficking should no longer be doubted. First, there are too many ways to produce illegal drugs in too many places. While aerial spraying has reduced coca production in the heartland of southern Colombia, coca cultivation, fueled by continuing demand and the failure of alternative crops, has rebounded in other regions and along Colombia's isolated borders. The impoverished farmer needs to feed his family. Over several decades, we have not succeeded in eliminating even a single illegal drug from the marketplace. Rather, commerce in specific narcotics waxes and wanes primarily as dictated by drug-of-choice preferences.

Second, U.S. borders being so long, and the methods of transport and points of entry so numerous, short of building a China-style wall, it is too difficult to successfully prevent narcotics from crossing into the country and eventually arriving in our

communities. This is especially so now, when expensive and substantial intelligence, technological and enforcement resources must be devoted to the urgent and necessary war against terrorism.

Third, if we realistically compiled the total cost, we would have to conclude that we could never afford a comprehensively successful crackdown on and incapacitation of all of the wholesale and street-level suppliers in New Jersey or elsewhere. Citing figures from the New Jersey Department of Corrections as of June 2002, the Washington-based Drug Policy Alliance reported in November 2003 that 36 percent of New Jersey's 28,000 prison inmates are serving sentences for non-violent drug offenses – the highest proportion in the nation and far in excess of the national average of 20 percent. The lowest rate was Vermont, at one percent.

Assuming we would not tolerate incarcerating people under inhumane conditions, it would cost too much to build and operate the prisons necessary to house all the drug sellers – and those willing to replace them. The cost obviously would be prohibitive if we had to imprison, under our mandatory sentencing laws, all those whom we would need to catch in order to solve the problem via the interdiction method. Meanwhile, those not kept in prison with stern sentences too often offend again after winding up without aftercare and back on the streets – unemployed, untreated for addiction and unrepentant. In fact, the cost of simply arresting and prosecuting the recidivists, as well as the offenders who have never been arrested but operate with seeming impunity, would be prohibitive by itself, before adding the cost of more incarceration.

The DEA's Alexander Gourley described at the public hearing the effects of many successful federal, state and local projects, which have ruined the criminal careers of

numerous drug traffickers, seized many of their assets, and freed certain neighborhoods from their grip. He reminded the public, however, that demand reduction is society's best chance to spur comprehensive, lasting reductions in trafficking:

Now, I think we all need to do stuff with people. And we've partnered up with the medical professionals, educators, student counselors in school to get the message out, just exactly what's happening out there. Parent groups, we're constantly going up and down the state providing information to them. And we have found that with the media blitz on certain drugs, that we see a reduction in certain areas occurring, which is a positive thing for us. And we would like to continue to do that.

State Police Sergeant Bevacqui sounded a similar note:

I think what we have to focus our attention on is not so much law enforcement's activities on stopping this scourge, but it's the intervention and prevention programs that we have to instill to start educating the kids in schools on gang awareness and recognition. We have no standardized programs in the State of New Jersey for that. No one is immune to this gang activity in the State of New Jersey, no one is. It affects every community around the state. We need to get to our children because they supply ... the future gang members. ... We need to put our resources to our youth.

It follows, and is irrefutably bolstered by history and common sense, that society should emphasize curtailing demand as the best partner to interdiction for the control of drug trafficking. Redoubling of efforts to arrest replaceable traffickers would only lead to cost-prohibitive incarceration of unmanageable numbers of individuals with little, if any, corresponding reduction of overall addiction, usage and trafficking levels. Putting similar considerable resources into universal demand reduction programs and aftercare programs for the incarcerated and the addicted would diminish the number of addicts and

users and offer a much greater likelihood of reducing trafficking. We have experienced the results in isolated pockets where substantial ancillary benefits have occurred, such as increased worker productivity, maintenance of family unity and reduction of child abuse. It is not Pollyanna-ish to strive for a drug free community, but it is naïve to believe that the “war” against drugs can be won through defoliation and incarceration. Drug demand reduction, as with the blitz against tobacco demand, can be addressed successfully if our financial and political will to reclaim our streets and our children’s future is sincere and resolute. Accountability for criminal acts requires incarceration as a deterrent, but the real test of our country’s dedication to our principles is to find the cure for future addiction through our vast educational and promotional resources and to be willing to mentor the addicted and the vulnerable. Parents may be the “anti-drug” when they are around, but realistically, the target population is rarely blessed with a solid nuclear family unit. Thus, society must embrace the challenge to promote an anti-drug lifestyle for the good of its citizens.

ASIAN ORGANIZED CRIME

As is the case in much of the world, criminal societies and groups have plagued Asian countries for centuries. As wave after wave of industrious, honest Asian immigrants arrived in the United States seeking a better life, a ready supply of criminal opportunists accompanied them. Some of these criminal interlopers belonged to ancient organizations, but many emulated America's gangster subculture, adapting it to their own cultures and languages. All have taken advantage of the usual array of criminal opportunities, as well as some others achieved by victimizing the law-abiding multitudes within their own ethnic groups.

Most intimidating are the Asian street gangs and crime rings that prey upon Asian communities. Spurred on, in part, by the old mob cult hero figures portrayed in the theatres and television, they engage in murder, aggravated assault, narcotics trafficking, money laundering, illegal gambling, enslavement of smuggled illegal immigrants, home invasion robberies, kidnapping, extortion of legitimate and illicit businesses, loan-sharking, weapon trafficking, counterfeiting of merchandise, identity theft, arson, using massage parlors as fronts for prostitution, and using nail salons as fronts for money laundering. Gang members are resilient and often simply do not consider certain activities, such as loan-sharking, prostitution as payment for alien smuggling fees or the selling of counterfeit merchandise to be criminal in nature. They also fear their superiors and elders more than they fear law enforcement.

In recent years, substantial numbers of Asian criminals have avoided blatant association with known Asian gangs. Gang members prosecuted in the 1980s and 1990s learned that flaunting gang membership made them easier targets under racketeering

statutes. Those recently released from prison are educating the younger generation as to how to avoid state and federal prosecutions.

Even relatively small Asian enclaves still have to cope, however, with criminal groups of a similar ethnic background. For example, *Kapatiran* USA, Inc. is a Filipino organized crime group known until recently as *Kapatiran*. The group “represents” (victimizes by extortion) many Filipino businesses in Jersey City. White Tigers is a Chinese-Filipino street gang operating in New Jersey and based in New York City. Two smaller, more youthful and localized Filipino street gangs are All Crazy Kids (ACK) and True Filipino Blood (TFB). In addition to extortion of legitimate businesses, these groups engage in narcotics trafficking and assaults.

Since large numbers of Asians patronize Atlantic City casinos, the State police and Division of Gaming Enforcement have had to contend with organized Asian criminals fostering prostitution, loan-sharking and money laundering. These groups also take advantage of opportunities to corrupt casino employees to fix games.

State Police investigations have revealed that Chinese, Korean and Vietnamese loan sharks actively loan money to Asian casino patrons on a daily basis. The going rate for these usurious loans differs according to the ethnicity of the loan shark. Korean and Vietnamese loan sharks typically charge exorbitant interest of up to 20 percent or more per week, collected on a weekly basis. Chinese loan sharks charge an average of 10 percent per day. The loan sharks, many suspected of being linked to Asian crime groups, generally originate in New York City.

The gangs also serve as enforcers for more traditional Asian organized criminal groups. Often, smuggled illegal immigrants are forced into violent criminal activity as a

way of paying smuggling fees of up to \$50,000 to the so-called “snakeheads” who control them.

Asian organized crime groups and gangs, particularly those with ethnic Chinese backgrounds, derive a lucrative source of revenue from heavy involvement in the illicit cigarette trade. On one level, high-quality, hard-to-detect counterfeit cigarettes bearing popular brand names are fabricated in Hong Kong and elsewhere and packaged by the millions for smuggling amid legitimate cargo through the region’s ports. On another level, Asian gangs reap substantial sums of money through schemes that subvert cigarette taxation. Untaxed cigarettes purchased at a rate of \$2.50 per pack, for example, are sold in the New Jersey/New York metropolitan area for double that price, thus not only undercutting the legitimate market but also siphoning off a source of tax revenue upon which the public treasury in New Jersey has come increasingly to rely.

State Police Detective David A. Smith testified at the Commission’s public hearing at to how Asian gangs, through violence, extortion and intimidation, elude discovery and arrest because they concentrate on their own communities and terrify docile victims:

They primarily prey on people of their own ethnic backgrounds. That's why it makes it so difficult to infiltrate Asian organized crime groups, because most of the crimes – actually, I would have to say 99.9 percent of all the crimes – are being committed against their own kind. And an understanding of the Asian culture and their language [is] beneficial [when doing] investigations of these types. But generally, ... unless you cross that threshold, it makes it real difficult to do actual investigations because, number one, the victim thinks if he reports the crime or the incident to law enforcement, there will be retribution. And, number two, ... a lot of the Asian individuals are afraid of law enforcement.

Recently retired Jersey City Police Detective Fred J. Paparteys testified at the public hearing that the uninterrupted extortion of legitimate businesses threatens the viability of commerce in a city:

Regarding adverse effects stemming from these groups' criminal activities on legitimate businesses, several owners in Jersey City, ... victims, had intentions to close their shops and move elsewhere, but ... the prosecution of [certain gang members] had convinced the owners and the victims to stay put and continue on with their businesses.

Language is a formidable obstacle to the successful investigation of Asian organized crime. Detective Smith testified that the language barrier proved to be particularly troublesome during an investigation of the Fukienese Flying Dragons. He said, “Not one law enforcement officer, to my knowledge, speaks [Fukienese].” He related that FBI agents in Newark and New York City helped the State Police “to come up with a postal service man who spoke the Fukienese language” and was willing to assist the investigation. Detective Smith noted that where there are investigators who speak some Asian languages fluently, there must be cooperation among law enforcement agencies in the region – FBI, State Police, Immigration and Customs Enforcement, prosecutors’ offices in New Jersey and New York, and the Chinatown precinct of the New York City Police Department – to make that language assistance available.

The language gap is particularly troublesome when conducting electronic surveillance and debriefing informants. The New Jersey State Police are forming an Asian organized crime squad comprised of county and State Police detectives. An important initial goal of the squad is to recruit Fukienese speakers.

Detective Smith testified that the insular nature of Asian communities is heightened among the illegal immigrant population. Fearful of deportation, they see law enforcement as something to be avoided.

Detective Paparteys did not regard language or culture as insurmountable barriers to enforcement. He noted that there have been many “notable arrests of Asian organized criminal street gangs in Jersey City,” and “the majority of the prosecutions have been successful.” He testified:

In some instances, the language barriers can complicate law enforcement investigations, but local interpreters are readily available to and for the prosecution when needed. The mistrust of local law enforcement personnel by the Asian community presents a formidable problem, but it could be overcome somewhat easily by interacting and showing interest in that same Asian community.

CHINESE ORGANIZED CRIME

Chinese organized crime operates through Triads, Tongs and street gangs that often cooperate with one another to further criminal enterprises. Originating as a secretive but idealistic political movement centuries ago, Triads became infused with criminals during the 20th Century. After the Communist takeover on the mainland, most Triads fled to Hong Kong and Formosa, now Taiwan. They are responsible for the importation of much of the heroin that enters the United States from the “Golden Triangle” area of Southeast Asia. Hong Kong Triads also have increasingly become involved in the smuggling of illegal aliens into the United States.

Tongs originated on the American West Coast primarily to protect Chinese immigrants from marauding white racists, who periodically raided San Francisco and

New York City's "Chinatown" areas during the 19th Century. Today, the Tongs thrive chiefly on business affiliations heavily influenced by criminals. Tongs provide illegal gambling opportunities, and some use Chinese gangs to protect their extortion, gambling and narcotics operations.

Much of the Chinese gangs' criminal activity centers on extortion of Asian business establishments. Business people regard the payoffs as a necessary cost of doing business and try to negotiate amounts that will not hamper their ability to stay solvent. The payments are rarely prohibitive and support the good life for just the leadership of the gangs. As members of Cantonese gangs, such as the Ghost Shadows, have aged, they have become less violent and aggressive. They have been subjected to vigorous prosecutions and are being replaced lately by gangs accompanying immigrants from China's Fukien province, who have supplanted the Cantonese gangs in certain areas and reinstated aggressive and violent extortion activity.

The gangs recruit recent arrivals from China because law enforcement personnel are not familiar with their identities. In addition to the language barrier, these first-generation criminals distrust law enforcement and are loyal to their comrades.

In New Jersey, the Fuk Ching, or Fukienese Flying Dragons, street gang reaches out from the Chinatown section of New York City. According to Detective Paparteys, six of eight Fukienese Flying Dragons operating in Jersey City, New York City's Chinatown and Connecticut were successfully prosecuted for their criminal activity. Two remain fugitives. The Fourteen K Triad (14 K) is a street gang that originated in Hong Kong.

KOREAN STREET GANGS

New Jersey State Police Detective David Smith presented at the public hearing portions of security videotape showing a karaoke bar and restaurant in Flushing, New York, operated by a Korean businessman. Individuals associated with Korean Power, a gang with a strong base in the Palisades Park and Fort Lee areas of northern New Jersey, had extorted the business to purchase liquor through the gang at inflated prices, such as \$130 for a cheap bottle of scotch. Because of financial losses, the owner told his manager to tell the gang members that he would no longer buy liquor from the gang.

The January 2001 videotape showed five gang members beating the manager senseless over the course of many minutes while they tried to force him to reveal how to contact the owner. The beating occurred just inside the main entrance and outside on the sidewalk in full view of more than 20 patrons and any passersby. A couple of employees and a patron who tried to intervene were themselves beaten and kicked. Nonetheless, no one called the police, and the gang members did not even seem concerned about watching the crowd to make sure no one tried to contact law enforcement authorities.

Detective Smith testified that the manager never did give up the location of the owner, despite almost losing an eye, suffering a fractured skull and being “beaten to about one inch of his own life.” He related that the only reason the incident came to the attention of the authorities (no one called the police after the thugs departed) was that the owner’s attorney, a former federal public defender, notified law enforcement. Detective Smith testified that the gang members, ranging in age from 17 to 19, were prosecuted. Four were sentenced to seven years in prison, and the leader was sentenced to 15 years.

VIETNAMESE STREET GANGS

Major Vietnamese street gangs operating in New Jersey include Born to Kill (BTK) and its offshoot, Orientals United Together (OUT). Detective Paparteys testified that OUT's leader is incarcerated. Meanwhile, several of its members were imprisoned for arson in connection with the firebombing of a house containing several family members of a local high school student after the student "bumped shoulders with a Vietnamese gang member" and took his knife.

Detective Paparteys related that numerous members of BTK and OUT have been convicted of manufacturing and distributing counterfeit merchandise in the New York metropolitan area. He said Jersey City "holds the seizure record for the amount of glass and stainless steel dyes and plates seized in the United States." He added that the \$30 million a year enterprise operated "out of a one-family home in a residential part of Jersey City."

Detective Paparteys testified that David Thai, the leader and founder of BTK, "admitted publicly to making 13 to 15 million dollars just from the manufacture and sale of counterfeit watches." He added that when Thai was arrested in his home on Long Island, 5,000 counterfeit Rolex watches were found in his basement.

The interstate operations of the Born to Kill gang make it possible for mobile gang members to avoid law enforcement scrutiny by simply joining the gang's operations in another jurisdiction. Detective Paparteys testified that a BTK gang member, employed in a local nail salon, had been wanted for the attempted murder of a police officer in Atlanta and for stolen auto offenses in the State of Michigan.

The level of violence of the Vietnamese gangs is substantial. Detective Paparteys described the apprehension of a BTK gang member involved in a 1997 shooting in a local karaoke club in Jersey City that left the young victim paralyzed for life. He noted the December 2002 apprehension of two of four members of OUT, who were accused of being involved in an aggravated assault on an off-duty New York City police officer, leaving him paralyzed for life as a result of a beating inflicted in that same Jersey City karaoke club. According to Detective Paparteys, other reported shootings inside this club have left two additional persons paralyzed. In one incident, the leader of OUT was shot in the back of the neck. In the other, the owner of the club was shot between the shoulder blades. Further, a street gang boss inside the club was beaten severely enough to require life support for two weeks. Detective Paparteys added that he believes many other beatings have occurred at the same location but were never reported to the police.

EURASIAN ORGANIZED CRIME

Sometimes referred to as the Red Mafia, *Mafiya* or Russian Mob, Eurasian organized crime is comprised of criminal groups from the former Soviet Union and eastern block nations. The Commission earlier spelled out the threat from criminal groups whose members share Eurasian ethnic backgrounds in a June 1996 joint report entitled *An Analysis of Russian-Émigré Crime in the Tri-State Region*. The report dealt with these groups' influence in New Jersey, New York and Pennsylvania. The Pennsylvania Crime Commission assisted the project, and the New York State Commission of Investigation and New York State Organized Crime Task Force co-authored the report with New Jersey's SCI. Since that time, the threat from these groups has increased. As with other ethnically oriented organized crime, however, Eurasian criminal groups comprise a tiny minority of the large immigrant population from that region of the world.

Many important Eurasian organized criminals reside in New Jersey or conduct criminal activity here. These criminals often prey upon law-abiding Eurasians, who gravitate towards ethnic enclaves. Because of cultural and language difficulties, the victims are reluctant to call upon the authorities for assistance. The criminals frequently warn their victims that if they go to the police, harm will befall relatives back in the old country.

The collapse of the Soviet Union permitted Eurasian organized criminals' strength to grow. They could, in turn, provide financial and other support to their cohorts in New Jersey and elsewhere in the United States. New Jersey State Police Detective Sergeant Keith K. Halton testified at the public hearing that the criminals accompanied suburban

migrations for the Brighton Beach area of New York City to Monmouth, Middlesex and Bergen counties and from Northeast Philadelphia to Atlantic, Cape May and Burlington counties. He displayed photographs of an opulent residence in Monmouth County where two Eurasian organized-crime associates involved in penny-stock fraud had been murdered, execution-style, by killers suspected of having been brought from overseas on assignment. He noted that the victims had dealt with traditional, as well as Eurasian organized crime groups.

The level of violence among Eurasian criminals as they fight to control schemes and settle grievances is extreme. Some members are combat-hardened veterans of two wars in Chechnya and the former Soviet Union's war in Afghanistan. Detective Sergeant Halton testified that houses owned in New Jersey by these criminals have elaborate security features, such as infrared cameras and bulletproof glass in all windows. He added, "[I]t makes us wonder in law enforcement, [since] we haven't seen this with traditional organized crime, what level of violence do these criminals expect to happen in their neighborhoods?"

Nonetheless, despite this penchant for brutality, Eurasian organized criminals are at the opposite end of the spectrum from mere thugs. Many are highly educated and adept technologically. Detective Sergeant Halton confirmed that the State Police are conducting investigations involving Eurasian gangsters with advanced degrees, who were lawyers, engineers and the like in their home countries. Many are former government officials, including former KGB operatives schooled in covert and black market operations.

Eurasian organized crime is less structured than traditional organized crime.

Detective Sergeant Halton described how elusive the criminal liaisons are:

We'll see a core group of six or seven criminals engaging in a criminal activity. That group will disband. Four of those criminals with two more new criminals will reform to commit another crime. There is a loose structure to it, but we really have to define how we think of it. We're not going to see the tight hierarchical structure that we saw with traditional organized crime. I believe there are a number of reasons for this. One is that Eurasian organized crime is coming of age in a time of great technological and transportation advances. ... Second, these guys are very smart. They know that a tight hierarchical structure is like wearing a RICO [Racketeer Influenced and Corrupt Organizations Act] bull's-eye on their back.

Within that general framework though, we do see four structures One is the Vor-V-Zakone, or thief in [law] or thief within the code. This is the old time, hard core gangster, and it's a culture that dates back to the Soviet prison system. These guys are bound by a strict code that includes the fact that they can't get married, they can't work in a legitimate job [and] they can't cooperate with the government in any sense. These are the criminals that we often see associated with the tattoos.

An up-and-coming structure that we see is the Avtorietiy or the thief in authority. These were the corrupt Soviet bureaucrats and plant managers, [who were] well placed within the Soviet system. The Soviet system was so corrupt that they got their [criminal] education working for the government. However, since the collapse of the Soviet Union, they're out-and-out criminals now. They're not bound by a code. They're highly intelligent [with] advanced degrees. And we feel that this will be the greatest threat in years to come.

Some ... groups are based on ethnicity or nationality. We've seen Georgian organized crime groups where the structure is slightly different than the Russian Vor-V-Zakone. There are Chechen groups, Azeri groups.

Lastly, we kind of lump ... the crime specialists and the geographic groups [together]. One example of the crime specialist is what we refer to as YACS. It's an acronym for Yugoslav Albanian Croatian Serbian. Unlike other ... Eurasian organized crime, where the focus is entrepreneurial on [multiple criminal activities], this group seems to tend to stay with very sophisticated burglaries of chain stores. Currently, they're involved throughout New Jersey in breaking into convenience stores and also go-go bars, I think because of the amount of money. It's happening right now. Geographic groups [would include] the Solntsevskaya, the largest Eurasian organized criminal group in the world probably. And that's just named after a neighborhood outside of Moscow.

Detective Sergeant Halton testified that in recent years, in an effort to resolve disputes and provide logistical support for criminal operations, 11 so-called "brigades" have formed, ten operating in New York and North Jersey and one in Philadelphia and South Jersey. All contribute funds to a *Vor* or leadership brigade that controls an *Obshak* to bankroll criminal schemes and provide relief funds for prisoners' families. The *Vor* is composed of old-fashioned *Vor-V-Zakone* and *Avtoriety*.

Eurasian organized criminal activity is diverse and entrepreneurial. It includes extortion, for the most part targeting other Eurasians; money laundering; tax and insurance scams; visa violations; falsification of identity documents; stock swindles; computer crime; contract murder; auto theft; narcotics trafficking; burglary; prostitution; and involuntary servitude. The Commission detailed Russian mobsters' involvement with traditional organized criminals in a February 1992 report entitled *Motor Fuel Tax Evasion*. Despite reforms in the method of motor fuel tax collection and a marked increase in collections of motor fuel taxes, such schemes continue.

Eurasian criminal rings gravitate towards insurance schemes, particularly health care fraud. Participating medical providers shuttle phony accident victims from specialist to specialist. They all submit fraudulent bills to the health care insurer. Such schemes have extended to some adult day care, drug treatment and medical diagnostic centers.

Furthering a variety of sham immigration schemes, Eurasian criminals submit false paperwork to authorities that issue visas. Often business sponsorships are bogus, and, upon arrival, the sponsored individuals join criminal enterprises instead of legitimate business endeavors.

The State Police High Technology Crimes Unit reports that Eurasian organized criminals create large quantities of child pornography and distribute it via the Internet. Moreover, law enforcement surveillances have established that some of their most significant members from across the United States and Canada have gathered for meetings in Atlantic City and occasionally have had sit-downs with traditional organized crime figures.

HUMAN TRAFFICKING/INVOLUNTARY SERVITUDE

Trafficking in human beings is one of organized crime's most despicable activities. It involves illegal or fraudulent immigration, deception, coercion or force, debt bondage, and exploitation for prostitution, sweatshop or dangerous labor, and domestic servitude. A variety of ethnic-based crime organizations, including Asian and Latino groups, specialize in this activity, but the activities of Eurasian criminals are illustrative.

Many organized Eurasian criminals specialize in exploiting young Eurasian women for the sex trade. Attorney General Harvey described what he called “human slavery”:

... where young women are enticed from Europe and elsewhere to come to the United States on the pretense that they're going to be nannies, on the pretense that they're going to go to school, on the pretense that they're going to work in hotels and have legitimate jobs, when, in fact, what the aim is to get them in the United States, using false identification, to put them in strip clubs and other prostitution venues and to exploit them with the threat that their family members in another country will be harmed if they don't comply with the demands of the persons who imported them into this country.

Lieutenant Walter Zalisko, Commander of the Policy and Planning Bureau of the Jersey City Police Department and the founder of a police management-consulting firm, PMC International, is fluent in Ukrainian and Russian. He has developed a particular interest in the trafficking of Ukrainian and Russian women for the sex trade in New Jersey and elsewhere and has spoken to scores of victims of this activity. He testified at the public hearing that so-called “white slavery” rings “have thrived on the exploitation of woman and children from developing countries for years. Lieutenant Zalisko pointed out that activity here and abroad, by deported participants, contributes to the spread of sexually transmitted diseases – citing a 600 percent increase in HIV cases in Ukraine alone in the last two years. He added:

Young Asian women have been commodities for decades. However, rising unemployment, poverty and a weakened social structure have caused the newly independent countries, Ukraine and Russia in particular, to become the latest targets for the recruitment of women and children into sexual slavery and as indentured servants. According to the U.S. State Department, Russia and

Ukraine are among the main source countries from which women are exported and exploited. Trafficking in women is a form of modern day slavery. When a woman is trafficked, she's exploited, she's denied the most basic human rights, and in worst case, she's denied her right to life. These women are recruited, managed and transported by Russian organized crime syndicates into the United States and other countries and used primarily as sex slaves, go-go dancers and indentured household workers.

Lieutenant Zalisko testified that prostitution and trafficking in human beings earns Russian organized crime \$7 billion a year worldwide, its third largest source of profit behind trafficking in drugs and weapons. He described how a woman from a Slavic country, such as Russia, Ukraine, Bulgaria, Estonia, Latvia, Belorussia, Bosnia or Berzegovina, becomes a victim:

It begins with an ad in the newspaper or an unexpected chance meeting on the street with the proposition to work abroad as a maid, a secretary, a showgirl, a nanny or a waitress. The recruitment ad that appeared in a village newspaper in Ukraine reads, "Seek pretty woman, under age 30, slender, educated, to work in modern office setting, \$600 a month, documents and transportation provided." They frequently lure them with promises of high paying jobs and marriage.

Although the concept of trafficking is rather straightforward, the methods employed by the traffickers are varied and reflect ingenuity in attempting to thwart detection by law enforcement. The women are often provided with fraudulent visas and passports and then taken to their destination country. Upon arrival the women will be informed that the job that was promised for them has been taken by someone else because it took [them] too long to get [there]. In the interim, she has to continue to repay the agents who provided for her transportation, ... anywhere between \$3,000 and \$20,000 and sometimes more. The reason for the large gap in the fee that's paid to traffickers is [differences in the directness of the route]. ... [If] she's flown right into New York, the fee traditionally is lower because it doesn't involve paying off different people.

I was in Uzgorod, Ukraine, which is right on the border of Hungary, and we witnessed ... literally thousands of women being brought in from Russia and Ukraine, being housed in ... safe houses while they [plan] their travels to other countries. ... The agents wind up paying off the Ukrainian border guards and the Hungary border guards. And then once she's in Hungary, they travel to Budapest, and from there on to different countries. So theoretically, she can go from Ukraine to Hungary to Italy to Germany, and then ultimately to New York. And that's where the \$20,000 dollars comes in, because there are more people to pay off. Nina Karpacheva, the head of the Ukrainian Parliament's Commission on Human Rights, states that up to 85 percent of Ukrainian women involved in prostitution abroad are forced into this business against their will. She said that thousands of Ukrainian women have been turned into white slaves in many countries, in particular Greece, Turkey, the United States, Israel, Germany and the Netherlands.

Lieutenant Zalisko contended that approximately 45,000 to 50,000 women are trafficked annually to the United States, about 7,000 to 8,000 arriving in the New York/New Jersey area. Approximately 4,000 are forced to work in New Jersey as indentured servants or in various go-go bars, "juice" bars (strip clubs), escort services and massage parlors. Women have been beaten and even murdered for trying to escape their handlers in the sex trade.

Lieutenant Zalisko testified that his language skills enabled him to interview more than 800 women who were being exploited after arriving in this area. He described their dilemma:

... I'd say three-quarters of them claim that they came here for another job, and they wound up being forced into becoming either a go-go girl or a prostitute. Many have left families back home, including small children, their husbands and other [family members]. What's interesting ... [is] the women are

highly educated. I have spoken with women who are doctors, lawyers, nurses, dentists [and] economists. It's just that they're so desperate to leave their countries to find jobs in other countries. And I think that's one of the problems is that they're so desperate that when they wind up coming here, they're forced into it. They figured, well, I have to continue working under these conditions.

We were asking them how do they get their visas. Most indicated that they were here either on a student visa or a tourist visa. ... [A]nd these women just overstay their visas. And then you have the problem ... that because they've overstayed their visas, the traffickers or their agents or caretakers, who watch over these women, tell them, ... "Well, you can't go to the police, because now you're here illegally. They're going to put you in jail if they catch you, and then they're going to deport you. And if we get you, then we'll kill you." ...

Not all trafficked women wind up as go-go dancers or prostitutes. Many of them find themselves in jobs that we might believe are perfectly legitimate. The job itself may be legitimate, but the conditions that these women work under are not. In most cases, the woman's passport is taken away, and she's not permitted contact with the outside world. Wages are typically below minimum. She's provided no medical benefits, and most often she's required to work at least 18 hours a day. And here we're talking about indentured servants. I have interviewed a number of women in Monmouth, Middlesex, Essex, Bergen and Morris counties, the more affluent counties, where people tend to hire Slavic women for these types of jobs.

...[In] Monmouth County, not too long ago, ... a Russian woman [was] living with [a couple] and [the man] was raping her when his wife was not home. ... [H]e forbade her to go out shopping unless she was escorted by the wife. And this is a typical scenario of what happens to indentured servants. ... It should be noted that not all women are trafficked for sexual exploitation. Many are traded for marriage [or] as domestic help [or as] factory workers.

Lieutenant Zalisko noted that often police departments do not know how to recognize or deal with the human trafficking problems they encounter within their

jurisdictions. He described how a superficial approach by law enforcement does little to remedy the serious plight of the victims:

When [police] have information on a massage parlor or a go-go bar, and they find women dancing in there, ... they'll just lock up the owner for promoting prostitution and ... the girls for prostitution. ... But they could have had ... more, enforced prostitution, trafficking and so forth. That's why I think it's important that [when] New Jersey law [enforcers investigate] an incident like prostitution [involving] Slavic women, ... Oriental women and other ethnic groups, ... they ... find out ... whether ... [the women] are doing this willingly [and ensure] that the government will protect them. There are laws on the books that do protect these women if they come forward and are willing to testify.

What we've noticed is that the women are primarily [brought in by van] from the Brighton Beach area of New York. You'll get five to ten of them into a van, and they're taken into New Jersey and dropped off at various strip clubs. [A] woman can earn anywhere [from] \$1,000 to \$2,000 dollars a night, depending on the bar itself and how well she performs. She will have to return 80 percent of her earnings to the ... caretaker who is responsible for her. And she'll keep 20 percent And yet she still has to pay \$50 to the driver who would bring her from Staten Island or Brooklyn into New Jersey.

I have followed these vans to numerous clubs in Essex County, Morris County and even into Pennsylvania. ... [A]s far as physical abuse, the Russian organized [criminal] has a habit of beating women. ... They kick them in their kidneys, punch them in their kidneys. That inflicts tremendous pain, and the women are still able to be physically attractive to perform for them.

Lieutenant Zalisko noted that more and more of these woman, and children in some cases, are appearing in New Jersey. He recalled encountering a young Ukrainian girl participating in a so-called “go-go-rama” at a Newark bar. Initially she claimed to be 18 years old, but she eventually admitted to being only 14. She said she came to America

on a student visa and her parents thought she was studying at “some kind of a high school” He helped her to contact the Ukrainian Embassy and added that “she was no longer dancing in the Newark area after that.” Lieutenant Zalisko described how the authorities should be able to handle such cases to avoid a vicious cycle of exploitation:

...[I]f the women are arrested or detained, [they] should be interviewed by local authorities and given viable alternatives to deportation in exchange for evidence against traffickers. At present, they are often just fed back into the system [by] being returned to their country of origin. What needs to be done is to remove the women from the sphere of influence of the crime group, which will ultimately create a severe financial loss for [it]. And continue to do so until you make trafficking an unprofitable business and increase the risk of prosecution.

Lieutenant Zalisko said it was not uncommon for victims to fall through the existing safety net.

I had a woman who was asking if we could get her out of this problem. So I contacted a domestic violence center in Monmouth County. I said, ‘Would you be willing to house her until she can get her feet on the ground and wind up going back to her country of origin?’ And the domestic violence center said, ‘Well, we can’t accept her because she’s not a victim of domestic violence.’ So all we [could] do [was] advise this woman, once again, ‘Just call the embassy and make arrangements with them if they’re willing to help you.’

CUBAN/LATINO ORGANIZED CRIME

Recent census figures showed for the first time in United States history that people whose ancestry traces back to Spanish-speaking countries make up the largest ethnic minority group in the nation. In New Jersey, their ranks rose from 6.7 percent of the population in 1980 to 13.3 percent in 2000, not counting illegal immigrants. Those with Puerto Rican, Dominican, Mexican, Colombian and Cuban ancestry are the most numerous among Latino New Jerseyans. The overwhelming majority of Latinos, whether citizens, legal residents or illegal residents, are law-abiding and contribute positively to our society. Some, however, are involved in criminal activity, including those affiliated with notorious organized criminals that prey on the Latino population.

Earlier in this report, we described the key role of Latino crime groups – largely composed of operatives having Colombian, Dominican, Mexican or Puerto Rican ancestry – in the transnational and local narcotics trade. Although usually less sizeable, other Latino criminal rings organize illegal gambling, jewel-theft, prostitution, loan-sharking, extortion, cargo-theft and general thievery. Law enforcement authorities, for example, have become increasingly concerned over the proliferation of organized shoplifting gangs made up of undocumented aliens from Colombia, Ecuador, Peru, Chile and other Latin American nations. These groups engage in a lucrative practice known as “boosting” in which gang members, each assigned discrete roles, steal large quantities of merchandise, including clothing and jewelry, for sale on the black market. Police in northern New Jersey report that boosting incidents are occurring with increasing frequency in malls in Bergen, Morris and Passaic counties and that New Jersey essentially has become a “feeding ground” for such gangs.

* * *

In terms of the larger organized Latino criminal groups, one particularly critical to New Jersey is the so-called “Cuban Mafia,” which has conducted diversified criminal operations in our state for decades.

Elements of Cuban organized crime emerged nearly four decades ago amidst the waves of political refugees who fled Cuba to escape Fidel Castro’s repressive revolutionary government. Initially centered in Miami, the Cuban émigré community soon branched out to establish roots in other urban areas, including northern New Jersey. Hudson County, directly across from New York, now is home to the largest domestic concentration of Cubans outside of southern Florida. Culturally close-knit, linguistically insular and highly motivated, the Cuban community has grown to become a major force in the state and local economy. At the same time, however, it has produced one of the most formidable criminal organizations this region has ever seen.

The most powerful component of Cuban organized crime remains an entity known as the José Battle Corporation. Named for its founder and leader, José Miguel Battle-Vargas – a former Havana vice officer who served in Fulgencio Battista’s army and later participated in the ill-fated Bay of Pigs invasion – the Corporation generates millions in illicit profits annually through a variety of criminal enterprises. These include video gambling, bookmaking, loan-sharking, narcotics trafficking, prostitution and cargo theft. Because such activities generate substantial amounts of cash, the Corporation also is involved heavily in money laundering. Moreover, the Cuban mob has demonstrated a clear penchant for violence over the years, lashing out at would-be competitors and cracking down ruthlessly on members and associates suspected of treachery. Battle and

his operatives also have displayed a particular talent for corrupting local political and law enforcement officials in furtherance of their criminal activities.

The Cuban mob is similar to elements of traditional organized crime in its strictly defined organizational hierarchy. The Corporation essentially functions in a manner reflected by its name – through a “board of directors” structured according to criminal activity and managed in the fashion of a legitimate business running its various divisions.

For many years, José Battle-Vargas was the hands-on chairman of the board, overseeing the Corporation’s criminal enterprises in the United States and Latin America from his base in southern Florida. Recently, however, Battle’s influence and grip have waned due to advanced age, illness and legal problems. In late 1996, federal agents raided his Miami estate, seizing gambling ledgers, firearms and more than \$87,000 in cash. He was convicted in federal court in 1997 of illegal possession of a weapon and sentenced to 18 months in prison. In a separate matter, Battle pled guilty to two counts of fraud in U.S. District Court in Miami based upon charges that he pasted his picture on another individual’s U.S. passport and used it to travel throughout Latin America between 1993 and 1996. He was sentenced to an additional six months in prison and three years supervised release. On March 18, 2004, the U. S. Attorney for the Southern District of Florida unsealed an indictment charging Battle and 24 other high-ranking individuals associated with the Corporation with racketeering and gambling. The terminology employed in this indictment to describe positions within the organization was revealing in its corporate overtones: “chairman”, “vice chairman”, “board of directors” and “bankers.” The indictment charged that the Corporation engaged in extensive illegal gambling enterprises, narcotics trafficking, theft of merchandise from

hijacked trucks, and acts of violence and intimidation, including arson, assault and homicide over a period of four decades. The millions of dollars generated by the illicit activities are alleged to have been laundered through various paper companies in South Florida, as well as through the development and operation of a casino/hotel complex in Lima, Peru. In addition to these legal problems Battle is said by his attorneys to be suffering from advanced kidney disease.

Law enforcement officials say that because of the aforementioned factors, overall control of the Corporation's directorate shifted into the hands of Battle's family members and trusted associates with supervisory capability, including his son and possible heir apparent, Jose Miguel Battle-Rodriguez, also known as Battle, Jr. Despite this shift in control, however, the future viability of the Corporation remains in doubt as a result of the March 2004 federal indictments, which also snared Battle, Jr. and many other top lieutenants. Battle, Jr., also known as Jose R. Battle, and within the organization as acting "*Padrino*", was arrested at 4:30 a.m. on March 19 aboard a cruise ship in the central Caribbean. U.S. Coast Guard officials, in conjunction with Justice Department authorities, decided to take him into custody on the high seas in order to prevent a possible flight from prosecution once the ship reached its next port call in Costa Rica. Upon apprehension, Battle, Jr. was transferred to the confines of a nearby guided-missile cruiser, which was on routine counter-drug operations in the Caribbean.

Based in Miami, the group's influence nonetheless extends to the New York/New Jersey region. The "board members" are principals in many of the group's enterprises and specifically exert some measure of control over gambling, narcotics, money laundering and cargo-theft operations.

A key player is Gumersindo “Rolly” González-Herrera, who fulfills the role of high-level “super banker” for illicit gambling outlets operated by the Cuban mob in New York and New Jersey. In addition to Battle, Jr. and González-Herrera, the Commission has identified more than 40 other key players whose criminal activities impact on New Jersey.

The Corporation’s criminal activities in this region are centered in upper Manhattan, Brooklyn and The Bronx in New York City, and, in New Jersey, in northern Hudson County – primarily in the communities of Union City, West New York and Guttenberg – and parts of Bergen, Essex, Middlesex, Monmouth and Morris counties. The group also has established a limited presence in Bridgeton and Vineland in Cumberland County and in Atlantic County.

While the Cuban mob engages in the typical array of organized crime ventures, including drug trafficking, cargo theft, bribery, extortion and official corruption, its primary moneymaking endeavor is illegal gambling. The Corporation essentially controls all video gaming operations across northern New Jersey’s Latino community. Illicit machinery is routinely installed, maintained and overseen by Battle operatives in hundreds of small grocery stores, bars, bodegas, restaurants, delicatessens, laundries, video stores, pizza parlors and other venues. Owners who do not want the machines or do not appreciate the small share of profits they receive face threats, intimidation and the prospect of being driven out of business.

The leading suppliers of video gambling machines controlled by the Cuban mob are José A. “Chicho” Grana and his son, José Grana, Jr., who until 1999 operated a company known as Boardwalk Amusements. Law enforcement officials say machines

originating with the Granas have been placed in more than 250 business venues in Hudson County alone. Another supplier known to have associated with members of the Cuban mob is identified as Funhouse Amusements, owned and operated by Miguel “Miguelito” Morales and his son, Miguel Morales, Jr.

The Corporation’s gambling empire, however, extends well beyond video machines. The group also draws substantial revenues from *la bolita*, the Latino version of an illegal numbers, or “policy,” racket. *La bolita* is derived from the pari-mutuel handle from one of the major horse racing tracks in the New York metropolitan area. Besides providing the Cuban mob with a steady and substantial profit stream with which to underwrite other criminal ventures, *la bolita* serves as an effective money laundering tool, along with illicit lottery operations based on the legitimate lotteries of the Commonwealth of Puerto Rico and the Dominican Republic. Tickets from those lotteries are transported north and illegally sold here on the streets at a premium, usually twice the face value of the tickets. Winners here are paid in cash with Corporation “dirty” money. Battle associates, in turn, take the actual winning tickets back to either of the respective Caribbean islands and redeem them for “clean” money.

The cash flow associated with these schemes is enormous. In one instance, law enforcement officials calculated that *la bolita* proceeds routed through a single Cuban mob “safe house” in upper Manhattan totaled more than \$1 million per week. Among the Corporation’s principal numbers bosses in New York and New Jersey is Gumersindo “Rolly” González-Herrera. State Police Detective Sergeant Fernando Pineiro testified at the Commission’s public hearing that during February 1, 2000, gambling raid, authorities

uncovered \$250,000 in secret compartments located throughout González-Herrera's North Bergen house.

The Cuban mob also has a hand in illegal sports betting, operating telephone-equipped bookmaking parlors known as "wire rooms" predominantly on the New York side of the Hudson. Former partnership arrangements worked out with elements of the traditional *La Cosa Nostra*, to which the Corporation once referred indebted gamblers for collection and repayment, are no longer necessary because the Cuban mob now collects its own debts. Law enforcement sources have identified at least two "super bankers" (so called because of the size of the gambling enterprise and their ability to cover the action placed) who serve as principal bookmaking bosses for the Corporation in New York and New Jersey.

SCI Special Agent Judith A. Gore testified at the public hearing as to the dominant role Cuban organized crime plays in serving Latino customers of illicit gambling:

Nearly all [Latino] groups place their wagers through Cuban organized crime, which controls its territory exclusively. While Puerto Rican or Dominican [criminals] may participate at the lower end of the hierarchy as runners or the neighborhood bookie, Cuban control dictates how and where their bets will be placed. There is no interference from La Cosa Nostra or traditional organized crime, as the two honor each other's boundaries. Included among [Cuban organized crime's] nefarious activities are sports wagering, the bolita or lottery, video gambling, extortion and loan-sharking. Its large gambling enterprises allow Cuban organized crime to amass great wealth, ... cover large payouts and service the entire state and beyond. Two bolita operations in the metropolitan New York area alone each bring in approximately one million dollars weekly.

Cuban organized crime then uses this profit to further finance its [other] criminal enterprises.

The Cuban [criminal] groups also use threats and intimidation to maintain their stronghold in the Latino community. In some cases, firebombing or arson and even homicide [are] employed to keep operatives in line. In New York, one [Latino] business owner, who no longer wanted his business used as a betting location by the Cuban mob, was firebombed by Cuban organized crime enforcers within a few days of his attempt to withdraw from the operation.

Recent investigations have shown that gambling proceeds are invested in retail businesses, car dealerships, botanical supply stores, large real estate acquisitions, or other illegal ventures such as narcotics trafficking. Attorney trust accounts are also used to funnel the gambling proceeds. Investigations have shown that the wealth and influence of organized crime has a significant impact in attempting, and at times succeeding, to corrupt public officials and law enforcement officers.

Detective Sergeant Pineiro testified that a 1999 investigation by the federal IRS, FBI, Hudson County Prosecutor's Office and New York City Police Department led to the arrest of leaders and operatives of a Corporation offshoot known as "The Company." Manuel Alvarez, Sr. of North Bergen and Manuel Alvarez, Jr. of Franklin Lakes in Bergen County ran the operation. The investigation resulted in the seizure of approximately \$5.8 million. \$982,000 in cash was seized at Alvarez, Sr.'s house and \$262,000 was seized at Alvarez, Jr.'s house. Much of the money at Alvarez, Sr.'s residence had been there so long that the rubber bands holding it had dry rotted, according to Pineiro.

Pointing out that gambling violations usually are mere crimes of the third degree, Detective Sergeant Pineiro described the dissatisfying consequences of investigations that can be quite lengthy, expensive and complicated:

Basically, ... in a lot of these investigations the individuals will plead guilty and surrender the money. The loss of the currency is nothing more than an operating expense or a temporary loss. The sheer volume that they're able to generate throughout these ... communities, between New Jersey, New York, Florida and Connecticut, they make up their losses quite quickly. What would hurt them the most is to be out of commission ... and face incarceration.

Special Agent Gore confirmed the frustration resulting from gambling prosecutions:

In the majority of the cases where illegal gambling was the only charge on the state level, the Cuban OC associates pleaded guilty and received probationary sentences, even as repeat offenders. The more successful prosecutions were the federal investigations brought as racketeering cases where the defendants were sentenced to considerable jail time despite negotiating guilty pleas. Whatever the penalties, and despite the successful investigations we've noted here, authorities have not been able to lastingly reduce, remove or deter Cuban organized crime gambling operations.

With regard to narcotics trafficking, elements of Cuban organized crime serve both as wholesale transporters and retail middlemen for various segments of the Colombian drug cartels. During José Battle, Sr.'s federal sentencing hearing in February 1998, two convicted drug traffickers linked Battle to the Colombia-based *Medellin* cartel. They testified that Battle paid them \$500,000 in 1989 in exchange for transporting a large amount of Colombian cocaine into South Florida via the Bahamas. Associates of the Cuban mob are also known to "broker" shares of cocaine, heroin and marijuana for retail sale at the street level in New York and New Jersey. Moreover, a substantial network of Cuban trucking operators based in New York and northern New Jersey provide

transportation services to the Colombian cartels. Although these truckers are not part of the Corporation *per se*, they interact with Cuban organized crime as the occasion demands. The Cuban-owned trucks regularly haul varying amounts of cocaine, marijuana and heroin – disguised as part of a legitimate cargo load usually consisting of agricultural produce – from pick-up points in the western and southwestern U.S. to destinations in the New York metropolitan area. When the Colombians take possession of these shipments, the truckers or transportation coordinators receive a fee, either cash – typically about \$500 to \$1,000 per kilo – or a small share of the drug haul.

In a concerted bid to evade law enforcement, Cuban mobsters have redoubled their efforts in recent years to acquire legitimate business interests that can serve as fronts for criminal activity. The array of businesses controlled by the Corporation in northern New Jersey now includes cargo and trucking companies, travel agencies, jewelry stores, nightclubs, video rental outlets, a clothing store chain, a large grocery franchise, medical clinics, medical transportation companies, real estate and title office and insurance brokerages. The Cuban mob also controls a number of personnel in key positions in several New Jersey banks, an aspect which, along with an elaborate network of affiliated business accounts, helps to facilitate the Corporation's money-laundering enterprises.

Given that the Corporation spends most of its time on, and draws most of its ill-gotten gains from, activities as relatively innocuous as sports betting and numbers running, it is easy to minimize the danger posed by the Cuban mob to the public welfare. That would be a mistake. Illegal gambling to the extreme extent as engaged in by the Corporation is a huge engine helping to drive the underground economy. As a result of this group's actions, tens of millions of dollars change hands every year beyond the reach

of state and federal taxation. Moreover, the business of hiding these tainted millions has served to nurture an international money-laundering industry. Worse, the business of spending those millions has served to bankroll a host of other criminal endeavors, not the least of which is drug trafficking.

With so much money at their disposal, Cuban mobsters also have succeeded in corrupting law enforcement and subverting the system of public accountability. In one instance, they managed to transform the top ranks of West New York's municipal police force into a racketeering enterprise throughout the 1990s. In the same community, they proved capable of undermining the state/local regulatory apparatus for proper licensure of bars, taverns and other establishments that dispense alcoholic beverages.

In January 1998, federal prosecutors unsealed a 69-count racketeering indictment charging that for nearly a decade between 1989 and 1997, members and associates of the Corporation had bought the services of nine police officers, including the former Chief, Alexander V. Oriente, in the City of West New York. The defendants were charged, among other things, with participating in a bribery and kickback scheme in which more than \$600,000 was paid to police officers to protect prostitution, illegal gambling and after-hours liquor sales.

The bribe-paying businesses made payments directly to corrupt officers or through a designated bagman. Additionally, police officers extorted six dollars per towed car from the town's towing operator. Federal criminal complaints also were issued against seven more defendants, three of whom were connected with the after-hours liquor sales. Several of the counts in the indictment stemmed from extortion and bribery schemes involving illegal licensing of establishments and after-hours sales at protected

businesses. Corrupt police, including former Chief Oriente, protected the liquor schemes by accepting bribes and kickbacks totaling more than \$95,000 in weekly cash payments of \$100 to \$800. For example, one owner of an unlicensed bar said he paid police officers an average of \$250 a night to keep the bar open and to extend its closing time. In exchange for kickbacks, the corrupt officers also gave the protected gambling, liquor, and prostitution enterprises advance warning of raids or other legitimate attempts to uphold the law. The officers also threatened and punished competitors of the bribe-paying businesses.

Federal authorities called the West New York investigation the worst case of police corruption in the history of New Jersey. All told, the case produced 32 convictions of which 14 were police officers, 13 from the West New York Police Department and one from Union City. There were four acquittals and five resignations of police officers not charged in the indictment.

Richard G. Rivera, a former West New York Police Officer who blew the whistle to the FBI about police corruption in that city, testified at the Commission's public hearing. He pointed out that many police officers in West New York were not corrupt. However, corrupt officers tested new officers to determine whether they would tolerate or assist the corrupt schemes. Mr. Rivera described the dilemma faced by the young officers:

It was a slippery slope. What had happened was Chief Oriente had his own crew of hoodlums that were operating within the Police Department and protecting illegal operations within the town, and also exploring other enterprises on their own. And ... officers come in with a good intention. They want to do right. They want to abide by the law. They want to make some changes in their community. Only when they're exposed to this type of environment do tough

choices have to be made, whether you want to go along and play the game, or do you want to go against the grain. And I know several officers personally. I had my best friend who was my partner who went to prison for a year. And he wasn't corrupt when we went to the academy for six months. But later on, that's what happened. So the majority of the officers are hard-working, diligent individuals that are trying to do the right thing, but they're held back by that very small group of rogue cops.

OUTLAW MOTORCYCLE GANGS

Outlaw motorcycle gangs continue to operate in New Jersey with at least eight different clubs having a presence in the state, including the Pagans, Warlocks, Wheels of Soul, Breed, and to a lesser degree, Satan's Soldiers and Sons of Silence.

The most significant trend involving these groups has been the recent appearance of a Hells Angels Motorcycle Club chapter in the New York/New Jersey area, a region traditionally dominated by the Pagans. Elements of the Hells Angels moved into this area in 2002, but there are indications that they may have arrived as early as 1995.

Tensions have escalated between the Hells Angels and the Pagans, with many Pagan members changing allegiance and "patching over" to the rival club, including three high-ranking members who defected when the Pagans' South Philadelphia chapter president was incarcerated. The result has been a decline in Pagan membership and a rise in violent confrontations between the two clubs. In February 2002, ten vanloads of Pagans stormed a Hells Angels' "Hellraisers Ball" on Long Island, New York. Seventy-three Pagans were convicted or pled guilty to federal charges stemming from this incident. They received prison sentences ranging from 27 to 63 months. The inter-gang feud allegedly grew out of a dispute over the ownership of gang colors and other identifiers used by gangs to distinguish themselves. Four Pagan leaders admitted in court that they organized the bloody confrontation in an effort to seize two Pagan jackets kept by former members who had defected to the Hells Angels.

The effects of the Long Island brawl have been felt in the Delaware Valley. In March 2002, a South Philadelphia tattoo shop owned by a Pagan member who had been

arrested in the fight was firebombed. Authorities suspect this bombing was a retaliatory attack engineered by the Hells Angels. In November 2002, a fight between the Pagans and the Hells Angels in Northeast Philadelphia left one Hells Angels member stabbed numerous times.

There also have been a number of violent confrontations among Pagan members sparked by attempts by some to abandon the club and join the Hells Angels. In May 2002, a defecting Pagan was assaulted outside his Philadelphia home by former Pagan cohorts. A year later, in New Jersey, Pagans assaulted and stabbed two fellow members of the Elizabeth chapter, allegedly for seeking to leave the gang. Numerous cross-overs nonetheless have occurred, but despite them, the Pagans appear to be operational in New Jersey and, early in 2004, reportedly were looking to establish a Central Jersey chapter. Authorities say the group also is attempting to strengthen its ranks by “patching over,” or recruiting, members from various “puppet clubs” – weaker, smaller affiliated cycle gangs used by their larger brethren to assist in various criminal capacities. With the recent release of the former president of the South Philadelphia chapter of the Pagans, Steve “Gorilla” Mondevergine, it is possible that the group will attempt to reorganize and consolidate in that city. In addition, Pagans incarcerated in the aftermath of the Hellraisers’ Ball were expected to be released from prison early in 2004.

Other motorcycle gangs also appear to be expanding their presence throughout the Delaware Valley. The Warlocks have established two chapters in South Jersey, and the Outlaws now maintain five chapters in Pennsylvania. This expansion appears to be a further reaction to the arrival of the Hells Angels as the various gangs vie to maintain control of territories and criminal activities.

As with other criminal organizations, outlaw motorcycle gangs have begun to utilize computer technology, primarily via the internet, to communicate, promote their activities and announce the addition of new chapters. The Hells Angels, for example recently utilized the group's official Web site to announce the addition of its new Philadelphia chapter. Such sites also feature graphic representations of logos and patches, photographs of club-sponsored events and the promotion and sale of "official" club merchandise. The gangs are also known to utilize a variety of high-tech devices, including encryption devices, motion detectors, parabolic microphones and remote video cameras, to frustrate detection and tracking by law enforcement. Gang members also have been known to cloak their identities for communications purposes by falsely registering cellular phones under the names of individuals not directly involved in gang activity.

The primary criminal activity of outlaw motorcycle gangs remains the trafficking of narcotics, primarily methamphetamines and cocaine. There also is evidence that they are involved in the movement of marijuana and Ecstasy throughout this region. Motorcycle gangs employ street-gang members as associates in their drug distribution operations, a structure that serves to shield the gang hierarchy from prosecution and to provide a pool of prospective membership talent. Additional criminal activities include extortion, prostitution, assault and weapons possession. There also has been an increased trend in the acquisition and operation of otherwise legitimate businesses, specifically tattoo parlors, motorcycle shops and home contracting/renovation companies as an avenue for laundering proceeds from illicit activities. Intimidation of legitimate businesses is another tactic utilized by outlaw motorcycle gangs. Under this approach,

gang members assume control of a business, such as a tavern or bar, by frequenting the establishment and, through their menacing presence, driving away the regular clientele. A member of the club then approaches the owner offering protection for a price.

In addition to utilizing street gangs, there is evidence that outlaw motorcycle gangs interact with other organized criminal groups. Evidence suggests, for example, that members of the Pagans have performed enforcement duties, such as debt collection for elements of the *La Cosa Nostra*. Former Pagans leader Steve Mondevergine is said to have been a close personal friend and criminal associate of former Philadelphia crime-boss Joseph “Skinny Joey” Merlino.

LA COSA NOSTRA

Faced with internecine violence and unrelenting efforts by federal and state law enforcement authorities using tough anti-racketeering laws and effective investigative tools, the traditional organized crime “families” of the so-called *La Cosa Nostra* (LCN) have had to struggle to retain their accustomed power and wealth. Though each group to varying extents maintains a well-defined hierarchy consisting of a boss, underboss, *consigliere* (top advisor or counselor), *caporegimes* (*capos*, or captains/crew leaders), street soldiers and associates, many have been severely weakened by internal strife and successful prosecutions. However, elements of the LCN still dominate certain criminal activities, and any slackening of law enforcement vigilance would permit them to revitalize their operations to become as large a threat to society as ever. Further, there is a real concern that non-traditional groups have simply added to the overall volume of organized criminal activity rather than supplanting traditional organized criminals.

Although the danger posed by non-traditional groups justifies the accordance of priority by law enforcement, there is a catch: diversion of substantial resources to their suppression permits traditional organized crime to rebound. With law enforcement resources spread thin to contend with terrorism, private-sector white-collar crime and official corruption, we may see a vicious cycle where the deployment of scarce and expensive resources against some criminal groups simply provides expansion opportunities for others. The dilemma for law enforcement is how to allocate limited resources against the more mistake-prone organized criminals, both traditional and non-traditional, while still focusing the bulk of society’s counter-racketeering efforts upon the more sagacious, cunning and ruthless syndicates.

Seven LCN organizations – typically called the Genovese, Gambino, Lucchese, DeCavalcante, Bruno, Bonanno and Colombo groups after their most significant historical bosses – function in New Jersey with varying degrees of success. State Police Captain Robert J. Cicchino, Chief of the Narcotics and Organized Crime Bureau, testified at the Commission’s public hearing that “the more resourceful groups are consolidating their power and becoming even stronger, whereas the less resourceful, the unlucky and sometimes just the sloppy individuals [are] getting arrested and leaving other areas of opportunity open for the stronger groups to move in.” Cicchino ranked the most powerful LCN groups operating in New Jersey:

In particular, ... the Genovese crime family is extremely strong. We’re seeing Bonanno crime family [and] the Gambino crime family are very strong. The other families, because of what has occurred over the past several years with litigation against them, with their arrests, with their prosecutions [are] tending to fall by the wayside.

Mark W. Rufolo, Chief of the New Jersey U.S. Attorney’s Strike Force (Organized Crime) Division, testified at the public hearing about the durability of traditional organized crime:

... [I]f we give in to the temptation of believing that we have conquered La Cosa Nostra in the State of New Jersey, we will find ourselves back at square one before too long The structure and hierarchy of organized crime have enabled it to survive for over 70 years. And we have made great strides over the past 15 to 20 years. But because of that structure and hierarchy, the rules of protocol, the discipline, they have an ability to regenerate. They’re a very resourceful organization. And because they’re involved in so many different types of activities and because they are as opportunistic as they have proven themselves to be, we must continue the effort.

At the public hearing, FBI Supervisory Special Agent James E. Furry, Organized Crime Program Coordinator for the Newark Division, described how prosecutions can result in cycles of decimation and regeneration in the ranks of traditional organized crime groups:

... [A] top-echelon organized crime source ... told me that when they go away to prison, they call that “going to college” because they go and they meet with their buddies [and] people from other crime families, and they learn the latest scams, the latest frauds, the latest kinds of things ... going on in the criminal world. So when they’re released, they’re actually better prepared to go out and be criminals The important thing ... is that ... while they’re in prison, [their organizations] are replenishing their ranks. When older members die, ... they “open the books,” ... refill the ranks by bringing new people in. And there’s no ... lack of individuals who wish to become part of the LCN or the Mafia. So ... I don’t think we have any kind of weakening. It’s a cyclical thing, and they’re probably in the process of regenerating.

James Vanderberg, Assistant Special Agent in Charge of the Newark Office of Labor Racketeering and Fraud Investigations, U.S. Department of Labor, testified that nationally and in New Jersey, the LCN’s presence in labor unions is “still strong.” He contended that union racketeering income for the LCN “hasn’t dissipated at all.” Union schemes have the potential to affect adversely the approximately 800,000 union members in New Jersey. Companies are shaken down for labor peace at job sites. Ineligible individuals obtain coverage under union health-care plans. Organized crime-controlled administrators of employee pension and benefit funds arrange for “kickbacks in every imaginable administrative cost,” according to Mr. Vanderberg. He added, “Wherever

there is a way of using that money, they're going to find a way to put somebody in place to take it. ... I don't think it's something that's going to go away.”

Those traditional organized crime groups that have adapted to take advantage of new criminal opportunities, to insulate themselves from crime fighters, and to cooperate with non-traditional crime organizations have remained powerful threats to society. They have become more involved in and skilled at fraud, including identity theft, health-care fraud, computer crime, motor-fuel tax evasion and securities manipulation, as well as money laundering and new forms of gambling. Meanwhile, labor racketeering, including pension and benefit fund schemes, such as kickbacks, self-serving investments and padding of costs; numbers running; illegal sports betting; loan sharking; extortion; narcotics trafficking; and prostitution continue, occasionally disrupted but generally unabated. Public construction contracts also remain vulnerable to mob infiltration. Through extortion, bid-rigging and other means, elements of *La Cosa Nostra* circumvent and undermine legitimate procurement practices. They exploit weak contractor pre-qualification rules and take advantage of vague standards governing contractor integrity and performance – all in the service of seizing control of public-works contracts across the New York/New Jersey metropolitan region. The Genovese, DeCavalcante, Bonnano and Lucchese LCN groups have been, individually and in concert, especially active in this insidious subversion of the public's interest. In essence, too many criminal opportunities exist – some fueled by never-ending demand for vice gratification and some inspired by victim vulnerability – and too many underworld denizens, eager for entry, are banging on the clubhouse door, making it difficult for society to gain the upper hand on LCN groups for very long.

From the FBI's point of view, Mr. Furry noted that the LCN's traditional New Jersey strongholds persist. The Genovese family concentrates its activities in Bergen and Hudson counties. The Gambino group operates throughout the state, focusing on particular industries such as the waterfront and waste management, according to Mr. Furry. He said the DeCavalcante family, New Jersey's only "home-grown" LCN organization, operates in Essex and Monmouth counties, but Union County is its stronghold. The Bruno family operates in southern New Jersey with at least one gambling operation in the North.

State Police Captain Cicchino testified that a significant number of LCN soldiers and associates are in prison, but, despite media hype to the contrary, their numerical strength remains comparable to what it was a dozen years ago. By and large, positions in the hierarchy, as well as in soldier and associate ranks, remain filled. He testified that the Genovese family is "migrating down to Monmouth and Ocean counties." He noted that the State Police, using a comparative threat ranking based on a formula developed by the Royal Canadian Mounted Police, conclude that the Genovese crime family is the strongest and most active in New Jersey, with the most varied activity and the most contact with non-traditional organized criminals.

Captain Cicchino called the LCN in general "very actively involved in the [solid] waste industry," especially "the unregulated demolition and recycling industries where nobody is looking at them and [they have] an opportunity for tremendous profits." He noted, "It creates problems with possible hazardous waste being dumped, things of that nature." Mr. Furry testified that LCN makes "a lot of money" mixing polluted material

with demolition material and brokering deals to have it dumped cheaply in New Jersey, Pennsylvania or elsewhere.

Assistant Attorney General David V. Brody, Chief of the Organized Crime and Racketeering Bureau in New Jersey's Division of Criminal Justice, testified that after broad prosecution of customer allocation schemes enforced by organized crime in the solid waste collection industry during the early 1980s:

... a lot of people thought maybe at that time that that was going to eliminate organized crime from the carting industry, but obviously it didn't. They maintained control over a lot of smaller companies. And going into the mid and late 90s, there were still some of those companies that were being influenced and controlled And we had indictments as recently as 1997 involving some of the same players from [the earlier case]. So ... we have seen that they're still involved. ... [S]ome of the larger [publicly-traded] companies ... took over ... a lot of those smaller companies and are not as involved. But some of the smaller companies were still involved. ... I think we've ... [made] ... a huge dent into organized crime's involvement in the industry. But ... wherever the opportunity presents itself, [they try] to get involved with ... some of the companies that ... still have that kind of ownership. But I think we've been very successful.

The Commission traced the history of so-called "property rights" schemes in the solid waste collection industry in its 1989 *Solid Waste Regulation* report. With enforcement assistance from organized criminals, associations made up of waste haulers conspired to treat their customers as property belonging to those firms accustomed to collecting their trash. This collusive practice extended to municipal customers victimized by bid-rigging. As recommended by the Commission, legislation was adopted abolishing an ineffective and costly system of utility-style rate regulation in the solid waste

collection industry. This encouraged fresh competition, especially from publicly traded national and international firms, and helped to change the industry to one less accommodating for property rights schemes. The Commission also spurred greater attention to background investigations as a way to keep nefarious elements out of the solid and hazardous waste collection and disposal industries.

As opportunities for organized crime have faded in industries such as solid waste, criminal groups have sought new opportunities in other industries. Mr. Rufolo testified, “[M]ore recently we believe [LCN] may be involved with Eastern European groups in the health-care industry and also in the asbestos industry.” He called the LCN “opportunistic” and noted that it got involved with the stock boom in the late 1990s. He concluded, “[T]hey’ll get involved in the next thing that provides an opportunity for profit through criminal means.”

Expanding on the LCN’s connection to non-traditional organized crime, Captain Cicchino likened it to “a subcontractor/contractor type relationship.” He added:

Whatever the non-traditional groups [can’t] provide, LCN will provide to them and vice versa. LCN has the established infrastructure, which allows the non-traditional groups access to certain areas, and as a result, that increases their profits by dealing with LCN. If LCN is subcontracting things like extortion, murder, importing narcotics through the non-traditional groups, it’s the best for both sides. The non-traditional group has an avenue where they can generate revenue by supplying LCN, and LCN has the access to the resources that they wouldn’t otherwise have.

Mr. Rufolo agreed, testifying, “[W]e’ve seen more sharing than turf wars between the groups.” Mr. Furry added that he has seen instances where LCN has tried to shroud its

criminal activity by reaching out to Eurasians to extort someone or to commit a murder for them “and vice versa.”

Mr. Rufolo distinguished the Sicilian Mafia from LCN:

The Sicilian Mafia is fairly distinct from LCN in that LCN is an American Mafia, existing in the New York/New Jersey area, of seven families The Sicilians have more direct ties over to Italy and Sicily. Traditionally and historically, we've seen Sicilians involved with various of the families here in the New York/New Jersey area, particularly historically with the Gambinos and the Bonannos. The [clearest] example of that, of course, was the Pizza Connection case back in the mid-to-late 1980s. Since then ... law enforcement has been monitoring various persons believed to have Sicilian Mafia connections. We have not uncovered specific instances of criminal conduct really by a Sicilian group in recent years.

We have seen the Sicilians involved also with the DeCavalcantes, who have ties back to Sicily and the Bruno [family]. John Stanfa, in particular, who was prosecuted in the late 1990s as the boss of the Bruno family, had ties back to Sicily, and had persons working for him in part of his crew within the Bruno family who were directly brought by him from Sicily. So we've seen that kind of involvement between the Sicilians and La Cosa Nostra.

Most recently, according to a high-ranking Sicilian organized crime figure, who is presently cooperating with law enforcement authorities over in Italy, ... some American ... made members of La Cosa Nostra have been brought over to Sicily to be schooled in the ways of the Sicilian Mafia, because there is a perception ... that the American LCN members have lost certain values of respect and honor that were traditionally part of La Cosa Nostra and the Sicilian mob. I don't know that specific instances of that have been corroborated yet. This is fairly recent information. But you can go back to electronic interceptions of John Stanfa, who talked about this very point, that he was concerned that there weren't enough young people in America to recruit into La Cosa Nostra who had the same values and qualifications to be members of La Cosa Nostra. And that's why he

brought some of his own crew members directly over from Sicily. So I think it's something that has to be ... monitored as a potential threat. ...

[A]gain, recent information developed over in Sicily indicates that there has been some involvement between Sicilian organized crime groups and terrorist groups. Most particularly, they believe that there have been occasions where there have been deals where Sicilians have exchanged weapons for narcotics with terrorist groups. So international cooperation [among law enforcement] is absolutely imperative [to counter international criminal cooperation]

AN INSIDER'S INSIGHTS

The Commission subpoenaed Ronald Previte to testify at the public hearing under a grant of immunity from the use of his statements made at the hearing in subsequent criminal proceedings. After pleading guilty to a crime of his own, Mr. Previte testified as a cooperating witness for the Federal Government in trials leading to the convictions of more than a dozen leaders and affiliates of the Bruno LCN crime family and of former Camden, N.J., Mayor Milton Milan. On August 7, 2003, a federal judge sentenced Mr. Previte to five years of probation for conspiring with Hammonton, N.J., Police Detective James DeLaurentis to extort several thousand dollars from a Hammonton bar owner threatened by DeLaurentis with revocation of his liquor license. As a decades-long associate, member, and finally *capo* of the Bruno group, Mr. Previte provided an insider's insight into the factors that likely will assist LCN organizations to endure, despite the harsh drawbacks of what mob "wiseguys" call "The Life."

Mr. Previte testified that he started dealing with the Bruno mob about three and a half decades ago when he was involved with illegal gambling while an officer with the Philadelphia Police Department. He related that, even then, "I kicked the money up; I

paid for the sergeants and lieutenants, things like that. You're never an independent entrepreneur."

After a dozen years as a police officer, Mr. Previte worked as a security officer from 1981 to 1985 for the Tropicana Hotel and Casino in Atlantic City. He testified, "They must have not [done] a very good background check on me, because ... I was a bum. ... It was like payday when I got to the casino." Mr. Previte testified that while working for the casino, he took advantage of opportunities there to earn money through bookmaking, theft and other crimes. He said that when members of organized crime came around, "I would pay them off then, because they knew I was a big operator there." Meanwhile, in Hammonton and elsewhere in Atlantic County, he ran a large bookmaking operation. He added, "I basically had everything tied up in that area. If you wanted to do something, you had to come through me at one time there."

Mr. Previte described himself as "an extremely good earner" within the underworld, with gambling as his "main source of income." Yet, true to his self-description as a "general practitioner of crime," he used the proceeds of gambling to "finance other avenues of illegal activity." He testified, "I thought about nothing but making money from the minute I got up until the minute I went to bed."

Recalling that he was most satisfied when not required to share the proceeds of his criminal activities with others, Mr. Previte testified that this independence ended when Bruno family operatives "approached me and asked me to come with them." After that, he was obliged to split his criminal earnings with the Bruno organization. He added, "[Y]ou can only be independent if you're a small entrepreneur. But when you become

big and you start making more money and you have a large book, you're going to come under their auspices and ... they're going to find out about you."

Eventually, John Stanfa, who served as boss at the time, called upon Mr. Previte to serve as a so-called "made member" of the group. Mr. Previte described the circumstances:

... [W]e were in the midst of a, I guess you would call it a gang war at the time with other factions of organized crime, and there was a lot of murder going on, shootings, beatings. And [Stanfa] needed me to help him do some heavy-duty work. And at a restaurant one day, he made me a member of his organization, hoping that I would carry out murders, beatings and whatever for him. ... [I]t was a formal/informal ceremony. We never got around to making – he told me that he was carrying me as a made guy, and I was in his inner circle. I attended all of the meetings with made people. But by the time our ceremony was set up, he had already left [for prison].

Mr. Previte estimated that he made "millions of dollars" for the Bruno organization. He testified to living "high on the hog" with the portion remaining to him, buying big houses and big cars and gambling in casinos. He noted, "[Y]ou think it's never going to end. You're foolish. Easy come, easy go" Referring to "what happens to most guys in that business," Mr. Previte concluded, "You're broke, in jail or dead." Relating that one could be happy in that life from time to time, he bemoaned that it was not a normal life or "a life that I would wish for anyone." He added, "I wouldn't want my kids to do it, believe me." Instead of investing in a 401(k), he said he "played" the number 401 "every day."

Testifying that while he was with the organization under Stanfa "numerous" murder plots were discussed, Mr. Previte, who had by then become an informant for the

FBI, related that “the information was going back and forth between the organization, myself and the FBI.” He had become a New Jersey State Police informant as early as 1985, and served as a FBI informant from 1992 to 1997. Government officials credited Mr. Previte with supplying information that impeded several murder attempts in which Mr. Stanfa’s rival, Joseph “Skinny Joey” Merlino, and some of Merlino’s top lieutenants were targeted. Later, while working for Stanfa’s successors, Ralph Natale and Joseph Merlino, Mr. Previte recorded more than 350 conversations among mobsters. Prosecutors used the tapes of many of those conversations in subsequent trials of mob defendants.

When Stanfa went to prison, the mob war with Merlino ended. Mr. Previte testified, “I was able to sleep in bed again. During the war I had to put a dummy in the bed and was sleeping on the floor” For a short period he was able to keep more of the proceeds of his bookmaking operation and other criminal activities. He testified that before long, “I had to go meet with Ralph Natale, and he came into power.”

Upon his release from prison, Natale took over as boss. Recognizing Mr. Previte’s earning capability, Natale summoned him. Mr. Previte agreed that he went to his meeting with Natale with some trepidation because he thought his time “on the other side” with Stanfa would lead to his getting “whacked at that meeting.” He attributed his survival to the fact that he “had full pockets.” His earning capacity also overcame any hard feelings in his relationship with Joseph Merlino. Mr. Previte testified that when Merlino became boss after Natale went back to jail, “I became a member of [Merlino’s] organization.” He explained that he felt no concern about meeting with the newly installed Merlino because “I knew ... he wanted [an earner].”

Regarding organized crime's longevity, Mr. Previte opined:

"[A]s long as you have illegal gambling and that sort of thing, you're going to have the mob, because ... there's big money in bookmaking and gambling, and it's not going anywhere. I mean real big money. And that, I think, is the backbone of organized crime, as long as you have that. ... There's volume, heavy volume. I mean it makes millionaires out of people. ... [A]s long as there's money to be made, somebody is going to snatch it up. ... As long as there [are] people out there gambling, people buying drugs, people borrowing money, there's always going to be someone to service them When people stop gambling, when people stop buying drugs or people stop going to houses of prostitution, when people stop borrowing money, then the gangsters will go away. I don't think it's the gangsters as much as the people. You wouldn't believe how many people facilitate it"

Mr. Previte described the lure of organized crime for people leading otherwise respectable lives:

"... [T]here [are] a lot of people that don't need organized crime. They have plenty of money and have good businesses, but there's a certain aura about organized crime, that they want to be near you and involved with you. You usually charge them a fee for that. ... If they're going to be around you, it's going to cost them something Me, personally, I always thought it was ridiculous for someone to want to do that that didn't need it. ... To open themselves up to that. And there's a lot of people that are like that, and it's ridiculous."

Mr. Previte agreed that the media unrealistically glamorizes organized crime. He described the contradiction between the reality of organized crime and its image:

"When I was growing up, I used to see the guys with the Cadillacs and the big hats, and that's what I wanted to be. But ... there's ... really no loyalty there like"

in the movies. ... I mean if you fall down and bump your head, by the time you get up, somebody went in your pocket. ... There really is no loyalty there It's pitting one person against another. It's dog eat dog. ... You can make it glamorous, but it's not really. ...

The last time I was in Trenton, that's probably about 10 years ago, I got subpoenaed along with Mr. Stanfa and a few other cronies to [a state grand jury]. And I didn't really know it, but when I got there, there [were] TV cameras all over the place, and it was all over the news that night. And up to that time, everyone knew basically what I was. But after putting it on TV, I think my income tripled. You know, people see you on TV, and now, oh, my. ... Now, you were a stand-up guy. I guess you could say that Exactly, [one who went with the boss to meet the authorities]. ... So it's true, it's the media that does it. They do. They help it. ... [T]hey helped me earn more.

Mr. Previte related the negative effects of his organized crime life on his family:

Well, it's taken a heavy toll on the members of my immediate family for what I've put them through. As today, there will probably be something in the newspaper about it, and it will fester an angry wound again. I mean, it's a terrible thing. I wish I never got involved with it. I wish I took a different road in life. Of course, that's hindsight now, but I would advise anybody not to take the route I did. It's a terrible way of life. It destroys your family. It causes divorce. It causes your kids pain and anguish. It's taken a terrible toll upon my family. Me, personally, I don't mean to be crass, but I don't care, I can take it, but it was hard on them, real hard. ...

I'd rather have your job. ... When you leave here and go home at night, you have dinner, relax and put your head down and talk to your wife, if you have a wife, or your children, if you have children, and you relax and you get up the next day. You're never at ease with what I did most of my life. You wait for the door to come down in the middle of the night. You wait for a bullet to come through the window. You walk out and hit the button to open your car, you wait

to get shot. It's a terrible way of life. ... It's the life I chose, but it's a terrible way of life. As I said, I'd rather be you. ...

* * *

Mr. Previte's descriptions of the inner workings and motivations of the Bruno organization provide insights equally apt for other LCN syndicates. Including the Bruno group, seven "families" have operated in the New Jersey/New York/Philadelphia area for decades. The following narratives relate how the groups came into power and describe each one's key leadership, criminal activities and threat to New Jersey.

GENOVESE

In the battered underworld of traditional organized crime, the New York-based Genovese organization is considered the most formidable element in a field of out-of-shape contenders, having surpassed the once-dominant Gambino LCN group in both strength and numbers over the past decade. State and federal law enforcement authorities estimate the Genovese group's core membership at between 250 and 300, with well over 1,000 criminal associates. While centered in the New York metropolitan region, the Genovese family also maintains a presence in portions of Connecticut, Massachusetts, Florida, California and Nevada. The family has strong connections with other traditional and non-traditional organized crime groups throughout the United States.

The Genovese group is the most active, powerful and resourceful LCN family in New Jersey, which has played a key role in its evolution and growth. Historically, more high-ranking members of the Genovese family than any other LCN group have called the

Garden State their home, and it was the first of the five New York-based families to expand its rackets to New Jersey decades ago.

Today, there are five main Genovese crews headquartered in New Jersey. Also, at least four New York-based crews have operatives active in New Jersey. Approximately 40 verified rank-and-file soldiers and more than 400 criminal associates are active in New Jersey. The Genovese family has traditionally been a powerhouse in the northern part of the state, particularly in Hudson, Essex, Union, Bergen, and Passaic counties. However, during the past few years, the family has gained strength in Middlesex, Monmouth and Ocean counties. It runs the largest bookmaking and loan sharking rings in the New York/New Jersey metropolitan area. The family's other major criminal enterprises include extortion and labor racketeering in the construction, demolition, asbestos removal, carting, recycling, trucking, and waterfront industries; theft and kickbacks from pension funds; insurance fraud; narcotics trafficking; infiltration of legitimate businesses; and public corruption. Its influence is particularly strong on the Port Newark/Elizabeth and Hudson County waterfronts. While the organization continues to commit traditional crimes such as murder, extortion, racketeering, loan sharking and illegal gambling, it has evolved into committing more sophisticated crimes, such as computer fraud, stock/securities fraud and health-care fraud. Many of these crimes are committed with the assistance of non-traditional organized crime groups, such as those with Russian and Cuban members. Of all the traditional LCN families, the Genovese group has the most contact with non-traditional criminal organizations, and the money and power they command.

Not only is the Genovese family the strongest LCN group in the nation, but it also is the most unique. Its members and associates are permitted to retain a higher portion of their illegal earnings than those of other LCN families. The Genovese group also is unique among its LCN counterparts in that it has attempted for more than two decades to maintain a “façade” hierarchy designed to disguise the identities of its true leaders and insulate them from scrutiny. Law enforcement experts believe the group adopted this strategy during the late 1970s, in part to minimize the risk of dealing with other crime families that had been penetrated by undercover investigators. In addition, family leaders tend to deeply insulate themselves with layers of highly trusted members. Members of the organization also attempt to avoid law enforcement detection by being so-called “commuter mobsters.” This means that members may reside in New York and conduct their illegal activity in New Jersey, and vice versa. The resilience, stability and strength of the Genovese group also can be attributed to its penchant for secrecy and the sophistication of its operations, as well as a lack of cooperation with law enforcement authorities. In recent years, while key members of other LCN groups became government witnesses to the serious detriment of their former comrades, the Genovese family has remained relatively free of turncoats.

Since the early 1980s, the “official” boss of the Genovese group continues to be Vincent L. “Chin” Gigante. After years of faking mental illness and incompetence, Gigante was convicted on federal racketeering and murder conspiracy charges in 1997. In early 2003, Gigante gave up his “crazy act” and pled guilty to obstructing justice by feigning mental illness from 1990 to 1997. He received an additional three years on his sentence, and his projected release date is now June of 2010. Prosecutors contended that

while incarcerated, Gigante ran the Genovese organization by using his son Andrew V. Gigante as a conduit to relay his father's orders from prison. Law enforcement officials claim that Andrew, although not a "made" member, was a power on the New Jersey waterfront. A federal grand jury indicted Andrew in 2002, along with other key Genovese operatives, for running lucrative extortion rackets on the docks in New Jersey, New York and Miami. All the defendants, including Andrew, who had no previous criminal record, pled guilty in early 2003. Now in federal prison, Andrew's projected release date is July 2005.

Michael J. Generoso served as the organization's "acting" and "official" underboss for several years in the 1990s. Generoso spent 15 months in federal prison in 1997 and 1998 on a plea agreement to avoid a federal racketeering trial. He maintains a residence in Brooklyn. At 86, and due to his advanced age, law enforcement authorities believe that Generoso has become far less active in playing a key leadership role in the organization.

Lawrence J. "Larry Fab" Dentico of Seaside Park, N.J., is the "official" *consigliere* of the group. Dentico has extensive familiarity with family operations. In the 1950s, he served as soldier under the group's namesake boss, the late Vito Genovese. Later, he was a top aide to former *consigliere* and New Jersey operations chief Louis A. "Bobby" Manna. Once incarcerated for contempt for refusing to testify before the SCI, Manna was sentenced to 80 years in federal prison in 1989 for racketeering and conspiracy to commit murder.

Law enforcement officials believe that the top hierarchy of the Genovese family has adopted a less formally structured organization than it had in the past. The family is

being managed discretely by a core group of individuals with a high degree of allegiance to Vincent Gigante. Gigante's brother, Mario R. Gigante, a New York-based *capo*, is currently an acting boss and caretaker of the organization. Mario was released from federal prison in June of 2001 after completing a five-year term for extortion and racketeering in the solid waste hauling industry. Another acting boss is *consigliere* Dentico. The street boss is John Barbato, a Staten Island resident and long-time *capo* in the Genovese organization. Barbato formerly served as chauffeur and bodyguard for former Genovese underboss Venero F. "Benny Eggs" Mangano. Barbato's name appears on the New Jersey Casino Control Commission's Exclusion List. New York-based captain Dominick "Quiet Dom" Cirillo is also believed to play a managing role. The low-keyed Cirillo is a close ally of Vincent Gigante and served as acting boss in the late 1990s and as the street boss for several decades. Cirillo resides in the Bronx but, despite a heart attack in 1998, has been very active in northern New Jersey.

Like the actual managing hierarchy, the façade hierarchy is not as formally structured as it once was. From time to time, the Genovese organization will put word out on the street that various individuals are the boss, underboss or *consigliere* in order to take the focus of law enforcement away from the individuals who are the actual leaders. At this time, the façade hierarchy is unclear. Some law enforcement officials believe John Barbato is the façade boss. In the past, key captains Liborio S. "Barney" Bellomo, Matthew "Matty the Horse" Ianniello, and Ernest Muscarella have been façade bosses. Bellomo and Muscarella are presently in federal prison on extortion convictions. Bellomo's and Muscarella's projected release dates are February 2005 and December 2007, respectively. Ianniello is a powerful senior member with an extensive background

in Genovese family operations. His crew is New York-based, but it has much activity in New Jersey.

Another key family leader is Tino R. Fiumara, a high-ranking *caporegime* and one of New Jersey's most feared mob figures. Fiumara, formerly of Spring Lake, enjoys enhanced status because of his reputation for violence and links to key portions of the organization's racketeering interests in and around the Port of New York and New Jersey – traditionally a major Genovese revenue-producer. Whether Fiumara will actually be able to fulfill his leadership ambitions, however, remains to be seen. He was released from federal prison and placed on probation after serving 15 years of a 25-year racketeering sentence. In 1999, federal authorities ordered Fiumara back to prison for violating the terms of his probation by leaving the New Jersey without permission, associating with known felons and involvement in a continuing criminal enterprise. During his time on the street, Fiumara served as head of the New Jersey faction of the Genovese organization. In April 2002, the U.S. Attorney's Office for the District of New Jersey obtained an indictment against Fiumara for conspiring to assist fugitive Michael Coppola in Coppola's flight to avoid apprehension and prosecution. While awaiting trial, Fiumara was released from federal prison in June 2002. In March 2003, he pled guilty to conspiring to conceal and failing to report that he had been in contact with Coppola. In November, a federal judge ordered Fiumara back to prison for eight months for concealing Coppola's whereabouts.

While Fiumara was imprisoned in the 1980s and 1990s, Coppola supervised Fiumara's crew. Himself a fugitive since 1996, Coppola is wanted for his role as the suspected triggerman in the 1977 murder of John "Johnny Coca-Cola" Lardiere, who at

the time he was shot to death was on temporary furlough from imprisonment for contempt, having refused to testify before the SCI. The Fiumara/Coppola crew is one of the largest and most resourceful Genovese crews operating in New Jersey, with key influence in the Newark/Elizabeth Seaport. Its area of operation is primarily Union, Essex and Bergen Counties. Ranking members Michael A. Borelli and Lawrence A. Ricci have been supervising this crew for Coppola and Fiumara. Ricci mainly oversees solid waste removal, trucking and waterfront industry activities, while Borelli oversees the crew's illegal gambling operations. Borelli also has strong influence in the Teamster's Union, and has been involved in the infiltration of the health-care and construction industries.

Angelo M. Prisco, a *capo* from Yonkers, N.Y., heads a crew with powerful influence in northern New Jersey. Prisco, who was sentenced to a 12-year prison term for arson and conspiracy, was paroled early from state prison in August 2002, allegedly in violation of New Jersey Parole Board protocols. Prisco's name appears on the New Jersey Casino Control Commission's Exclusion List. Prisco now resides in Atlantic County and is believed to have resumed control of his crew. The crew's primary activity takes place in Hudson County, along the Bayonne/Jersey City Waterfront, but it also operates in Monmouth County and Florida. While Prisco was incarcerated, Genovese member Joseph N. LaScala supervised his crew. In March 2002, several members and associates of this crew were charged with shaking down International Longshoremen's Association (ILA) dockworkers at various Hudson County waterfront shipping terminals. In December 2001, another soldier in this crew was convicted on federal charges of embezzling funds from ILA Local 1588 in Bayonne.

Another Genovese family crew is based out of Passaic County and commanded by Joseph Gatto, a *capo* who was released from federal prison in October 2003 after serving 61 months for running a highly lucrative gambling and loan sharking operation. The Gatto crew is most active in Bergen and Passaic Counties. Members of this crew have been involved in racketeering in the solid waste industry, infiltration of the health care industry, illegal video gambling, bookmaking and loan-sharking.

A fourth Genovese family crew is based out of Essex County and headed by *capo* Silvio P. DeVita. His name appears on the Casino Control Commission's Exclusion List. The DeVita crew specializes in construction industry and labor racketeering, the infiltration of legitimate businesses, insurance fraud, gambling and loan-sharking. Andrew N. Gerardo, who reportedly retired from head of this crew in the early 1990s and moved to Florida, routinely returns to New Jersey to receive a share of the profits and assert his authority when key decisions need to be made.

Ludwig A. Bruschi heads a fifth crew. Although he managed to stay under law enforcement's radar for several years, in June of 2003 he was charged with racketeering, leading a criminal enterprise, loan sharking and promoting gambling. Eighteen of his subordinates also were charged in the case. Authorities say that Bruschi oversaw one of the largest illegal gambling and loan-sharking operations in New Jersey, covering portions of Ocean, Monmouth, Middlesex, Hudson, Essex, Passaic and Union counties. The operation is alleged to have booked around \$500,000 a week in sports bets and had at least \$1 million in illegal loans on the street at any given time, generating hundreds of thousands in interest payment profits. Bruschi is presently out on bail.

Although based in New York, a sixth crew, headed by Matthew Ianniello, known as “Matty the Horse,” operates in various parts of New Jersey. Ianniello traditionally has led a crew operating in Long Island and Queens, N.Y., but some members of his crew reside and operate in New Jersey and Florida. They are involved in gambling and racketeering in the solid waste and waterfront industries. Some members of Ianniello’s crew have close ties to members of the Fiumara/Coppola crew. Law enforcement authorities believe that, due to Ianniello’s advanced age, he is semi-retired.

Other New York-based Genovese captains who have influence and operatives in New Jersey include Rosario J. Gangi, Alphonso Malangone and Vincent J. DiNapoli. Gangi is presently serving time in federal prison, but his projected release date is August 2008. His crew is based in Brooklyn and Manhattan but is believed to have at least two members active in New Jersey. In the past, Gangi has been involved in a multimillion dollar Wall Street “pump-and-dump” scam, and in shaking down contractors on construction projects in New York and New Jersey. Malangone, a Staten Island resident now serving time in a state prison in New York on a grand larceny conviction, is also believed to have some influence in New Jersey. He can be paroled as early as April 2005, and is listed on the New Jersey Casino Control Commission’s Exclusion List. DiNapoli’s operations are based in the Bronx, but they extend to Bergen and Passaic counties. His primary criminal activity involves racketeering in the construction industry.

Of all the LCN groups, the Genovese criminal organization poses the greatest threat to New Jersey. It has a proven record of resiliency that has enabled it to maintain a grip on lucrative segments of the legitimate economy despite repeated assaults by law

enforcement. Elements of this group persist in the solid waste industry, on the waterfront, in organized labor and in public construction. Continued infiltration of the latter poses a particularly stark threat given the fact that New Jersey has embarked upon a program to invest billions of taxpayer dollars in school and transportation construction programs over the next several years. In addition, the organization's influence on the waterfront has the potential to pose an even greater security risk than in the past. By cooperating with elements of various non-traditional criminal organizations in facilitating the movement of cargo, traditional LCN could enable terrorist organizations. Moreover, the Genovese group's diversification beyond traditional LCN activities into sophisticated financial frauds in the health-care field and on Wall Street presents law enforcement with a challenging new frontier.

GAMBINO

The Gambino organization has been forced by prosecution and infighting to relinquish its status as the nation's paramount LCN group, but it nonetheless continues to exercise considerable reach within traditional organized crime's shrunken realm. Law enforcement experts estimate that the namesake organization of the late Carlo Gambino currently consists of approximately 150-200 members and as many as 1,500-2,000 associates. The family is headquartered in Brooklyn with members and associates scattered throughout the New York/New Jersey metropolitan region and New England. The group also has ties to Pennsylvania, Florida, Nevada and California.

Despite its persistence through sheer numbers, however, the Gambino group's operational base resembles a Balkanized state, fractured into semi-autonomous pieces by

a sustained lack of strong centralized control. The leadership vacuum opened in mid-1992 when the late John J. Gotti, a flamboyant boss dubbed the “Teflon Don” for his uncanny ability to avoid conviction on multiple criminal charges over the years, finally lost that nickname when federal prosecutors put him away for life for murder and racketeering. Instrumental in Gotti’s conviction, along with that of underboss Frank Locascio and *caporegime* Thomas Gambino, Sr., was the testimony of Gambino turncoat Salvatore “Sammy Bull” Gravano, the organization’s former underboss and once Gotti’s most trusted lieutenant. Although Gotti for a time managed to run the family from within the walls of the federal penitentiary at Marion, Ill., exchanging coded messages and delivering directives through various intermediaries, his grip on the organization eventually waned. On June 10, 2002, Gotti died of cancer while incarcerated.

Reportedly, Nicholas Corozza had been designated the new boss with John Gotti’s approval, but before he could officially move into the position, he was arrested in Florida on racketeering and attempted murder charges. Subsequently, he pled guilty to racketeering charges and is presently incarcerated.

The family now is led by boss Peter Gotti (an incarcerated brother of John Gotti), acting underboss Arnold Squitieri and *consigliere* Joseph Arcuri. In March 2003, Peter Gotti and Richard Gotti (another incarcerated brother of John Gotti) were convicted of racketeering in New York federal court. In August 2003, Peter Gotti also was charged with conspiracy to murder Salvatore Gravano.

Squitieri, who resides in Englewood Cliffs, N.J., is presently in charge of family matters in New Jersey. Squitieri and Gambino *capo* Alphonse “Funzi” Sisca, also of Englewood Cliffs, served 11 years in federal prison for heroin distribution.

At one time, the family consisted of more than 20 *caporegimes*, but in recent years, some have died, retired or gone to prison. The family also had approximately 20 crews operating under the supervision of *caporegimes* in various areas, but because of the large number of members convicted and incarcerated, only approximately ten crews are presently active. However, the crews appear to be operating independently because of the family's lack of strong leadership at the top. *Capo* Louis Ricco of Lodi, N.J., and associate Taylor "T" Breton were convicted on state gambling charges in 2002. Both, along with *capo* George "Big George" Remini, have been placed on the New Jersey Casino Control Commission's Exclusion List.

The Gambino organization's operations in New Jersey were headed by *caporegime* Robert "Bobby Cabert" Bisaccia until his sentence to 40 years in prison after being convicted on racketeering charges in 1993 and a life sentence following his conviction on murder charges in 1995. Vincent "Juicy" DiModica was scheduled to take over operations in New Jersey but was convicted on federal racketeering and gambling charges in 1997. He and two other mob figures also were charged with extorting \$200,000 from contractors working on the Newark International Airport monorail project in March 1998. DiModica is scheduled for release from federal prison in September 2012. In December 2002, Nicholas F. Mitarotonda of Roseland, N.J., a ranking member of the Gambino organization, was released from incarceration in federal prison on a gambling conviction.

Labor racketeering in the construction industry continues to be the Gambino group's biggest revenue producer, although the organization also draws substantial revenue from gambling, loan-sharking, pornography, credit card and stock fraud, fuel-tax

scams, and trucking-related shakedowns in the garment industry. The group has also made several significant runs at infiltrating legitimate elements of the licensed beverage industry, as evidenced by the mid-1990s attempt by John Gotti, Jr. and several associates to seize control of a midtown Manhattan topless nightclub known as Scores.

The Gambino organization also has demonstrated an aptitude for carrying out sophisticated financial frauds. In February 2004, one such scheme came to light when a federal grand jury in New York indicted members and associates of the group on charges of bilking more than \$200 million from consumers through an elaborate phone-billing scam. Employing a fraudulent practice known as “cramming,” the Gambino group set up a web of telecommunications service providers that advertised offers of free samples for adult chat lines, dating services and the like. Callers to these 800- and 900-numbered lines were unaware that, in the process, their own numbers were being captured by computers for billing purposes. According to the indictment, the scheme’s orchestrators took advantage of what has become a standard telecommunications billing arrangement in which service-provider fees can be collected via regular telephone bills. In this instance, a Gambino front company entered into contracts with local telephone companies that enabled the firm to insert bogus service-provider charges, many disguised by innocuous terminology, into monthly bills. Millions of consumers were reported by the government to have been victimized.

LUCCHESE

The Lucchese group has been among the LCN organizations hardest hit by state and federal investigations over the past 15 years. Virtually the entire top leadership ranks

have been decimated by successful prosecutions, and at least 20 members, including a number of top players in the New Jersey/New York region, have become government informants and/or cooperating witnesses since 1990. Key defectors with deep ties to New Jersey include former underboss Anthony “Gaspire” Casso; Anthony “Tumac” Accetturo, a former *caporegime*; and Thomas Ricciardi, a former soldier. Former acting bosses Alfonse “Little Al” D’Arco and Anthony J. “Little Joe” DeFede began cooperating with the government and were potential witnesses against acting boss Louis “Crossbay” Daidone, who in January 2004 was convicted in the Southern District of New York of murdering Lucchese soldiers Bruno Facciola and Thomas “Red” Gilmore 13 and 14 years ago, respectively. Manhattan federal prosecutors are planning to utilize several Lucchese cooperating witnesses, including DeFede and D’Arco, to help convict Daidone, who was scheduled to go to trial in January 2004. Several other family leaders and members are incarcerated.

The most recent formal induction, or “making,” ceremony of which authorities are aware involving elements of the Lucchese group reportedly occurred sometime in 1996. The event, which apparently concerned the swearing-in of just one new member, was celebrated in New Jersey and attended by known members and associates of the Lucchese group and other LCN groups.

Despite the assaults by law enforcement and the apparent slowdown in membership recruitment, law enforcement authorities estimate the group still consists of from 110 to 140 members, with approximately 50 members active in New Jersey. The organization has at least 1,100 associates engaged in criminal activity primarily in New York, where the group’s hierarchy is located. New Jersey operations span Essex, Union,

Monmouth and Morris counties. Law enforcement authorities believe that most of the New Jersey members and associates of the Lucchese family reside and conduct much of their business in Morris County.

There is ample evidence that the group is actively involved in the process of rebuilding. Authorities say the Lucchese group's family ties are deeply rooted and intertwined, giving rise to a new generation of mob wannabes and associates. The Lucchese family's New Jersey operations were hampered when brothers Martin and Michael Taccetta were imprisoned. Michael's son, Carlo, began to take over where his father left off; however, law enforcement authorities believe that New York leaders failed to recognize the younger Taccetta in a leadership role. Carlo currently is completing a prison term on a federal weapons charge. Another Lucchese member of some notoriety, Nicodemo S. Scarfo (sometimes called Scarfo, Jr.), was inducted into the family at the request of his father, Nicodemo D. Scarfo, an incarcerated former boss of the Bruno LCN family. Scarfo, Jr. also is incarcerated in federal prison.

The nominal boss of the Lucchese group is Victor "Vic" Amuso, but he is serving a life sentence, without parole, in federal prison. In his absence, responsibility for day-to-day operations was initially shifted to acting boss Anthony J. DeFede; however, DeFede was indicted in April 1998 and, as indicated above, became an informant for the government. As a result, control of the family shifted to current acting boss Daidone. Much of the New Jersey faction's power emanates from New York. From there, Robert "Bucky the Boss" Caravaggio oversees operations in the northern region of New Jersey, concentrating his efforts in Morris County. Caravaggio had, prior to Carlo Taccetta's incarceration, utilized him to collect a "street tax" from several businesses operating in

Morris County. The Lucchese family has further branched out into “owning” partial interests in several legitimate businesses, such as the 973 Bistro in Florham Park, N.J., and the Tuscany City Grill in Fairfield.

In recent years, federal and state authorities have mounted several successful prosecutions against the Lucchese group, capped by a major case culminating in 2002 against the organization’s New York enterprises. Although no New Jersey operatives were among more than a score of *capos*, members and associates successfully prosecuted in that case, law enforcement gained important insights into the internal structure, conflicts and policies of the family. Charges included racketeering, narcotics trafficking, extortion, loan-sharking, illegal gambling, witness tampering, perjury and conspiracy to evade income tax. The scheme, involving the takeover by the Luccheses of a club in Freeport, Long Island, netted the family more than \$10,000 per night. Also involved was a cocaine distribution ring on Staten Island and a Long Island numbers operation. All defendants pled guilty to a variety of offenses, including *consigliere* Joseph Caridi, who was sentenced on December 18, 2003 to 96 months in federal prison for racketeering, extortion and illegal gambling.

Lucchese operatives continue their illegal activities in New Jersey, but since the New York leadership is in such disarray, the group as a whole exerts less control over its New Jersey members and associates. They continue to engage in such traditional crimes as illegal gambling, loan-sharking, labor and construction racketeering, narcotics distribution and a variety of frauds. Law enforcement officials believe that Alfonso T. “Tic” Cataldo, for example, is running the illegal gambling operations in northern New Jersey.

The Lucchese group has been known to partner with other LCN groups to advance criminal projects, and although there is little evidence to indicate that the family has joined forces with non-traditional groups, it has cooperated with such groups opportunistically. There is evidence that the Lucchese group occasionally has aligned itself with factions of Eurasian organized crime. Many prostitutes, subservient to Russian criminal handlers, have been working at southern New Jersey bars and clubs owned by Lucchese members. In addition to working as prostitutes, the women are used to assist in the distribution of certain illegal drugs, such as Ecstasy.

Substantially weakened by prosecutions that have been bolstered by cooperating witnesses, the Lucchese group's strength and stature within the LCN is severely diminished, leaving it to operate in the shadow of its Genovese and Gambino counterparts. Still, this group has long had a toehold in this region, and demand continues for the types of core criminal enterprises in which it once exercised some measure of dominance, thus requiring sustained law enforcement vigilance.

DECAVALCANTE

The DeCavalcante organization is the only LCN group in the region indigenous to New Jersey. It is rather small and consists of approximately 40 members, including many who are incarcerated, and at least 50 criminal associates. Based in the Peterstown section of Elizabeth, the DeCavalcante family, also known as the "Jersey family," used the Ribera Club in Elizabeth as a meeting place. Most of the early family members came from Ribera, a town in Sicily. Beyond New Jersey, the group also maintains a presence in New York, Connecticut and Florida. One key distinguishing feature of the

DeCavalcante group is that it is the oldest of the 24 United States-based families of *La Cosa Nostra*, tracing its origins as a sustained criminal group as far back as early in the first quarter of the 20th Century.

More recently, this group drew its current name from Simone “Sam the Plumber” DeCavalcante, who served as boss from the early 1960s until 1982, when John Riggi was named head of the family. Riggi remained in charge until his incarceration in 1990, when his underboss, John D’Amato, became the self-appointed acting boss. In 1992, members of the family murdered D’Amato, allegedly for his hubris in appointing himself boss, stealing money from the group and engaging in homosexual activity embarrassing to the family. Jake Amari assumed the role of acting boss until his death in 1997, when Stefano “Steve” Vitabile, family *consigliere* for approximately 30 years, appointed Vincent “Vinnie Ocean” Palermo, Girolamo “Jimmy” Palermo (no relation) and Charles Majuri as a triumvirate to run the family during Riggi’s incarceration.

After the death of John D’Amato, leaders of the five New York-based LCN families and the DeCavalcante family met in New York City and decided that the DeCavalcantes could no longer make New York residents soldiers of their family. It was decided that all future made members would be drawn from among New Jersey residents.

In a December 1999, the DeCavalcante group took a huge hit in a federal indictment and a subsequent superceding indictment targeting the entire upper echelon of the family, including incarcerated boss John Riggi, acting bosses Vincent Palermo, Girolamo Palermo and Charles Majuri, *consigliere* Steve Vitabile, four *capos* and seven soldiers. All were charged with murder, conspiracy, securities fraud, loan sharking, gambling, extortion of unions and construction contractors, purchase and sale of stolen

property, theft, robbery and home invasion. The indictment left the organization with only one *capo* not indicted. All the defendants either pled guilty or were found guilty at trial. Sentences ranged from 12 months to life in prison. With the convictions and imprisonment of virtually the entire DeCavalcante leadership hierarchy, the group is undergoing reorganization and retrenchment at the hands essentially of a skeleton crew of non-indicted members.

According to law enforcement authorities, Joseph Miranda is serving a dual role as the acting boss and official underboss. Former acting boss Vincent Palermo, *capo* Anthony Rotondo and soldier Anthony Capo, among others, agreed to cooperate with the government and testified against their fellow family members at recent trials. Cooperators testified that in the 1980s, John Riggi, boss of the DeCavalcante Family, created Local 1030 to represent asbestos workers within the Laborers International Union of North America (LIUNA). Members of the asbestos union had to be licensed. They attended a school created by Riggi ostensibly to learn how to detect and remove asbestos. Anthony Capo testified he slept during school and had the school's operator, Manny Riggi, the son of John Riggi, take the test for him. Capo subsequently received his asbestos removal license. When questioned by a federal prosecutor about his knowledge of asbestos, Capo stated, "I wouldn't know it [asbestos] if I was sitting on it."

John Riggi's father, also named Manny, started Local 394 to represent general laborers within LIUNA. According to trial testimony, 15 to 20 members and associates of the DeCavalcante family were members of Local 394. The DeCavalcantes installed the business agents in Local 394, as well as Local 1030, starting with John Riggi at Local 394. DeCavalcante members were often no shows or did no work at laborers jobs. Capo

testified that he even received overtime for jobs where he was a no show. Members of the DeCavalcante group also received preferential treatment at job shape-ups at the union hiring hall.

The DeCavalcante family used its control of Local 394 for extortion and labor racketeering, accepting payoffs from companies to let them use non-union labor at job sites. Anthony Rotondo described the union as the family's "cash cow."

The laborer's union initiated a reform program in 1995 with the concurrence of the U.S. Department of Justice. The ultimate goal of this effort is to rid the laborers' union of organized crime, corruption and financial malpractice and to restore democratic procedures. The principal officers responsible for implementing this program are the General Executive Board attorney and the Inspector General for LIUNA. Based on investigations conducted by the Inspector General, the General Executive Board was able to initiate internal proceedings that resulted in the permanent expulsion of numerous individuals from LIUNA, including former DeCavalcante acting boss Charles Majuri and *capo* Pino Schifilliti

According to the cooperators, DeCavalcante *caporegime* Philip Abramo, referred to as the "original pump-and-dump wizard on Wall Street," made millions of dollars through stock fraud, leaving investors with worthless stock. Abramo gave "cold callers" scripts to read to prospective investors over the telephone. It did not matter whether the information given to a customer was true as long as the customer bought the stock. After spending time in federal prison for income tax evasion, Abramo was released from a halfway house in January 1998. He now faces lengthy incarceration on a recent conviction for stock fraud and conspiracy to commit murder.

Certain sons of former DeCavalcante boss John Riggi are among the organization's soldiers. There is some affiliation or interaction with Gambino and Genovese family members, but such connections appear to be based upon individual relationships rather than through any collective family-to-family affiliation.

Gaetano "Corky" Vastola, a DeCavalcante soldier, served time in prison on a 1989 conviction for racketeering, conspiracy to commit racketeering and extortion-collection conspiracy. Although Vastola resides in his wife's million-dollar mansion in Colts Neck, N.J., he still owes the lion's share of a \$70,000 fine imposed in the racketeering and extortion case. Vastola has a history of interaction with elements of the Gambino LCN group.

BRUNO

Like other elements of traditional organized crime, the Bruno LCN group, based primarily in Philadelphia and South Jersey, has been decimated by factional violence, internal treachery and a succession of wide-ranging state and federal prosecutions. Despite evidence of ongoing involvement in multiple criminal activities and clear signs of current efforts to rebuild for the future, law enforcement experts seriously question whether this group will ever again rise to become much more than a shadow of its former self.

The downward spiral began on March 21, 1980, when Angelo Bruno, the so-called "Docile Don" who built the group into a successful enterprise in the 1960s and 1970s and who served as a member of the now-defunct ruling "commission" of LCN families, was gunned down in Philadelphia. A year later, a bomb blast killed Bruno's

successor, Philip “Chicken Man” Testa. The subsequent reign of Atlantic City-based Nicodemo “Little Nicky” Scarfo, which was marked by erratic violence, ended in 1988 with his conviction on federal racketeering charges for which he was sentenced to 55 years in prison. Upon conviction, Scarfo tapped his uncle, Anthony “Tony Buck” Piccolo, to lead the organization, which he did until early 1991. Piccolo passed the reins of leadership to John Stanfa of Medford, N.J., who served as boss until early 1994, when he, Piccolo and numerous subordinates were arrested and jailed on yet another large-scale federal RICO case. In November 1995, Stanfa and Piccolo were both convicted, with Stanfa receiving a life sentence. Ralph Natale, who was released from a 15-year stint in federal prison just six months prior to Stanfa’s RICO arrest, was next to seize control of the organization’s top leadership position. Natale selected Joseph “Skinny Joey” Merlino to be his underboss. Merlino then went on to assume control of the family in June 1998 after Natale was incarcerated for violating his parole by associating with known criminals.

In the summer of 1999, federal prosecutors obtained two separate drug conspiracy indictments against Natale, Merlino and several of their criminal associates. Both were based on information provided by Ronald Previte, a Bruno family *caporegime*, who had cooperated secretly with the FBI for several years. To make matters worse for the remnants of this group, Natale himself became a cooperating witness for the federal government just after his drug trafficking indictment. As such, Natale became the first LCN boss to “flip” in the history of organized crime in the United States.

Natale’s cooperation yielded an abundance of information for law enforcement authorities and has led to several important prosecution efforts, including the drug

trafficking case in which he was originally named as a defendant just prior to becoming a government witness. In that matter, with the threat of Natale's testimony looming, his five former co-defendants, Anthony Viesti, Raymond Rubeo, John Santilli, Thomas Constantine and Robert Constantine, negotiated plea agreements prior to trial.

Based on information Natale and Previte were able to provide, the original drug trafficking charges against Merlino were expanded to a federal indictment aimed at the upper echelon of the Bruno organization. Superseded on three occasions, the indictment in its final form was a broad, 36-count RICO indictment charging nine defendants with, among other things, murder, attempted murder, extortion, loan-sharking, illegal gambling, theft and drug trafficking. Several former members and associates of the Bruno group testified as government witnesses at the trial. Although none of the defendants was found guilty of the murder charges when the verdicts were announced on July 20, 2001, all were convicted of lesser crimes. Substantial terms of incarceration were handed out at the time of sentencing, with Merlino and George Borgesi each receiving 14 years.

On March 10, 2000, Bruno member Peter "Pete the Crumb" Caprio was arrested by the FBI subsequent to his indictment for two murders. Caprio, who at the time of his arrest was the *caporegime* of the Bruno group's northern New Jersey crew, was charged with the December 7, 1996 murder of Bruno family member Joseph Sodano and the July 16, 1994 murder of Bruno family associate William "Crazy Willie" Gantz, Sodano's "right-hand man." According to the charges, Caprio conspired with longtime criminal partner Philip "Philly Faye" Casale to murder both Sodano and Gantz. Caprio started to cooperate with the FBI shortly after his arrest. He did so after learning that Casale had

been cooperating with the FBI and tape recording conversations in which Caprio implicated himself in numerous criminal activities. On July 10, 2000, Caprio pleaded guilty in federal court to murder, conspiracy to commit murder, extortion, loan-sharking, gambling and other racketeering activities. As part of the guilty plea, Caprio agreed to cooperate with the federal government in return for dismissal of the March 2000 indictment against him.

On March 30, 2000 Camden Mayor Milton Milan was charged with numerous criminal acts in a 19-count federal indictment. The indictment was made public one day prior to Joseph Merlino and several co-defendants being charged in the sweeping federal RICO indictment. Among other things, Milan was accused of taking bribes from the Bruno family, laundering the proceeds of drug deals and spending \$7,500 in campaign funds on a Puerto Rican vacation. In addition, he was accused of accepting cash, home improvements and vacations from vendors who were awarded contracts or sought to attain contracts with the City of Camden. On December 21, 2000, Milan was found guilty on 14 counts of the 19-count indictment. While testifying at the Milan trial, Natale indicated that he consciously and methodically sought to corrupt Milan in pursuit of city contracts. Natale testified that he utilized long time friend and Bruno family associate Daniel Daidone to effectuate his plan, which included passing bribes to Milan. During Milan's trial, Natale testified that he utilized Daidone as a conduit to send between \$30,000 and \$50,000 in bribes to Milan from 1996 through 1998. On June 15, 2001, Milan was sentenced to 87 months in prison and 3 years probation.

On April 10, 2001, a federal jury in Camden convicted former Hammonton police detective James DeLaurentis of extorting money from a Hammonton bar owner, as well

as accepting a bribe from the owner. The case was based on information supplied by Previte. DeLuarentis, who handled liquor license enforcement for Hammonton, used Previte as an enforcer to intimidate and collect \$14,000 from the bar owner. DeLuarentis used Previte to carry out the plot because of Previte's reputation as an organized crime figure. DeLuarentis threatened to cite the bar for violations that might lead to the loss of its liquor license if the extortion demands were not met.

On March 27, 2001, the FBI arrested two members and seven associates of *La Cosa Nostra* groups, including the Bruno family, after a federal RICO indictment was unsealed. That indictment charged Bruno family member Vincent "Beeps" Centorino with murder for having conspired with others to murder Sodano. Natale, Merlino, Caprio and Casale also took part in that murder. An August 20, 2001 superseding indictment also charged Merlino with having played a role in the Sodano murder; however, a federal jury acquitted him of both charges – conspiracy and murder in aid of racketeering – on March 8, 2004.

Aside from the relentless attack by law enforcement, the Bruno group's inclination toward violent self-destruction has contributed to its decline. In the two decades since the namesake boss' assassination, at least 30 members and associates have been murdered. Scores of others have either joined their former leaders behind bars or otherwise faded from the scene for various reasons. According to various law-enforcement estimates, approximately half of the roughly 50 individuals who are still carried on the books as "made" members of the group are now serving time in prison. Of the 25 or so who are not incarcerated, 15 are considered inactive due to illness or

advanced age. There now are approximately 100 associates, whereas a decade ago there were about 270.

Although the Bruno group has shrunk to the point where it has difficulty mustering enough members to man more than a few street-level “crews” on a regular basis, there apparently remains sufficient criminal activity – primarily illegal gambling, extortion, loan-sharking and narcotics enterprises – to warrant a full-time leadership regime. The current boss is Joseph Ligambi of Philadelphia, who assumed the top post in July 1999 amid the renewed federal assault on the group’s leadership ranks. A member of the Bruno group since his induction by former boss Scarfo in 1986, Ligambi made his “bones,” according to law enforcement authorities, by acting as a triggerman in the 1985 murder of associate Frank “Frankie Flowers” D’Alfonso. Although Ligambi and eight other Bruno family members were initially found guilty of D’Alfonso’s murder and sentenced to life in prison, the convictions were overturned on appeal, and they subsequently were acquitted in a second trial. In 1988, Ligambi was among a large Bruno contingent, including Scarfo, named as defendants in the sweeping federal racketeering case that year. While Scarfo and others eventually wound up with substantial prison terms, Ligambi avoided trial by pleading guilty to gambling offenses and was sentenced to only three and a half years in prison.

Ligambi, thus far, has managed to avoid indictment because he favors an extremely low-key operating style – in sharp contrast to his immediate predecessor, Joseph S. Merlino, who relished playing the role of a flashy wiseguy. “Skinny Joey” Merlino built a high public profile on overblown charity stunts, verbal fisticuffs with New Jersey casino regulators and drunken summer encounters with local police in

Margate. From his base in Philadelphia, he also became a magnet for negative attention within the mob because of his routine failure to pay gambling debts and his tolerance of drug abuse by associates. Ligambi's stewardship, meanwhile, carries an echo of that of the low-key Natale as remnants of the Bruno organization struggle to regroup. In the long run, however, this sort of below-the-radar leadership may make little difference in the history of the Philadelphia/South Jersey mob. The group's remarkable propensity for yielding turncoats has left few subordinates who can be trusted to help Ligambi do the job.

Ligambi's underboss is Joseph "Mousie" Massimino, who was inducted into the LCN by former boss John Stanfa in 1992. In 1993, Massimino pled guilty to a New Jersey state racketeering accusation for his involvement in loan-sharking, gambling and drug trafficking activities. He served a five-year prison term before being released in July of 1998. Massimino's days as underboss appear to be numbered, as he faces a substantial period of incarceration as a result of being indicted in early 2001 by New Jersey state authorities for leading an extensive gambling and loan-sharking enterprise. Until his death in early April 2004, the third person in the hierarchy, serving as *consigliere* to Ligambi, was Joseph "Joe Crutch" Curro. A resident of Washington Township, Gloucester County, Curro was paroled in 1994 from the New Jersey state prison system, where he served a sentence for murder.

Most of the criminal enterprises that traditionally have sustained the Bruno group continue, albeit at a reduced level. These include illicit sports and numbers betting, video gambling, loan-sharking, extortion and general thievery. Trafficking in narcotics, particularly methamphetamine, also remains a lucrative enterprise for the group's

members and associates. The 1999 indictments of Natale and Merlino demonstrated that top elements of the Bruno LCN increasingly choose to engage directly in drug dealing, whereas the group's "made" members traditionally derived income from narcotics second-hand through the financing of drug transactions and from the collection of a "street tax" from narcotics traffickers. The apparent increased acceptance of "hands-on" drug dealing by family members may stem from Natale's drug-trafficking roots, for which he, in part, served a 15-year prison term. One particular strength that Merlino brought to the group in this regard was an established working relationship with various criminal motorcycle gangs, which have traditionally provided the Bruno LCN with an effective conduit into the illicit methamphetamine trade. Meanwhile, the Bruno group has had limited success in its efforts to undermine and infiltrate legitimate businesses for use as fronts for criminal activities. In one instance, during Natale's reign, the group failed in 1998 to consummate the attempted takeover of a Cherry Hill restaurant that law enforcement authorities say was to have been used as a base of operations.

One significant measure of the Bruno organization's deterioration is its virtual surrender of criminal opportunities in Atlantic City. During the Scarfo era of the 1980s, the Shore gambling resort proved to be fertile ground for many income-producing ventures, both criminal and legitimate. Under the Ligambi's leadership, the organization still seems to lack the wherewithal to mount any foray into the world of legitimate business.

This group's implosion over the past decade in many ways symbolizes LCN's overall collapse as the premier entity in the universe of organized crime. Nonetheless, the Bruno group warrants continued law enforcement scrutiny because, while down, it is

far from out. Moreover, the task of attracting “new blood” into the group’s depleted ranks apparently presents no obstacle. Information gathered through law enforcement surveillance has clearly established that there is no shortage of mob “wannabes” circulating on the fringes of this group. Much will depend, of course, on whether those at the top can stay out of jail long enough to make their shaken enterprise thrive again.

BONANNO

Named for its founder and initial boss, Joseph “Joe Bananas” Bonanno, the Bonanno crime family has survived internecine wrangling and conflicts with other LCN families. Joseph Bonanno’s attempt in the 1960s to eliminate and replace Carlo Gambino as the then-premier crime boss of New York City led to Bonanno’s forced retirement from New York to Arizona and to the eventual elevation of a former top lieutenant, Carmine “Lillo” Galante, to the position of boss of the Bonanno group in 1974-75. Galante took up the gauntlet against the Gambino LCN group and was murdered for his efforts in July 1979 as he sat in a restaurant in the Bushwick section of Brooklyn. Philip “Rusty” Rastelli, who became acting boss upon the execution-style passing of Galante, survived a battle for control of the organization with the murders of three of the family’s *capos* and appointed Joseph C. Massino as his underboss. After Rastelli’s conviction and imprisonment on labor racketeering charges, Joseph Massino became acting boss until his own conviction for labor racketeering in 1987. At that time, he named his brother-in-law, Salvatore Vitale, as acting boss during his incarceration. Upon release from federal prison in November 1992, Massino reclaimed his position at the top of the Bonanno hierarchy, and Vitale assumed the position of underboss.

Though the Bonanno family historically has been one of the smallest of the LCN groups, it has demonstrated that among the ranks of organized crime, size doesn't necessarily matter. As recently as 2002, a number of law enforcement authorities characterized the group as the most stable LCN faction in the New York/New Jersey region. For many years, law enforcement found it difficult to penetrate this organization. Massino ran a tight ship, closing Bonanno social clubs to avoid electronic surveillance and arranging meetings in places as far away as Mexico and Italy to discuss family business. But this group, like the others, nonetheless has found that there are limits to its internal cohesiveness, and lately, the Bonannos have been plagued by defections. At least five significant ranking members have become cooperating government witnesses, causing the leadership to fall apart.

Joseph Massino has been in prison since a January 2003 federal indictment charged him with crimes spanning two decades, including the murder of Bonanno *capo* Dominick Napolitano in connection with the successful infiltration of the family by FBI undercover agent Joseph Pistone. In May 2003, a federal grand jury again indicted Massino for murder in the 1982 shooting of family soldier Anthony Mirra, who was gunned down in part for his role in introducing Pistone into the organization. Massino, who was scheduled to go on trial in April 2004, could face the death penalty for the murder component of the indictment, which additionally included charges of loan-sharking and illegal gambling. Underboss Salvatore Vitale, meanwhile, has become a cooperating witness in cases against his cohorts and, as this report was being prepared, was awaiting disposition of federal loan-sharking, racketeering, money laundering, illegal gambling and extortion charges.

Anthony Spero, a former *consigliere*, acting boss and acting underboss, was sentenced to life in prison after a federal jury convicted him for his role in three murders, extortion, loan-sharking and illegal gambling. After being charged with racketeering, murder and other offenses, acting *consigliere* Richard P. “Shellac Head” Cantarella agreed to cooperate with federal authorities. Meanwhile, *consigliere* Anthony Graziano was indicted by a federal grand jury on March 19, 2002, for conspiring to murder two Colombo LCN associates and for conspiracy to distribute cocaine. Graziano and several lower-ranking members and associates have been incarcerated or face trial.

When convenient, the Bonanno family has cooperated with other LCN groups in pursuit of various criminal enterprises. A prime example of this type of partnering emerged when 27 associates of the Bonanno and Lucchese families were jointly implicated in an investigation that led to the indictment in December 2002 of Bonanno *capo* Vincent “Vinny T.V.” Badalamenti for racketeering, narcotics trafficking, extortion, loan-sharking, illegal gambling and other offenses.

Until his selection as *consigliere*, Anthony Graziano headed the Bonanno family’s New Jersey operations. In July 2003, he began serving an 11-year sentence on a federal conviction for racketeering, illegal gambling, loan-sharking and operating an investment scam. On November 13, 2003, he was sentenced in the Eastern District of New York to 108 months of incarceration after pleading guilty to racketeering and tax evasion charges. The imprisonment is concurrent with the time he must serve on the earlier conviction. Graziano’s son-in-law, John C. “Porky” Zancocchio, succeeded him as acting *capo* in charge of the group’s New Jersey operations. Zancocchio currently is serving a 71-month sentence following a recent federal conviction for income tax evasion and loan-

sharking. He had previous convictions for promotion of illegal gambling, failure to file income tax returns, business fraud, forgery and a probation violation.

On October 17, 2001, the New Jersey Division of Criminal Justice obtained an indictment charging Bonanno *capo* Joseph A. Taormina of Fairfield, N.J., Gambino family *capo* Louis Ricco and five Bonanno associates with racketeering, loan-sharking, and gambling. Taormina died of natural causes in 2002, and trial is pending against the others.

On December 10, 2002, a New Jersey grand jury returned indictments charging Bonanno member Ronald R. Filocomo, Sr. with leading a loan-sharking enterprise that included four Bonanno associates. Allegedly, the loan-sharking operation was run from a bagel shop in Sayreville, N.J., and another bagel shop in Manalapan was used as a meeting place. Filocomo was part of the crew run by *capo* Frank Lino, who is incarcerated awaiting trial for murder and illegal gambling. After Lino's imprisonment, Filocomo answered to *capo* Frank P. Coppa, Sr., who faces murder and other charges and has become a cooperating witness. Filocomo was charged with the murder of Dominick Napolitano and engaging in other criminal activities on May 30, 2003.

As with the full spectrum of LCN groups operating in New Jersey, the Bonanno organization continues to control substantial criminal activities, including loan-sharking, illegal gambling, extortion and narcotics trafficking. Despite decimation of many high-ranking members by prosecutions, hierarchical slots continue to be filled and customers continue to seek the services of this group.

COLOMBO

Formerly known as the Profaci family, the Colombo LCN group was headed by Giuseppe “Old Joe” Profaci from the 1920s until his death in 1962. Profaci owned a 328-acre estate in central New Jersey, and during his tenure, his crime family maintained a strong relationship with the Bonanno organization. When Profaci died, his brother-in-law, Joseph Magliocco, became the boss. At the time, Joseph Bonanno sought to take control of the ruling LCN “commission,” a body established among things, to referee disputes among the country’s major crime syndicates. Bonanno sought Magliocco’s help and gave him a list of top mobsters to murder, including Thomas Lucchese, Carlo Gambino and others. Magliocco, in turn, provided the list to Joseph Colombo, a young Profaci soldier, and ordered him to carry out the hits. Realizing the suicidal nature of his assignment, Colombo reported it to the commission. A war erupted, Bonanno was forced into retirement, and Magliocco died of a heart attack in 1963. Thus, Colombo became the boss of what is now the Colombo family.

On June 28, 1971, Colombo was shot in the head by an assailant in front of thousands during an Italian-American Civil Rights League rally. Colombo’s bodyguards killed the assassin, an African-American identified as Jerome Johnson whose motive, including whether he had been recruited by another LCN faction to carry out the hit, was never determined. After lingering for seven years in a coma, Colombo died. Meanwhile, Carmine Persico took over as boss of the organization, but within less than a decade wound up in federal prison for life after the celebrated 1986 “Commission Trial” that resulted in the convictions of several LCN bosses and their top lieutenants.

In 1989, Persico appointed Victor Orena acting boss of the family on the condition that he step down in favor of Persico's son, Alphonse "Allie Boy" Persico, upon Alphonse's release from prison. Orena did not relinquish the position, however, and by 1991 all five New York-based LCN families acknowledged Orena as boss of the Colombo group. The family split into opposing factions, one loyal to Orena and the other favoring Persico. This led to internecine warfare in 1991 and 1992, more than a dozen deaths of faction loyalists and an attempted assassination of Orena. Convicted of murder-racketeering charges, Orena received three consecutive life sentences. Finally, Alphonse Persico became boss in 1999. Scheduled for release from prison in January 2001, Alphonse was federally indicted on loan-sharking, extortion and other charges. He pled guilty to those charges, forfeited \$1 million to the U.S. government and was sentenced to 13 years in federal prison.

Following a June 2002 "hung" jury on related charges, Colombo member Aurelio "Ray" Cagno was convicted in state Superior Court in Monmouth County on March 5, 2004, for the May 1993 murder of Colombo member James Randazzo in Tinton Falls, N.J. Randazzo had been the target of a racketeering probe focusing on the Colombo group's activities in New Jersey. Two weeks before his arrest, Cagno had been released from prison after serving time for conspiracy to murder Colombo *consigliere* Vincent Angellino. That killing was part of a racketeering conspiracy charge for which Cagno also was convicted on March 5. Cagno faces life in prison for the murder conviction and up to 20 years for racketeering when he is sentenced on June 4, 2004.

Another Colombo member, Salvatore Lombardino, pled guilty to participating in Randazzo's murder and was sentenced to 17 years. Lombardino was granted immunity

from state prosecution for testifying against Cagno. When he later refused to testify for the prosecution, Lombardino was indicted on charges of contempt and obstruction of justice. On the other hand, Cagno's brother, Rocco Cagno, who is in the federal witness protection program, testified against him. Prior to his murder, Randazzo had sponsored both Cagno brothers for induction into the Colombo family. Aurelio Cagno, Lombardino and Randazzo were all Colombo members engaged mostly in illegal gambling with the family's northern New Jersey crew.

While Carmine Persico still runs the Colombo group from within federal prison, Joel J. Cacace serves as acting boss for day-to-day operations. In January 2003, Cacace and 12 others were charged with murder and racketeering. The indictment alleges that among the hits ordered against mobsters was an order to kill former federal prosecutor William I. Aronwald. According to the indictment, this mistakenly resulted in the slaying of Aronwald's father. The two hit men who botched the assignment were subsequently killed on Cacace's orders. In February 2003, Cacace and more than 40 other defendants from both the Colombo and Genovese crime families were charged with racketeering and extortion involving Locals 14 and 15 of the Operating Engineers union. The two LCN groups allegedly skimmed millions of dollars from prominent city construction projects, including baseball stadiums and the Museum of Modern Art.

The onslaught of prosecutions extended to the remaining leadership position in the Colombo group. In June 2003, Colombo *consigliere* Ralph Lombardo and other members and associates were charged with racketeering, loan-sharking, illegal gambling and witness tampering relating to criminal activities conducted in various localities in Brooklyn, Queens, Manhattan and upstate New York.

The Colombo family's current strength is estimated at approximately 112 members and 500 associates. Their illicit activities include drug trafficking, extortion, illegal gambling, labor racketeering, loan-sharking, pornography, hijacking, and securities fraud. More than 40 members and associates are active in New Jersey.

Fragmented by infighting and weakened by the incarceration of its leadership and by pending prosecutions, the Colombo family nonetheless still fulfills significant demand for traditional rackets. The group occasionally coordinates criminal activities with other LCN groups and has participated in more sophisticated schemes involving motor-fuel tax evasion and securities fraud. If the leadership ranks were to be stabilize, remnants of the Colombo group could recover as a viable criminal force.

Recommendations

The Commission proposes review, reform and improvement in the following key areas in order to strengthen the system for combating organized crime:

1. Organized Crime and Drugs

Trafficking in narcotics is the lifeblood of organized crime and criminal groups. As this report amply demonstrates, the explosive growth of highly structured “super gangs” not only has changed the face of organized crime forever, but it has also brought new urgency to society’s battle against the lucrative, illicit commerce that so heartily sustains this violent, unconventional underworld. To be broken, the sycophantic connection between drugs and organized crime will require a multi-dimensional strategy that is balanced, aggressive and creative, and it is imperative that our political leaders, the Governor and the members of the Legislature, ensure that New Jersey is on the right track.

As was set forth in the Commission’s public hearing and in the text of this final report, billions have been spent on efforts to disrupt and interdict the supply of illicit drugs. Our prisons are filled to beyond capacity with incarcerated drug offenders, and our criminal justice system is clogged with such cases. Despite such difficult and problematic circumstances, of course, no rational person would argue that law enforcement should drop its weaponry and walk away from the pursuit and prosecution of tough laws aimed at the worst offenders – the dealers and kingpins. But what of the demand side? How can we best control the actual use of narcotics and thus pull the

market out from under organized crime and organized criminal groups? In this regard, the state should undertake a systematic review of the full spectrum of current demand-reduction programs, primarily those related to early intervention, treatment and rehabilitation, and replicate those that have shown results. How are those results measured? Is there close monitoring of these programs? Taxpayers are entitled to know that money pumped into rehabilitation and other demand-reduction strategies is spent wisely and effectively and does not merely result in an elaborate revolving door established at exorbitant cost. It is critical for the state to determine whether those who successfully complete such programs are returning to the same conditions and circumstances that gave rise to their drug problems, thus risking entrance into the same cycle all over again. A full assessment also should be undertaken of proven demand-reduction strategies employed elsewhere in the nation and the world, and the best aspects of such strategies should be considered for application in New Jersey.

As a state, we should look upon this as a threshold opportunity to explore an entire universe of options, including those that go beyond the expenditure of scarce public dollars. For example, should the state's economic development policy agenda focus more sharply upon the needs of those areas of New Jersey, the cities, where problems related to crime and drugs are most severe? Should the business community, with encouragement from government, provide after-care work opportunities for at-risk youth and adults, including those on probation or parole, through apprenticeships leading to eventual employment? Should the state's experiment with drug courts be expanded to encompass all counties in New Jersey? Are all grant opportunities offered for this program being pursued? Are there more creative ways to ensure that local law

enforcement authorities interact regularly and effectively with their communities, in the best spirit of community-policing? Should random drug-testing and treatment be extended to parochial, public and independent secondary and middle schools, as well as home-study programs? Should testing be mandatory and employ the newest technologically superior indices beyond urinalysis? Should the state organize a system in which counselors, drug-court personnel, mentors and others prepare candidates for available jobs, refer them to prospective employers and monitor their progress? Should coverage for drug-abuse treatment, including chemical detox and counseling, be mandated in all health insurance plans? Taking the issue to its greatest extreme, should there be a dialogue on whether prohibitions ought to be removed for drugs deemed to possess legitimate medical utility?

The willingness to confront these and other difficult issues in an open and constructive debate will be a measure of New Jersey's commitment to cutting off the lifeblood of organized crime.

2. Law Enforcement Priorities

Because the nature and scope of organized crime is radically different today compared to even a decade ago, society's response must also change accordingly. Whether that change produces salutary results, however, will depend to a great extent on the law enforcement community's selection of priorities amid an array of new challenges.

As demonstrated in this report, groups linked to *La Cosa Nostra* and the *Mafia* no longer pose the exclusive or even the paramount threat in this realm, though they clearly remain criminal forces to be reckoned with. Rather, groups operating well beyond the

familiar confines of traditional organized crime have inherited that mantle. Violent, unpredictable and oddly structured, these groups are difficult, if not impossible, to penetrate and to neutralize using standard investigative tactics. The conventional “one-size-fits-all” response to organized crime is no longer viable. Many law enforcement agencies are cognizant of the need to adopt creative approaches and, indeed, have begun to deploy resources and personnel to infiltrate the new frontier of Russian, Dominican and South American mobsters, Asian drug gangs, Mexican Mafiosi and other emerging groups. But all too often, this necessary strategic shift is occurring too slowly and in piecemeal fashion. Too many organized crime control units, originally established to battle Italian, Irish and Jewish immigrant mobsters, remain wedded to monitoring the past, enamored of their successes in prosecuting the traditional syndicates, despite the general decline of these long-time targets and the rise of new players who appear alien in everything from their mode of criminality to their spoken language. In effect, law enforcement – individually and as a whole – needs to conduct a community-wide “gut check” to make sure that task forces, intelligence analysts, money-laundering countermeasures and community-policing resources are being employed most effectively and efficiently against the threat of the new organized crime where that threat is most pronounced.

3. Law Enforcement Recruitment and Training

Countering organized criminals poses a major challenge for law enforcement. The Legislature should provide supplemental funding sufficient to launch enhanced

recruitment and training programs. Attorney General Harvey testified at the public hearing about the need to have enough funding for investigative talent:

...I think government has to get more funding for investigators in the organized crime area. While we all have fascination with lawyers, the truth of the matter is that good investigators make these cases, not lawyers. And you need very talented investigators, who are well paid so we can keep them in government, who cannot only trace money but can also trace conduct in an effective way. ... [Y]ou have got to periodically offer training, and that costs money.

General Harvey described the language and cultural barriers that will have to be overcome to combat non-traditional organized crime effectively:

We have to be sure that we are diverse in law enforcement, not simply in gender and ethnicity, but in languages. As some of these different organized criminal associations do their work, they are doing [it] sometimes in very insular communities ... where English is really a second language. And so we have to be sure we recruit into law enforcement persons who have the capability to understand not only other cultures, but can speak multiple languages so that we have the ability to go in and break up, for example, a protection racket in a particular community where someone who is not from that community or not from that culture can't get in to find out what the racket is. You know that legitimate store owners are being shaken down and are being required to pay money to keep their stores from being torched or destroyed in some ways, but it's very tough to get in. You take the one case that we did in connection with the United States Attorney General's Office and the FBI involving women, who were essentially enslaved in the United States in a number of dance clubs and in other areas. These are Eastern European women. And it took a long time to build their trust. It took a long time to be able to communicate with them. And we found out that ultimately the scheme was one involving fraudulent United States passport documents. And we then turned the case over to the United States Attorney's Office because they had jurisdiction over the crime.

Thus, in order to deal effectively with the changing face of organized crime, law enforcement must be equipped with the proper tools. Expanded efforts should be undertaken to recruit qualified personnel who possess particular familiarity with the language and culture underlying every non-traditional organized crime group known to be active in this region. Additionally, all existing personnel who are assigned to investigative units targeting non-traditional groups should receive a basic modicum of linguistic and cultural training, as well as follow-up instruction as warranted by circumstances.

Further, a review of training in our police academies should be undertaken. Police-training curricula may have to be revised to require universal inclusion of courses that foster awareness of society's diversity, as well as a full understanding of the historical causes and effects of crime, of good police ethics and of what it takes to counteract official corruption. The training should include extensive examples of real-world situations that young officers may encounter and instruction as to what they need to do in order to perform honorable service. Representatives of the U.S. Attorney's Office and Federal Bureau of Investigation, as well as New Jersey agencies, such as the Division of Criminal Justice, State Commission of Investigation and county Prosecutors' offices, should engage in comprehensive workshops for new recruits. The state should cast a wide net in the effort to improve its training regimen, drawing upon the best programs here and abroad.

Law enforcement also needs to do a better job to eliminate circumstances that foster police corruption. Any actual or implied adherence to a policy that discourages officers from revealing misconduct by colleagues or superiors only permits the infection

to fester and law enforcement to become a tool of the criminal cartels. Young officers should be encouraged to blow the whistle on any activity that deviates from the ethics ideal taught at the academies, and police departments and other law enforcement agencies should be provided with hotline numbers for officers to call for advice and assistance. They should receive constant reminders that their oath is more important than adherence to any unwritten code of silence. The system should ensure that after alerting authorities about corruption and other problems, the whistleblowers come out of the process appreciated, possessed of good career opportunities, and financially and psychologically whole. We should make heroes out of our patriots and not promote the myth that New Jersey folk heroes can be found in the ranks of television's "Sopranos" or from rogue cops as portrayed in the media.

4. Law Enforcement Coordination and Cooperation

Abundant task forces and units already exist in the battle against the scourge of drugs and the involvement of organized crime in the distribution network. In particular, drug enforcement is split between local police departments, county Prosecutor's offices, the State Division of Criminal Justice, the State Police, the federal Drug Enforcement Administration, the FBI, and various joint entities, such as High Intensity Drug Trafficking Area (HIDTA) task forces. New Jersey needs to do a better job of directing and facilitating cooperation, coordination and intelligence sharing among law enforcement agencies at all levels. Toward that end, the Commission recommends that the Office of the Attorney General marshal all appropriate and available resources with a

singularity of focus in this regard, transcending traditional jurisdictional and artificial barriers that tend to sustain problematic turf, collar and forfeiture priorities.

Drug interdiction in particular demands a more directed approach. Let it be stated that the Commission has the greatest regard for the efforts of New Jersey's law enforcement personnel. Over the past three decades, they have worked diligently in a daily effort to curb open-air market drug dealing and violent turf battles associated with gangs, guns and drugs. Without this constant effort, violent crime would have surged to become an even greater presence in our society with the thugs expanding their urban turf to encompass communities that so far have escaped the brunt of the drug trade. In accordance with the New Jersey Statewide Action Plan of the 1980s, as revised in the 1990s, the state's 21 county Prosecutors have established Narcotics Task Forces, and many local police officers through these efforts have become skilled in conducting drug investigations. Further, they have used their training and experience to enhance the operational performance of their colleagues. Moreover, successive Attorneys General have created statewide task forces enlisting State Police cooperation. Many such efforts have sporadically disrupted drug trafficking in various jurisdictions, and many have involved cooperation with the federal authorities. As a result, over this period, law enforcement agencies have locked up significant numbers of drug offenders and have reaped the benefits of the forfeiture laws. In the process, however, elements of the law enforcement community may have fallen into a false sense of complacency and entitlement.

The Commission concludes that the system is not performing as well as it should, in part, because of an inadequate focus at the state level on the development of creative,

coordinated strategies to target the altered landscape of traffickers. Our investigation reveals that the flow of, and the demand for, illicit narcotics have not subsided, despite rhetoric to the contrary. Law enforcement cannot look solely to “chasing the package” (drugs) but must develop concerted attacks upon the kingpin organizations and large-scale independent operators. While the scourge and degradation of drug dealing persists, recent history reveals that the state’s collective response has abated. At one time, nearly 180 State Police detectives were assigned throughout the state to specialize in the drug-law enforcement. But because of budget constraints and shifting priorities, these ranks have thinned to the point where they currently possess less than one-quarter of their original strength. Alexander Gourley, the Acting Special Agent-in-Charge of the DEA’s Newark office, noted that 96 DEA Special Agents are assigned to the Newark, Camden and Atlantic City Offices, along with 53 Task Force personnel from various counties and local police in New Jersey. The Commission’s review showed that only two state-level representatives participate.

Attorney General Harvey, to his credit, has spoken out and acted positively to revitalize the Statewide Narcotics Task Force with a Gangs, Drugs and Guns initiative, a noble undertaking that has begun to reveal some successes. Nevertheless, this initiative ultimately will wane and wither unless it evolves into a broader undertaking equipped with sufficient resources and personnel, and undergirded by clearly focused directives that give the effort all of the force and backing required to get the job done. This requires will, hard choices and leadership. As General Harvey himself stated bluntly in his public hearing testimony, “We need more investigators.” The Commission applauds his candor, particularly in light of the fact that the Office of the Attorney General is the agency best

positioned and empowered to coalesce a viable, centralized approach to drug enforcement involving local, county, state and federal agencies. The Attorney General of the State of New Jersey has the singular authority to create a unique umbrella consortium composed of all levels of law enforcement. There is no room, under any circumstances, for segregating or fractionalizing efforts to enforce the law. Though law enforcement, due to the multi-dimensional nature of the challenge at hand, remains but one piece of the overall strategy to rid society of organized crime and the drug-ridden engine that drives it, the law enforcement community as a whole nonetheless is a crucial component that demands proper, coordinated and productive deployment.

5. Expand Solid Waste Industry Background Checks and Licensing

The continued presence of organized crime in the solid waste industry requires legislative expansion of the system of licensing and background checks to include demolition and recycling operations. This is especially important to ensure that those with criminal backgrounds are not in a position to take advantage of opportunities to mix hazardous materials with other waste. Meanwhile, although great strides have been made in this regard over the past decade, the enhanced system of background checks recommended by the Commission in its 1989 *Solid Waste Regulation* report should be revisited to ensure that adequate resources continue to be devoted to the task.

6. Increase Penalties for False Documentation

Attorney General Harvey testified at the Commission's public hearing that legislation should "establish very severe penalties for persons who falsify documents

with organizations such as the Department of Environmental Protection regarding the disposal of hazardous substances as well as their representations about handling of certain public business.” He explained that the complexity and expense of enforcement make it extremely difficult to control or eliminate improper practices by organized criminals by developing cases based on consequences shrouded in documentary misrepresentations. He elaborated as to how wrongdoers could be brought to justice in a more simple way:

I think that the penalties have to attach to the filing with the government and the representations made in the filing to government, so that government is not put in the position of having to, three, four or five years after the fact, prove that, in fact, the materials were not disposed of in a certain way or prove where, in fact, they were disposed of, but can rely purely upon the false representation in the documents that are filed with government.

Current laws provide that making false or misleading statements in hazardous waste disposal documentation amounts to no more than a third degree crime. Because of the enormous profit potential, organized criminals find improper disposal of solid and hazardous waste to be a lucrative racket. Depending on the ultimate consequences for individual victims and the environment, crimes impacting the environment are difficult to prove and should be met by severe fines and imprisonment. The deceit which makes them difficult to prove often lies in the documentation required to be kept by collection or disposal companies or filed with the Department of Environmental Protection. Therefore, crimes relating to tampering with or falsification of records pertaining to the collection, transport or disposal of hazardous or solid waste should be upgraded to crimes of the second degree with severe economic penalties.

7. Add Predicate Crimes to the Racketeering Statute

Certain significant crimes should be added to the list of predicate offenses triggering application of New Jersey's anti-racketeering statute. This would ensure appropriately severe sentences for the worst organized criminals, including violent gangsters; those disrupting proper functioning of the free enterprise system in traditional target industries such as construction contracting and waste hauling; and those exploiting and coercing human beings for the sex trade or other involuntary labor. Thus, aggravated assault; restraint of trade unlawful under N.J.S.A. 56:9-1 et seq.; environmental crimes; holding another in a condition of involuntary servitude (a form of criminal restraint); and criminal coercion should be included as predicate crimes under the racketeering statute. In addition, the Commission strongly recommends that the crimes of holding another in involuntary servitude and criminal coercion be reviewed by the Office of the Attorney General to determine whether they should be upgraded from crimes of the third degree to crime of crimes of the second degree.

8. Crack Down on Kingpins of Illegal Gambling

Traditional and non-traditional organized crime groups run extensive illegal gambling operations that bring hundreds of millions of dollars annually into the coffers of criminal syndicates operating in New Jersey, promoting the use of these dollars for drug trafficking and poisoning the state's economy in other ways. Bribery, tax evasion, loan-sharking and the coerced repayment of usurious loans under threat or infliction of violence often accompany large-scale illegal gambling activity. It is recognized that the crime of maintaining a "pattern of racketeering activity" under New Jersey's version of

the anti-racketeering laws carries the penalty of a second-degree crime and includes illegal gambling as a predicate offense. However, such cases are more difficult to prove than the predicate crime alone. The Legislature should consider enacting enhanced sentencing penalties to provide the courts with discretion to punish career offenders, or kingpins of large-scale gambling operations, in appropriate cases.

9. Task Force to Study Legalization of Sports Betting

As with the fight against illegal narcotics, the battle to contain illegal gambling and to cut off the profit it generates for organized crime must occur within a multi-dimensional framework. Concomitant with the previous recommendation to redouble law enforcement's efforts against operators of large-scale gambling enterprises, the Legislature should consider empanelling a task force to examine whether certain forms of illicit wagering known to be widely popular, particularly sports betting, should be legalized and regulated by the state. The goal of this task force would be to determine, after extensive study, whether the cost of maintaining the *status quo* – including widespread tax evasion, loan-sharking and extortion, and the diversion of law enforcement resources against such activities – would be outweighed over the long run by the potential benefits of a carefully controlled and regulated system providing substantial revenues to the public coffers.

Sports betting currently is legal in just four states – Nevada, Oregon, Delaware and Montana – under “grandfather” provisions of a federal law banning it in the mid-90's. Only Nevada and Oregon have implemented such gambling officially. Given the federal ban, New Jersey's task force should examine the best mechanism for achieving

legalization of such wagering, whether via court challenge, constitutional amendment or other means. The task force also would be charged with determining how legalized sports betting would impact the integrity and viability of other forms of state-regulated gambling, such as casino gaming in Atlantic City and the horse-racing industry.

10. Crack Down on Human Trafficking

Trafficking in human beings, either through outright abduction or by trickery and fraud, is one of organized crime's most despicable and pernicious activities, crossing an entire spectrum of illegality. It involves fraudulent immigration, extortion, debt bondage, exploitation for prostitution and pornography, sweatshop labor and indentured servitude. As testimony before the Commission has demonstrated, human trafficking is a widespread and worsening problem, one that not only places hundreds of thousands of victims of many ethnic backgrounds at risk but also one that is fueling a huge underground economy on an international scale. New Jersey should play a lead role in fighting this scourge. The Legislature should examine the adequacy and scope of existing criminal statutes as they might apply to all facets of human trafficking and strengthen them where appropriate. State officials should work in concert with federal authorities and with members of New Jersey's congressional delegation to ensure a comprehensive and sensible response by all levels of government. Further, the state should undertake a program to educate the public about the scope and insidious nature of human trafficking, and should work with the nonprofit community, particularly those entities experienced in dealing with domestic violence, to develop a viable network of assistance for trafficking victims who seek help. It is particularly vital that victims

willing to testify against human traffickers be protected from retaliation. In order that they not be victimized twice – first by a perpetrator and then by the criminal-justice or immigrations systems – those who cooperate should be evaluated for immigration purposes in the same manner as people seeking political asylum from oppressive foreign governments.

11. Nationalize New Jersey’s Strict Handgun Controls

Criminal street gangs and other organized criminal groups often hold the balance of power in afflicted neighborhoods and against outmatched police forces because they can amass arsenals of easily concealed weapons capable of rapid firepower. In New Jersey, handguns are registered individually and may not be purchased without a thorough background check of the purchaser every time they are transferred. This careful system, which does not deprive law-abiding citizens of their right to own weapons, has been easily and completely circumvented by black marketers purchasing large quantities of potent weapons in other states with lax firearm purchase requirements. Until the federal government mandates reasonable but stringent purchase control measures throughout the country, organized criminals will continue to possess the devastating coercive power that threatens public safety and often gives them the edge over law enforcement. Members of New Jersey’s congressional delegation should take the lead in this effort. In the implementation of federal transportation policy, states have been required to adhere to certain speed limits and blood-alcohol standards or lose federal funding. The same approach should be applied to sanction those states whose lax gun

laws violate sensible gun-control standards that the federal government should adopt. New Jersey's system could serve as a model for such standards.

12. Public Reporting of Gang and Organized Crime Activity

One serious consequence of the changing shape and threat of organized crime is that it has superceded the ability of current data-gathering systems to provide law enforcement and the public at-large with a comprehensive, accurate and timely statistical picture of actual criminal activities engaged in by the proliferating multitude of non-traditional crime groups. How many homicides, rapes, assaults, robberies, etc., in New Jersey are committed statewide by criminal street gangs? What is the actual incidence of violent and nonviolent crime by individuals or groups linked to Eurasian organized criminal networks? By drug-dealing syndicates? By *La Cosa Nostra*? The answer to these and similar questions is largely an exercise in guesswork because there exists no centralized reporting mechanism for such data – a dire state of affairs for those charged with setting priorities for an effective assault against organized crime and criminal groups in our society. As a result, legislation should be enacted as soon as practicable to require that information on organized crime activity – particularly in the context of criminal street gangs – be included by all municipal and county law enforcement agencies in the quarterly offense reports they are required to submit to the Attorney General. The legislation should require that this data be compiled by the State Police and included by specific designation in the annual Uniform Crime Report. Over the years, the Uniform Crime Report has been enhanced and expanded a number of times to incorporate data related to explicit crime categories, including domestic violence and bias crimes, and this

recommendation would follow in the same spirit – to provide New Jersey with a valuable and more effective crime-tracking tool.

13. Expand Gang-Awareness Education

Witnesses at the Commission’s public hearing testified that the explosive growth of gangs and gang-related criminal activity in New Jersey will continue unabated without viable strategies to prevent this scourge from sweeping up and absorbing that segment of society most vulnerable – our children. Bearing that in mind, the State Department of Education should create a Review Board to undertake a thorough review of existing gang-awareness education programs and curricula to determine whether current school resources in this regard are deployed appropriately and effectively. Drawing upon gang-related law enforcement expertise at the State Police, the Division of Criminal Justice and gang units established by Prosecutors’ offices and leading municipal police departments, as well as from experienced investigators within the State Parole Board and Department of Corrections, the Department of Education should, within six months of undertaking this review, develop and implement a “short list” of instructional and informational programs that hold the most promise of helping to break the cycle of street-gang involvement and recruitment. This effort to craft a creative, comprehensive and up-to-date gang-awareness agenda should encompass all age groups and every form of educational locale – urban, suburban and rural.

14. Bolster New Jersey's Assault on Money Laundering

Organized criminal groups thrive because of their ability to generate and maintain huge sources of income, much of it hidden. Whatever the criminal activity, whether the drug trade, commercial fraud, cargo theft, weapons transactions, insurance rip-offs or even terrorism, a primary goal is to acquire as much money as possible and to disguise it in ways that defeat detection by law enforcement. Many groups engaged in international criminal activity transport their illegal proceeds out of the country through a variety of money-laundering schemes, and in the mid-1990s, partly in response to a Commission recommendation to get a grip on this illicit financial trade, New Jersey enacted its first criminal statute explicitly targeting money laundering. Today, it is past time for the state to take the next step.

One significant way New Jersey can help turn the tide on money laundering is to tighten its law governing money transmitters, N.J.S.A. 17:15C-1. Money transmitters are persons or entities engaged in the business of receiving money for transmission to locations within or outside the U.S. via payment instructions, wire transfer, facsimile, or electronic funds transfers for fee or commission. These are not sophisticated banks but are primarily storefront locations that operate money-transmittal business as adjuncts to the sale of calling cards, cell phones, beepers and the like. Despite this “mom-and-pop” aspect, the amount of cash moved by these businesses is enormous. Analysis of the latest available annual money-remittance reports filed with the state Department of Banking and Insurance show nearly 5.2 million transmissions from New Jersey during 2001 alone, totaling in excess of \$2 billion – an increase of nearly \$150 million over the previous year. The greatest volume occurred in Hudson, Passaic and Union counties. The top

destinations included Mexico, Colombia, Portugal, Ecuador, Dominican Republic, Brazil, Poland, Peru, Pakistan and the Philippines.

Although transmitters are required to be licensed and to file annual reports with the Department of Banking and Insurance – 148 such licenses were in effect in 2003 – significant numbers of those who engage in or assist this cottage financial industry fall through the cracks. These transmitters employ or otherwise rely upon the assistance of more than 8,700 agents, or “delegates,” who are required to undergo no background investigation, site audits or licensing.

In pursuit of tighter restrictions on the full universe of money transmitters, New Jersey should adopt a state version of Federal Law PL 107-56, section 1960, to make operating an unlicensed money transmission business a crime subject to both a fine and imprisonment. Further, N.J.S.A. 17:15C-1 should be amended to include a licensing requirement for each location owned or operated by an applicant. The Commission also strongly recommends that the statute be equipped with a provision requiring full disclosure by both licensees and delegates of all information associated with money transmissions to which they are parties. Further, licensees should be made liable for fraudulent and false statements made by affiliated delegates, as well as for the failure of affiliated delegates to comply with state regulations. In addition, key shareholders and managers of delegate locations should be fingerprinted and subject to the same criminal background checks currently required licensees.